

MAGNOLIA PETROLEUM



FY 2013 Results Presentation



- ➔ Onshore US production
- ➔ Revenue generating
- ➔ Asset backed
 - ➔ Proven business model
 - ➔ Fast growing
 - ➔ Low Risk

154

producing wells in which
Magnolia has an interest – all
generating revenues

13,513

net acres in proven US onshore
formations held

US\$8.46m

Value of PDP reserves as at
01.04.14 (CPR)

OVERVIEW

- Revenue generative, asset backed oil and gas exploration and production company
- Acquires leases in proven US onshore formations such as the Bakken, Three Forks Sanish and Woodford/Mississippi Lime where technology has transformed recovery rates
- Participates in and operates wells on leases held to prove up reserves and undeveloped locations ('PUDs') to create significant value
- Commercial relationships with leading operators such as ExxonMobil, Marathon Oil and Statoil
- Highly experienced management team skilled in the acquisition and development of leases secured at discounts to market value

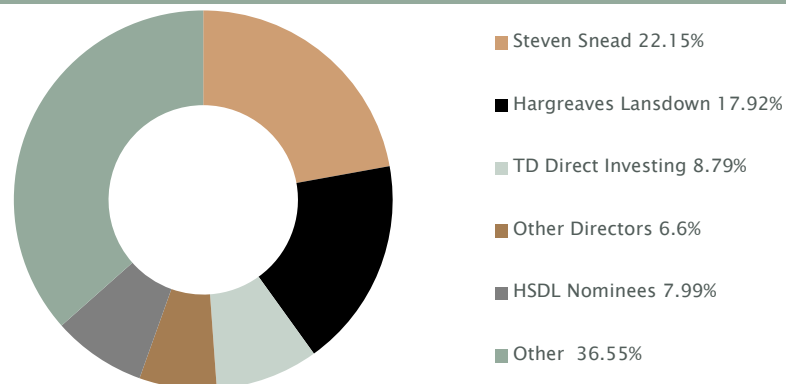
KEY DATA

Share Price	1.25p
Market	AIM
Ticker	MAGP
Market Capitalisation	£11.5 million
Ordinary Shares in Issue	910,672,851
Nomad	Cairn Financial Partners LLP
Broker	Northland Capital Partners Limited

BOARD & MANAGEMENT TEAM

Chief Executive Officer	Steven Snead
Chief Operating Officer	Rita Whittington
Chief Financial Officer	Oliver Rigby
Non-executive Directors	John Cubitt
	Gavin Burnell
	Ronald Harwood

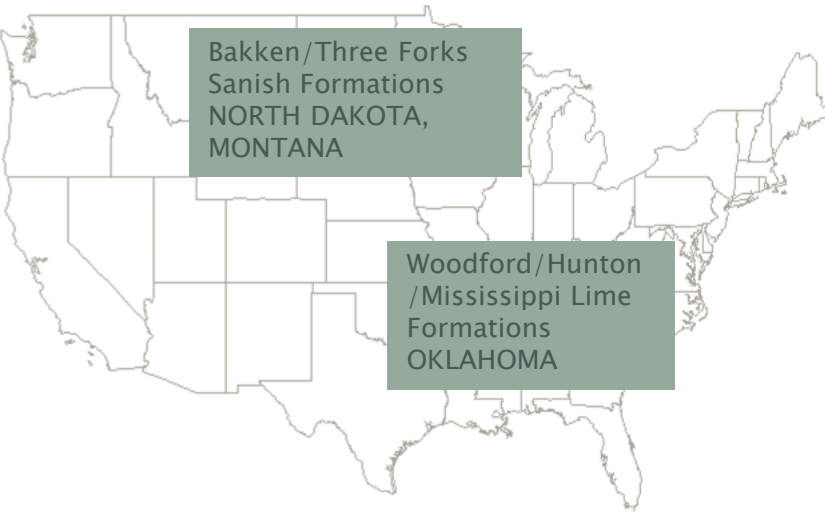
SHAREHOLDERS



Financial Highlights

Highlight	31 Dec 2013 (US\$)	31 Dec 2012 (US\$)
Revenue	2,443,244	709,395
Gross profit	1,196,735	289,957
EBITDA (excluding non cash items)	975,622	(359,944)
Non Current Assets	14,752,643	9,638,697
Cash & cash equiv.	128,002	2,293,151
Net Debt	771,998	(2,293,151)
Total Investment	5,903,819	8,065,312
Investment in drilling	4,539,933	2,679,616
Investment in leases	1,343,886	5,385,696
Cash inflow/outflow from operations	56,836	(621,680)

Focused on Onshore US Plays



Investment Criteria

Proven US onshore formations

- Lowers exploration risk
- Scope to improve recovery rates through application of advanced techniques such as horizontal drilling and fracking technology

Focus on oil and liquids rich gas

- Secures higher margins
- Secures higher returns

Attractive economics

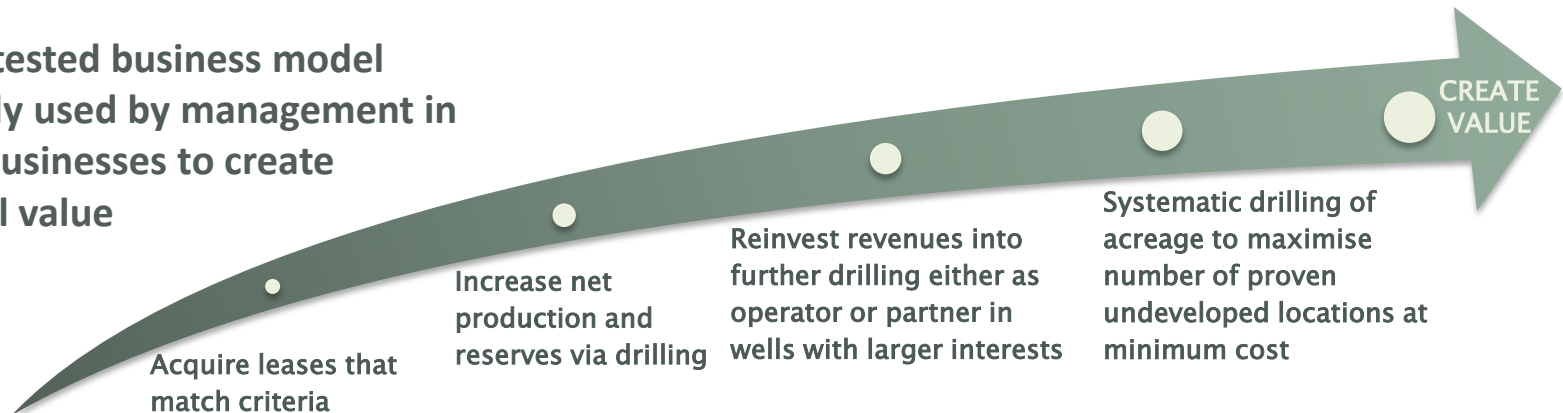
- Highly profitable at today's oil prices
- Low overheads
- Attractive returns on investments and low break even oil price

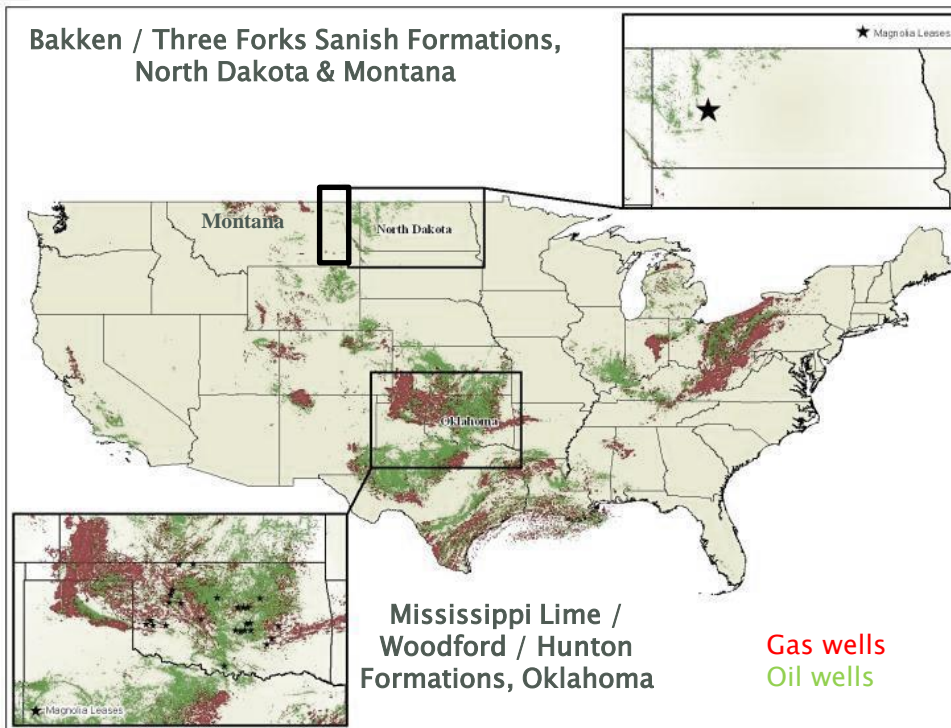
Early stage entry

- Acreage acquired at discount to market rates
- Enables acquisition of significant amount of leases with larger working interests

Proven Strategy to Create Value

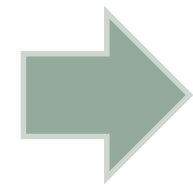
Tried and tested business model successfully used by management in previous businesses to create substantial value





Asset Backed

PDP
reserves
value
Oct 2011
US\$919k



PDP
reserves
value
Apr 2014
US\$8.42m

PDP reserves only covers approx. 5,500 net acres out of total of over 13,500 – significant upside potential from existing portfolio

Revenue Generative

- 154 oil and / or gas properties currently producing
- 98% drilling success rate
- Further 17 wells currently drilling
- 150 BOEPD as at 01.04.14
- FY 2012 revenues US\$709,395 – 194% increase on FY 2011
- FY 2013 revenues US\$2,443,244 – 240% increase on FY 2012
- 30 months average pay-out on wells drilled
- 1st well in Mississippi Lime Formation – 3 months
- Enables revenues to be quickly recycled into further wells

Revenue Growth since AIM Admission (Nov 2011)

6 Months to	Revenues (US\$)	Change
31.12.2011	117,800	
30.06.2012	282,208	+139%
31.12.2012	427,187	+51%
30.06.2013	910,721	+113%
31.12.2013	1,532,523	+68%

Bakken / Three Forks Sanish (North Dakota) Land Package

Gross Acres	11,520
Net Acres	412
Proven Development Locations	120 (60/60 Bakken/TFS)
Average working/net revenue interest	1.69% / 1.27% – up to 5.42%/4.07%
Wells per unit	8 (4/4 Bakken/TFS)
No. of producing wells	34
No. of wells currently drilling/completing	2
No. of wells waiting to spud	2

Mississippi Lime / Woodford Formation: Oklahoma

Mississippi Lime: Land Package	TIER 1	TIER 2	TIER 3	TIER 4
Gross acres	8,320	3,840	19,200	16,000
Net acres	2,753	485	742	127.5
No. of wells	13	6	30	25
No. of increased density wells	39	18	90	75
Average working interest	33%	12.6%	3.86%	1%

Mississippi Lime / Woodford	No. of wells
Producing wells	64
Wells currently drilling/completing	16
Wells waiting to spud	40

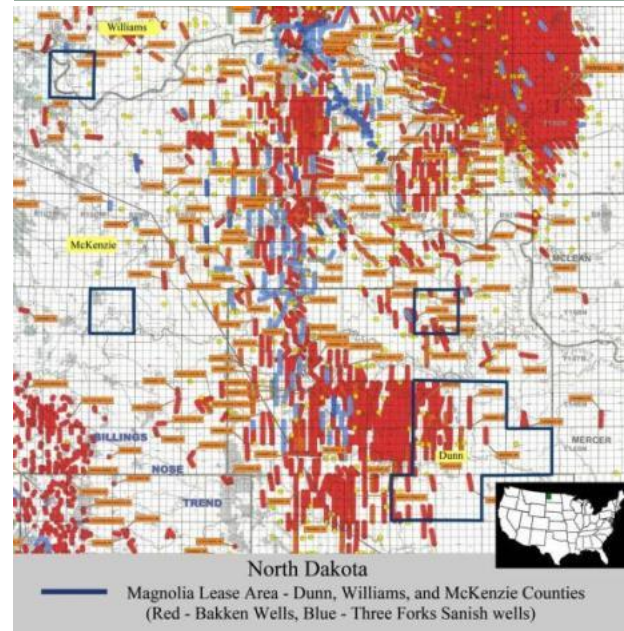
Low drilling costs
US\$2.4 – US\$3.5m

Leases also
prospective for lower
lying Woodford

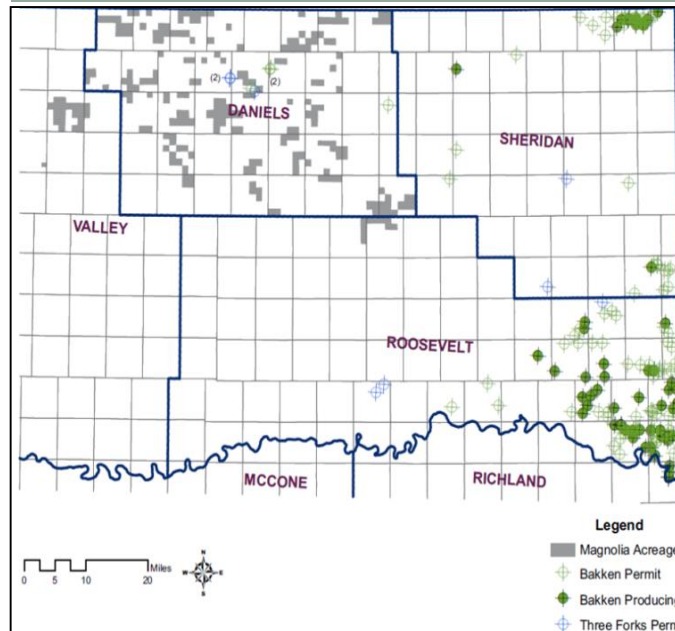
Productive wedges
identified on leases

US\$40/bbl average
break even oil price
for drilling wells

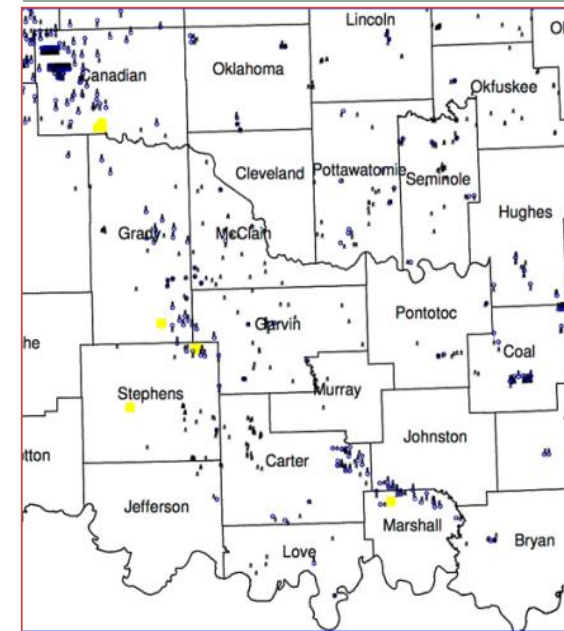
Bakken/TFS, North Dakota



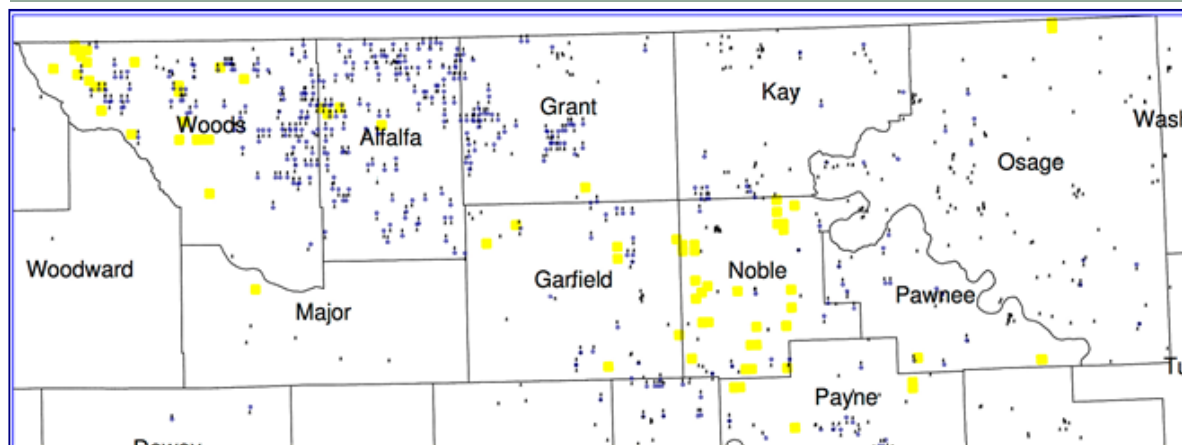
Bakken/TFS, Montana



Woodford/Hunton, Oklahoma

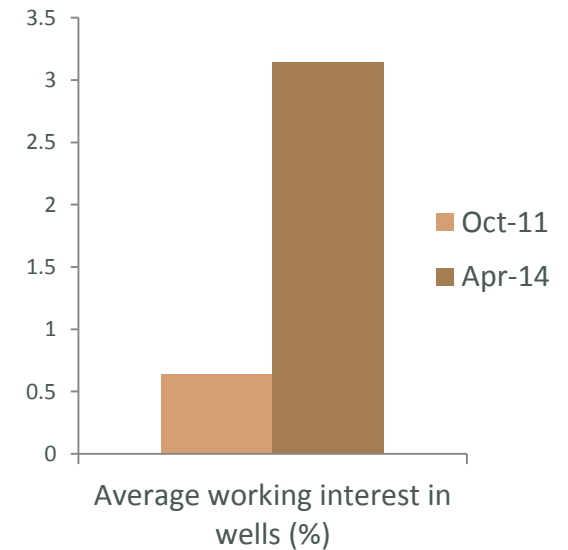
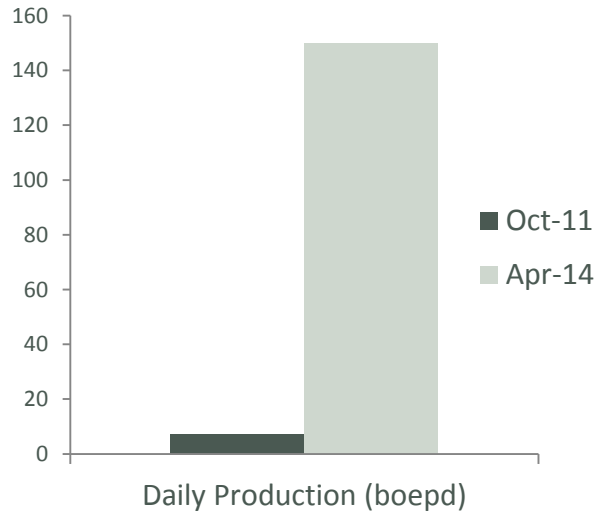
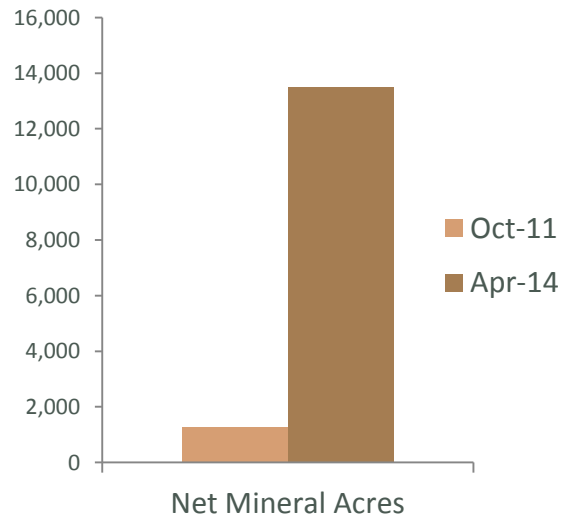
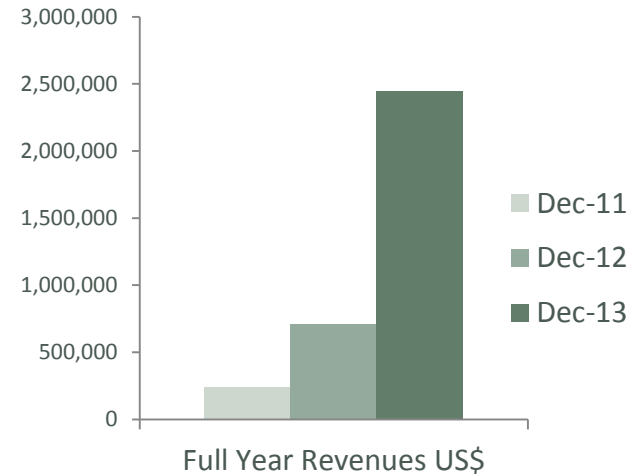
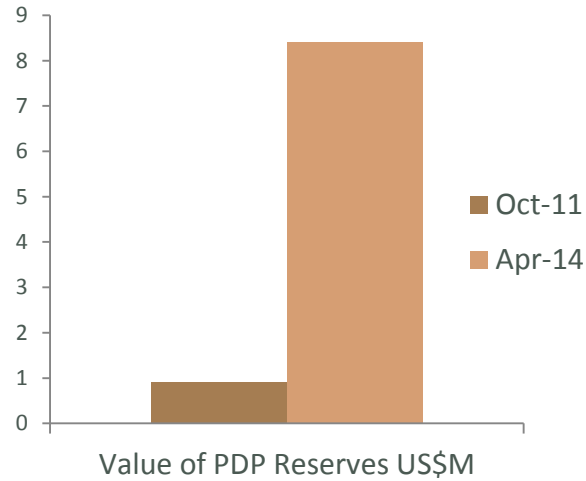
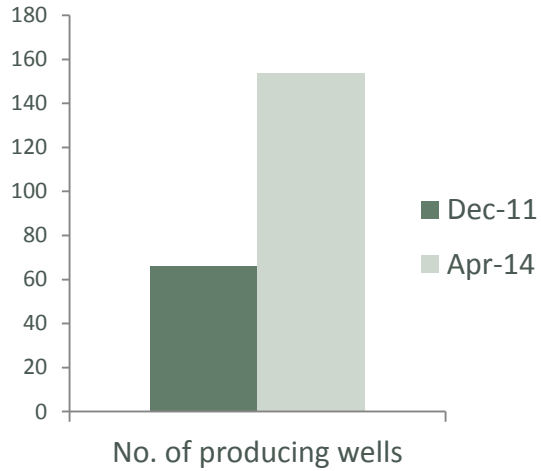


Mississippi Lime, Oklahoma



● Magnolia's Acreage

Rapid Growth Since AIM Admission (Nov 2011)



Strong Growth to Continue

Wells being drilled per spacing unit in North Dakota and Oklahoma

8

Credit Facility

US\$5m

Average working interest up to approximately

3%

Potential drilling locations

600+

98%

Drilling success rate

48

Wells waiting to spud

17

Wells currently drilling / completing

Contact
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BOARD OF DIRECTORS & SENIOR MANAGEMENT

Rita Whittington *COO*

- Petroleum Landman with 32 years' experience in the oil and gas industry
- Senior member of the asset management team at Primary Natural Resources I and II – jointly responsible for company growth and the 3:1 return on equity upon divesting
- Highly skilled in acquisitions, negotiations, operations and management of oil and gas properties

Steven Snead *CEO*

- Petroleum Landman with 35 years' experience in the US onshore oil and gas industry
- Owned and operated successful oil and gas operating and services companies
- Founded and owns Enerlex Inc. for the purpose of acquiring and managing royalty interests
- Extensive experience in oil and gas lease acquisition, drilling, development and operations

John Cubitt *Non-Executive Chairman*

- 30+ years' commercial experience in the oil exploration & production industry
- Registered Chartered Geologist experienced in asset evaluation and project management & board-level strategic and operational direction
- Managing Director of Woburn Energy Plc (formerly Black Rock Oil & Gas Plc) & various private oil industry consultancy and software companies

Gavin Burnell *Non-Executive Director*

- 11 years' experience of corporate finance, specialising in small-cap companies
- Director of corporate finance at Northland Capital Partners Limited
- Founder and/or director of several companies in varying sectors including Globo Plc (AIM:GBO), Sula Iron & Gold plc (AIM:SULA) Hot Rocks Investments Plc (PLUS:HRIP), Hellenic Capital Plc (PLUS:HECP) and Woodland Capital Limited

Ronald Harwood *Non-Executive Director*

- Active involvement in originating and developing projects in oil and gas exploration and production since 1981
- Founded Bellwood Petroleum Corporation in 1985, Bellwood Petroleum, LLC in 2007 and Colony Petroleum, LLC in 1990
- Secured US and international investors to participate in oil and gas exploration and production ventures for Colony Petroleum

Oliver Rigby *Chief Financial Officer*

- Qualified chartered accountant with extensive experience as a corporate financier, advising small and mid cap companies on IPOs, M&A and secondary fundraisings
- Specialized in Corporate Finance at Deloitte
- Previously a Director of Corporate Finance at Daniel Stewart & Company plc. from 2006 to 2012 where he worked with a number of AIM companies, including Magnolia

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