

Magnolia Petroleum Plc ('Magnolia' or 'the Company')
Increase in Value of Reserves

Magnolia Petroleum Plc, the AIM quoted US onshore focused oil and gas exploration and production company, is pleased to announce an upgrade in the value of its net proved developed producing reserves ('PDP') to US\$4,300,000 across the Company's leases in proven US onshore formations such as the Woodford and Mississippi Lime, Oklahoma, and the Bakken and Three Forks Sanish, North Dakota.

On 15 March 2017, the Company announced the results of an independent reserves report, which included:

- 112% increase in total net PDP oil and condensate reserves to 282.686 Mbbl (1 July 2016: 133.31 Mbbl of oil and condensate)
- 303% increase in total net PDP gas reserves to 2,343.116 MMCF (1 July 2016: 580.67 MMcf gas)
- Increase in the value (NPV9) of total net PDP reserves to US\$4,026,000 (1 July 2016: US\$3,445,180)

Today's upgrade in the value of Magnolia's total net PDP reserves to US\$4,300,000 from US\$4,026,000 in March 2017 follows a revaluation of the operating costs and production profile of three wells in Oklahoma. Among these three wells is the Magnolia-operated and 100% owned Roger Swartz #1, which is producing from the Mississippi Lime formation, Oklahoma. Following a successful 'refrac', the operating costs of the well have been reduced, resulting in a significant increase in the value of Roger Swartz to US\$205,000 from US\$50,000 previously. The remainder of the value increase is due to production at the Chesapeake Energy-operated Gray 7-27-12 1H and Gray 7-27-12 2H wells, in which Magnolia holds a 1.86% net revenue interest, exceeding expectations.

Rita Whittington, COO of Magnolia, said, "This upgrade to the valuation of our PDP reserves to US\$4,300,000 provides further asset backing to Magnolia's current market capitalisation. Importantly, this valuation only covers proved developed producing and proved developed non-producing reserve classes. It does not include other reserve categories such as proved shut-in, proved undeveloped, probable and possible reserve classes as well as Magnolia's interests in undeveloped acreage. We therefore believe the value of our portfolio of leases in the US onshore formations is far greater than today's reported figure. As activity continues to pick up and our participation in new wells alongside leading operators increases, we are confident that the underlying value of our portfolio will be realised."

Summary Table of Magnolia's Total Net PDP and proved developed non-producing ('PDNP') Reserves as at 24 April 2017:

State	Reserve Category	Net		PV9
		BO	MCF	US\$M
Oklahoma	PDP	124,773	2,207,617	\$2,730
Oklahoma	PDNP	833	0	\$3
North Dakota	PDP	157,913	135,499	\$1,570
Total		283,519	2,343,116	\$4,300

NPV₉ valuations are based on the bank's price deck as of January 2017 and take into account the future net cash flow which is defined as future net revenue, less estimated future net OPEX (well operating cost and production taxes) and future net capital. The total net PDP reserves are those defined as natural gas and liquid hydrocarbon reserves to Magnolia's interest after deducting all royalties, overriding royalties, and reversionary interests owned by outside parties that become effective upon pay-out of specified monetary balances. All reserves estimates have been prepared using standard engineering practices generally accepted by the petroleum industry and conform to the guidelines adopted by the 2007 SPE/SPEE/WPC PRMS Guidelines.

The information contained in this announcement regarding the reserves analysis has been reviewed and approved by Mike Mabry on behalf of Sycamore Resources. Mr Mabry has over 30 years of relevant experience in the oil industry and has a B.S. in Petroleum Engineering from the University of Tulsa. He has previously served as Chair of the SPE Improved Oil Recovery Symposium, presiding over 700 engineers from 65 counties. Over the course of his career, Mr Mabry has held the position of Senior Petroleum Engineer at Apache Corporation, Petrohawk Energy and MAPCO and is currently Managing Director of Sycamore Resources in Tulsa, Oklahoma.

The information contained within this announcement constitutes inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014.

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Glossary

'M' means Thousand

'MBO' means Thousand Barrels of Oil

'McfD' means Thousand Cubic Feet per Day

'MM' means million (thousand thousand not million million), as used in oilfield and heat content units such as MMSTB and MMBtu

'MMBbl' means Million barrels

'MMcfd' means Million Cubic Feet per Day

'NRI' means Net Revenue Interests

'Proved Reserves' means those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulation - Proved reserves can be categorized as developed or undeveloped

'Probable reserves' are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves

'Possible Reserves' are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable plus possible reserves

Reserve Status Categories

'Unproved Reserves' are based on geologic and/or engineering data similar to that used in estimates of proved reserves; but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. Unproved reserves may be further classified as probable reserves and possible reserves

Reserve status categories define the development and producing status of wells and reservoirs

'Developed reserves' are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be subcategorized as producing or non-producing.

'Producing reserves' are expected to be recovered from completion intervals which are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

'Non-producing reserves' include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production.

'Undeveloped reserves' are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

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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 212 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	156
Being drilled / completed	13
Elected to participate / waiting to spud	43

