

Magnolia Petroleum plc
(‘Magnolia’ or ‘the Company’)

Gilchrist Well IP Rates Exceed Expectations

Magnolia Petroleum plc, the AIM quoted US focused oil and gas exploration and production company is pleased to announce that the Initial Production (‘IP’) rates for the Gilchrist 2016 1-36H well (‘Gilchrist’ or ‘the Well’) in Oklahoma significantly exceed the Company’s projections, producing 652 BOPD with 1,178 MCFD or 770 BOEPD with an associated flowing tubing pressure of 120 PSI.

Gilchrist is operated by SandRidge Energy and Magnolia has a carried working interest in the Well through its agreement with Western Energy Development LLC (‘WED’). Gilchrist is the first well to be drilled on the spacing unit and the excellent IP rates, which are 35% higher than Magnolia’s pre-drill estimates of 570 BOEPD, are expected to result in the drilling of infill wells in due course to maximise the recovery of reserves.

As announced on 3 November 2017, Magnolia and WED elected to take their proportionate share of any interests in the lease that became available as a result of the non-participation of leaseholders in a forced pooling order. This resulted in WED and Magnolia increasing their combined Working Interest (‘WI’) to 1.57% in the spacing unit on which the Gilchrist Well is located and where additional increased density wells are expected to be drilled in the future. Under the terms of its agreement with WED, Magnolia is carried for 25% WED’s WI in the Gilchrist Well at no cost.

Magnolia CEO, Rita Whittington said, “This excellent IP rate has exceeded our expectations. At 770 BOEPD Gilchrist is producing 200 BOEPD more than we originally projected. The results of Gilchrist validate our decision to increase our interest in the lease via the forced pooling order and importantly they significantly de-risk the spacing unit. We anticipate participating in any infill wells that may be drilled in the future, as we look to increase our total production and reserves across our portfolio of interests in proven US onshore formations.

“In the meantime, with the first US\$500,000 tranche of the US\$18.5million WED agreement now in place we are looking to invest this sum on behalf of WED’s clients which, based on the successful pilot programme, has the potential to add 27 potential wells to our inventory. We are currently evaluating several deals for this initial US\$500,000 and I look forward to providing further updates on this matter in due course.”

Further Information on Western Energy Regional Center LLC

WED is an affiliate of Western Energy Regional Center LLC, a United States Citizenship and Immigration Services ('USCIS')-designated Regional Center which can accept investment in job-creating projects from foreign nationals through the Immigrant Investor Program.

Magnolia entered into an exclusive agreement with WED to invest, on behalf of WED, up to US\$18,500,000 into the Oklahoma oil and gas market. In return Magnolia receives cash fees as well as a 25% carried working interest in the first well of a spacing unit. The Gilchrist Well forms part of a successful pilot programme under which Magnolia invested US\$500,000 on behalf of WED into qualifying oil and gas properties in Oklahoma. To date, this pilot programme has generated a rate of return of 100%; a return on investment of 3.26 times; US\$75,500 in value for Magnolia (lease bonus plus a carried interest for 25% in the first well, within each spacing unit); and US\$127,982 uplift in the PV9 value of Magnolia's reserves.

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