

**Magnolia Petroleum Plc ('Magnolia' or 'the Company')**  
**Preparing to Spud Shimanek #2 well and**  
**Q2 2015 Operations Update**

Magnolia Petroleum Plc, the AIM quoted US focused oil and gas exploration and production company, is pleased to announce that drilling operations at the Magnolia operated and 94% owned Shimanek #2 vertical well in Oklahoma are expected to commence by the end of July 2015. Additionally, the Company announces its quarterly update on its operations across proven and producing US onshore hydrocarbon formations in North Dakota and Oklahoma.

**Q2 Highlights to 30 June 2015**

- 11 new wells commenced production bringing the total number of producing wells to 195 as at end of Q2 2015 - a further 31 at various stages of development
- Elected to participate in 16 new wells in proven formations including the Bakken and Three Forks Sanish, North Dakota and the Mississippi Lime and Woodford formations in Oklahoma
- Announced record 2014 Full Year performance: 58% increase in FY revenues to US\$3.85 million with an additional US\$1.3 million income from one-off consulting services and the sale of non-core assets leading to adjusted EBITDA of US\$2.60 million, a 212% increase on the previous year
- Appointment of Thomas Wagenhofer to the Board as a Non-executive Director - a highly respected petroleum engineer and oil and gas investment specialist with over 20 years' experience in the global E&P sector
- Raised £1 million during the period via a placing to fund new wells

**Outlook**

- Low breakeven oil price - cost on producing wells, including capex, averages US\$33 per barrel (non-operated wells);
- Cash operating cost to produce Magnolia operated vertical wells estimated at US\$8 per barrel (lifting costs)
- New wells due to come into production in Q3 2015
- Taking advantage of low oil prices to increase leasehold in future areas of development
- Location of Magnolia operated Shimanek #2 vertical well (94% WI) has been built and the drilling contract for a rig has been negotiated and executed ahead of an expected spud date by the end of July 2015
- Possible second well, Roger Swartz #2 to be spud by year end depending on product and service prices

- Both wells target multiple conventional payzones, including the Mississippi Lime/Chat, Redfork Sand and the Lower Skinner Sand
- 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 have been highly active on the ground, as evidenced by our imminent plans to spud our operated Shimanek #2 well which we estimate will have an US\$8 per barrel operating cost. The economics of drilling this well and others we have identified on our operated leases are highly attractive even in the current oil price environment. Progress has also been made on our non-operated leases. Since the turn of the year, 19 new wells have commenced production, bringing our total producing well count to 195. Set against a backdrop of volatile oil prices, this further demonstrates the relatively low costs and breakeven oil prices associated with the proven US onshore formations in which we are focused.

“Together with our plans to drill and operate the Shimanek #2 well in which we have a 94% working interest, we are on course to add to our proven reserves which, as at 1 January 2015, were independently estimated at 985 Mbbls of oil and 2,905 MMcf of gas, and valued at US\$26.65 million. As we have previously shown through the sale of non-core assets, the value assigned to our proven reserves is not notional but very much a realisable one in the open market. Even though this value is not reflected in our current market valuation, it provides Magnolia with considerable asset backing and an excellent platform from which we seek to generate significant value for shareholders.”

## Well Developments

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

Well	Formation	Status	NRI %	Operator
McClain 2	Woodford, Oklahoma	Producing	0.9	AEP
Gray 7-27-12 1H (previously announced)	Mississippi Lime, Oklahoma	Completed	1.86	Chesapeake Energy
Gray 7-27-12 2H	Mississippi Lime, Oklahoma	Completed	1.86	Chesapeake Energy
Bowen 1-30 (previously	Wilcox, Simpson, Viola,	Completed	8.75	Basis



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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 195 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	195
Being drilled / completed	8
Elected to participate / waiting to spud	23
<b>TOTAL</b>	<b>226</b>