

18 April 2016

**Magnolia Petroleum Plc ('Magnolia' or 'the Company')**  
**Q1 2016 Operations Update & Updated Reserves Report**

Magnolia Petroleum Plc, the AIM quoted US focused oil and gas exploration and production company, is pleased to announce a quarterly update on its operations across proven and producing US onshore hydrocarbon formations, including the Bakken/Three Forks Sanish in North Dakota and Montana, and the Woodford, Mississippi Lime and the Hunton in Oklahoma. This includes an update on the Company's daily production rate and an independent Reserves Report as at 1 January 2016.

**Q1 Highlights to 31 March 2016**

- 11 new wells commenced production - a further 11 at various stages of development
- Total number of producing wells as at end of Q1 2016 stands at 167 – 46 uneconomic wells with little or no value were divested during the quarter for a nominal sum to free up accounting resources
- Elected to participate in two new wells during Q1 2016
- Excellent initial production rates from two Chesapeake Energy operated wells in which Magnolia has a 1.86% net revenue interest ('NRI') producing from the Mississippi Lime formation in Oklahoma:
  - Gray 7-27-12 1H: 1,056 boepd (gross); 20 boepd (net)
  - Gray 7-27-12 2H: 952 boepd (gross); 18 boepd (net)
- 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
- Net daily production of 242 boepd as at the end of Q1 2016 compared to 309 boepd on 1 August 2015 – reflecting reduction in drilling activity over the period in response to volatile global oil and gas markets
- 31% reduction in corporate overheads and operating costs achieved as part of management's focus on realigning the business to the lower oil price environment

**Updated Reserves Report**

- Covers net proved and developed producing reserves ('PDP') as at 1 January 2016 as part of six month bank debt redetermination process

- Total net PDP of 138.63 Mbbl of oil and condensate and 352.38 MMcf gas as at 1 January 2016 compared to 178 Mbbl and 572 MMcf as at 1 August 2015
- US\$6 million loan amount of Credit Facility remains in place - borrowing base limit adjusted to US\$1,604,565 from US\$3,025,358 to reflect the effect of lower oil prices on the value of Magnolia’s net PDP reserves
- Agreement with bank for Magnolia to repay US\$400,000 of the Credit Facility out of existing cash reserves – remaining balance of US\$1,150,000 to be amortised over a 5 year period while interest will continue to be paid by the Company on a monthly basis

## Outlook

- New wells due to come into production in Q2 2016 including Continental Resources operated wells
- 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,** “We now have interests in 167 wells in proven US onshore formations such as the Bakken in North Dakota and the Woodford and Mississippi Lime in Oklahoma, all of which are producing and generating revenues. Combined with a significant reduction in both net debt and corporate costs during the quarter, we have further aligned Magnolia’s business model to the prevailing oil price environment and markets.

“Importantly, thanks to the steps we have taken we are able to reinvest more of our internally generated revenues into commercially attractive drilling opportunities across our acreage such as the two Chesapeake operated Gray wells, both of which recorded excellent initial production rates. We are therefore better placed to take advantage of lower drilling costs to continue to grow our producing well count even at US\$30 – 40 oil, so that when oil prices recover we will be in a strong position to hit the ground running once more.”

## Well Developments

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

Well	Formation	Status	NRI %	Operator
Gray 7-27-12 1H	Mississippi Lime, Oklahoma	Producing	1.86	Chesapeake Energy
Gray 7-27-12 2H	Mississippi	Producing	1.86	Chesapeake

	Lime, Oklahoma			Energy
Sympson 2-7-6XH	Woodford, Oklahoma	Completed	0.40	Continental Resources
Sympson 4-7-6XH	Woodford, Oklahoma	Logged	0.40	Continental Resources
Chalfant 2-7H	Woodford, Oklahoma	Drilled	0.36	Continental Resources
Sympson 10-6H	Woodford, Oklahoma	Drilled	0.44	Continental Resources
Sympson 8-7-6XH	Woodford, Oklahoma	Drilling	0.40	Continental Resources
Sympson 3-7-6XH	Woodford, Oklahoma	Drilling	0.40	Continental Resources
Sympson 9-7-6XH	Woodford, Oklahoma	Drilling	0.40	Continental Resources
Sympson 5-7-6XH	Woodford, Oklahoma	Logging	0.40	Continental Resources
Sympson 7-6-7XH	Woodford, Oklahoma	Drilling	0.40	Continental Resources
Sympson 6-6-7XH	Woodford, Oklahoma	Drilling	0.40	Continental Resources

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

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

Steven Snead	Magnolia Petroleum Plc	+01918449 8750
Rita Whittington	Magnolia Petroleum Plc	+01918449 8750
Jo Turner / James Caithie	Cairn Financial Advisers LLP	+44207 1487900
Colin Rowbury	Cornhill Capital Limited	+44207710 9610
Lottie Brocklehurst	St Brides Partners Ltd	+44207236 1177
Frank Buhagiar	St Brides Partners Ltd	+44207236 1177

#### **Notes**

Magnolia Petroleum Plc is an AIM quoted, US focused, oil and gas exploration and production company. Its portfolio includes interests in 167 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	167
Being drilled / completed	12
Elected to participate / waiting to spud	19
TOTAL	197