

Magnolia Petroleum plc ('Magnolia' or 'the Company')
First US\$500,000 Received Under US\$18.5 Million Capital Management Agreement

Magnolia Petroleum plc, the AIM quoted US focused oil and gas exploration and production company, is pleased to announce Western Energy Development LLC ('WED') has received the first US\$500,000 tranche of capital as part of its exclusive US\$18.5 million capital management agreement with Magnolia. Magnolia will invest these funds into oil and gas properties in Oklahoma that qualify under the US Immigrant Investor Programme and in return will earn fees and equity in new wells and leases.

As announced on 4 July 2017, Magnolia entered into an exclusive agreement with WED to invest, on behalf of WED, up to US\$18.5 million 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 in each spacing unit. A pilot programme in which Magnolia invested US\$500,000 on behalf of WED into qualifying oil and gas properties in Oklahoma, generated US\$75,500 in value for Magnolia in terms of lease bonus and the carried interest for 25% in the first well within each spacing unit; plus an additional US\$127,982 uplift in the PV₉ value of Magnolia's reserves. To date, the pilot programme has generated a rate of return of 100% and a return on investment of 3.26 times.

Magnolia CEO, Rita Whittington said, "The first US\$500,000 under the US\$18.5 million agreement with WED represents a major milestone for Magnolia. Thanks to the quantum of funds involved, the fees generated, and the 25% carried interest in new wells, the WED agreement promises to accelerate our strategy which is to generate value through the acquisition and development of leases in productive US onshore formations alongside established operators such as Devon Energy and Continental Resources. The management fees will complement the revenues generated by our portfolio of interests in over 150 producing wells; while our carried interest in new wells will provide de-risked, nil cost entry into attractive leases."

Western Energy Development LLC CEO, Greg Neher said, "We expect today's US\$500,000 investment will be the first of many and we look forward to working closely with the Magnolia team with a view to replicating the success of the pilot programme on a much larger scale. We feel confident in our near-term competitive position because amendments to the EB-5 programme currently being considered by the US Congress have the potential to accelerate our growth. Specifically, two changes contemplated in proposed bills: firstly a dramatically shorter visa issuance wait for applicants that invest in rural projects such as WED's compared to urban real estate projects; and secondly an almost doubling in the EB-5 minimum investment amount — meaning we require fewer investors to reach or exceed our targets."

Western Energy Development LLC

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

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For further information on Magnolia Petroleum Plc visit www.magnoliapetroleum.com or contact the following:

Rita Whittington	Magnolia Petroleum Plc	+01918449 8750
Jo Turner / James Caithie	Cairn Financial Advisers LLP	+44207213 0880
Nick Beeler	Cornhill Capital Limited	+44207710 9610
Lottie Wadham	St Brides Partners Ltd	+44207236 1177
Frank Buhagiar	St Brides Partners Ltd	+44207236 1177