

Magnolia Petroleum Plc ('Magnolia' or 'the Company')
Q3 2015 Operations Update

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.

Q3 Highlights to 30 September 2015

- Seven new wells commenced production bringing the total number of producing wells to 202 as at end of Q3 2015 - a further 10 at various stages of development
- Elected to participate in 10 new wells targeting the Woodford formation in Oklahoma
 - All 10 wells are operated by Continental Resources and are targeting gas in two sections
- Successfully diversifying product mix to a more even oil to gas ratio– current production is 56/44 compared to 70/30 in January 2015 oil to gas respectively
 - Gas markets have local supply/demand dynamics which tend to be independent of global oil prices, providing further diversification to Magnolia's producing well portfolio
- Daily production of 309 boepd as at 1 August 2015 compared to 281 boepd as at 1 January 2015 due to number of wells commencing production
- Total net 1P oil and condensate reserves of 873 Mbbbl of oil and 2,454 MMcf of natural gas as at 1 August 2015 with NPV9 of US\$20.88 million - provides significant asset backing to current market valuation
- H1 2015 revenues of US\$1,083,998 (H1 2014: US\$1,755,459) – despite a more than 50% year on year reduction in the oil price

Outlook

- Low breakeven oil price - cost of production, including capex, averages US\$33 per barrel (non-operated wells)
- New wells due to come into production in Q4 2015
- 10 Continental Resources operated wells to be drilled back to back – first is expected in October 2015
- 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, “Over the quarter our producing well count broke through the 200 mark, and with a further 10 wells at various stages of development we expect the excellent growth we have seen to date to continue going forward. In line with our high growth / low risk model, not only does our portfolio of wells generate material cashflows for reinvestment into further drilling, but also the high well count also provides a high level of diversification which significantly minimises risk and differentiates us from a number of our peers.

“With this focus on risk management in mind, we have successfully increased the proportion of producing gas wells in our portfolio so that the oil/gas ratio is more evenly matched at 56/44, compared to 70/30 in favour of oil at the beginning of the year. As the drivers behind gas prices are more local than those of oil, almost half of our revenues now have a relatively low correlation to WTI. The repositioning of our portfolio highlights both the flexibility of our model and management’s expertise in acquiring leases in highly sought after areas. As a result, we continue to roll out our strategy of proving up the reserves on our US onshore leases through drilling, 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
Loretta -130 vertical	Various formations, Oklahoma	Producing	13.198	Basis
Lois 1-6H	Woodford, Oklahoma	Producing	0.87	Petroquest
Skunk Creek 1-8-17-15H3	Three Forks Sanish, North Dakota	Producing	0.68	Whiting Petroleum
Skunk Creek 1-8-17-15H	Bakken, North Dakota	Producing	0.68	Whiting Petroleum
Skunk Creek 1-8-17-16H	Bakken, North Dakota	Producing	0.68	Whiting Petroleum
Skunk Creek 1-8-17-16H3	Three Forks Sanish, North Dakota	Producing	0.68	Whiting Petroleum
Well 1	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 2	Woodford,	Waiting to spud	0.40	Continental

	Oklahoma			Resources
Well3	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 4	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 5	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 6	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 7	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 8	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 9	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Well 10	Woodford, Oklahoma	Waiting to spud	0.40	Continental Resources
Celesta	Springer, Oklahoma	Producing	0.17	Continental Resources

**** ENDS ****

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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 202 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	202
Being drilled / completed	10
Elected to participate / waiting to spud	31
TOTAL	243