

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

Participating in Three SandRidge Energy Operated Wells in Oklahoma

Magnolia Petroleum plc, the AIM quoted US focused oil and gas exploration and production company, is pleased to announce that it has received notice from SandRidge Energy, the operator of the Gilchrist 2016 1-36H well (‘Gilchrist’) in Oklahoma, that three additional increased density wells are to be drilled on the same spacing unit to maximise the recovery of reserves. This follows excellent Initial Production (‘IP’) rates for Gilchrist that were provided by the operator, which, at 652 BOPD and 1,178 MCFD or 770 BOEPD, significantly exceeded the Company’s projections of 570 BOEPD.

Together with Western Energy Development LLC (‘WED’), Magnolia has a combined Working Interest (‘WI’) of 1.57% in the spacing unit on which Gilchrist is located and where the additional increased density wells are to be drilled. Under the terms of its agreement with WED, Magnolia was carried for 25% of WED’s WI in the Gilchrist Well at no cost, but will fund its share of the costs of drilling the increased density wells. It is the Company’s intention to participate in all three new wells. A date for the commencement of drilling operations has yet to be confirmed by the operator.

Gilchrist and the additional increased density wells form 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. Based on the success of the pilot programme, 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.

Magnolia CEO, Rita Whittington said, “Thanks to Gilchrist’s better than expected IP rates, these three new wells have been materially de-risked, specifically in terms of geological risk. They therefore have the potential to significantly add to the US\$200,000 of value generated for Magnolia by the successful US\$500,000 pilot programme with WED. We are focused on replicating this success many times over and with this in mind, we are currently investing the first US\$500,000 tranche of capital received under the US\$18.5 million WED agreement. I look forward to providing further updates in due course, as we look to increase our total production and reserves across our portfolio of interests in proven US onshore formations.”

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.

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