

## **Magnolia Petroleum Plc ('Magnolia' or 'the Company')** **Q2 2016 Operations Update**

Magnolia Petroleum Plc, the AIM quoted US focused oil and gas exploration and production company, is pleased to announce a quarterly update for Q2 2016 ('the Quarter') on its operations across proven and producing US onshore hydrocarbon formations, including the Bakken/Three Forks Sanish in North Dakota, and the Woodford, Mississippi Lime and the Hunton in Oklahoma. This includes an updated independent Reserves Report as at 1 July 2016 as part of the six month bank debt redetermination process.

### **Q2 Highlights to 30 June 2016**

- Total number of producing wells as at end of Q2 2016 stands at 146 – 21 uneconomic wells with little or no value were divested during the quarter for a nominal sum to free up accounting resources and eliminate monthly lease operating costs
- Elected to participate in one new well during the Quarter
- 10 well drilling programme alongside Continental Resources on-going, targeting gas in the prolific South-Central Oklahoma Oil Province ('SCOOP') play in Oklahoma, where an estimated total of 3.2 billion barrels of conventional oil have been recovered from 60 reservoirs
  - Activity currently taking place on all ten wells - either drilling, completing or logging operations
  - All are lower risk increased density wells to maximise the recovery of reserves in two sections on leases that are held by production

### **Updated Reserves Report**

- Total net proved and developed producing reserves ('PDP') of 133.31 Mbbbl of oil and condensate and 580.67 MMcf gas as at 1 July 2016 (1 Jan 2016: 138.63 Mbbbl and 352.38 MMcf)
- Value of net PDP as at 1 July 2016 increased to US\$3,445,180 (1 Jan 2016: US\$2,917,390)
- Further headroom created as borrowing base limit of US\$6 million Credit Facility adjusted up to US\$1,894,849 from US\$1,604,565 to reflect positive effect of slightly higher oil prices on the value of Magnolia's net PDP reserves
- Magnolia has made a US\$400,000 repayment (as announced on 18 April 2016) and has agreed to make amortised payments over a 5 year period on the outstanding amount which, based on 1 July 2016 reserve estimates, stands at US\$840,764

- Magnolia continues to pay interest only on the remaining US\$1,894,849 balance of the loan on a monthly basis

### Outlook

- New wells due to come into production in Q3 2016 drilled by Continental Resources
- Additional participation with leading operators in new wells and infill drilling where commercial at lower oil prices
- On-going lease acquisition and management activity in line with strategy to grow and diversify portfolio

**Magnolia COO, Rita Whittington said,** “During the Quarter we continued to high grade our portfolio of producing wells in proven US onshore formations, specifically the divestment of a further 21 wells, which have little or no economic value and where we have a below average interest. As a result, the disposal of these wells will have a minimal effect on our overall production, which stood at 242 boepd as at 31 March 2016.

“The active management of our producing wells should be seen in the context of freeing up internal resources to not only focus on those leases and wells in which we have a higher interest and which are located in highly productive areas, but also to acquire low cost acreage in those areas where we have been looking to gain exposure. In the meantime we continue with our strategy of participating alongside established operators in new wells where it makes commercial sense to do so, and I look forward to providing further updates on our progress.”

### Well Developments

The full list of well developments occurring in the quarter is set out below.

| Well            | Formation          | Status   | NRI % | Operator              |
|-----------------|--------------------|----------|-------|-----------------------|
| Sympson 2-7-6XH | Woodford, Oklahoma | Drilling | 0.40  | Continental Resources |
| Sympson 4-7-6XH | Woodford, Oklahoma | Drilled  | 0.40  | Continental Resources |
| Chalfant        | Woodford, Oklahoma | Drilled  | 0.36  | Continental Resources |
| Sympson 10-6H   | Woodford, Oklahoma | Drilled  | 0.44  | Continental Resources |
| Sympson 8-7-6H  | Woodford, Oklahoma | Drilling | 0.40  | Continental Resources |

|                         |                       |          |      |                          |
|-------------------------|-----------------------|----------|------|--------------------------|
| Sympson 3-7-6XH         | Woodford,<br>Oklahoma | Drilling | 0.40 | Continental<br>Resources |
| Sympson 9-7-6XH         | Woodford,<br>Oklahoma | Drilling | 0.40 | Continental<br>Resources |
| Sympson 5-7-6XH         | Woodford,<br>Oklahoma | Drilled  | 0.40 | Continental<br>Resources |
| Sympson 7-6-7XH         | Woodford,<br>Oklahoma | Drilling | 0.40 | Continental<br>Resources |
| Sympson 6-6-7XH         | Woodford,<br>Oklahoma | Drilling | 0.40 | Continental<br>Resources |
| Michele Abel H1-<br>2XH | Springer,<br>Oklahoma | Drilling | 0.13 | Marathon                 |

**\*\* ENDS \*\***

For further information on Magnolia Petroleum Plc visit [www.magnoliapetroleum.com](http://www.magnoliapetroleum.com) or contact the following:

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### **Notes**

Magnolia Petroleum Plc is an AIM quoted, US focused, oil and gas exploration and production company. Its portfolio includes interests in 146 producing and non-producing assets, primarily located in the highly productive Bakken/Three Forks Sanish hydrocarbon formations in North Dakota as well as the oil rich Mississippi Lime and the substantial and proven Woodford and Hunton formations in Oklahoma.

### **Summary of Wells**

| Category                                 | Number of wells |
|--|-----------------|
| Producing                                | 146             |
| Being drilled / completed                | 11              |
| Elected to participate / waiting to spud | 18              |
| <b>TOTAL</b>                             | <b>176</b>      |

