

**Magnolia Petroleum plc ('Magnolia' or 'the Company')**  
**New Leases Acquired in Oklahoma as part of US\$18.5 Million Agreement**

Magnolia Petroleum plc, the AIM quoted US focused oil and gas exploration and production company, is pleased to provide an update on the ongoing investment of the first US\$500,000 tranche of capital it has received as part of its exclusive US\$18.5 million capital management agreement with Western Energy Development LLC ('WED'). Under the terms of the agreement with WED, Magnolia invests each US\$500,000 tranche of capital into oil and gas properties in Oklahoma that qualify under the US Immigrant Investor Programme in return for fees and equity in new wells and leases.

The first tranche of capital under the WED Agreement was received in December 2017 and to date has been invested by Magnolia in the following units:

<b>Unit</b>	<b>Working Interest ('WI') / Net Revenue Interest ('NRI') Acquired</b>	<b>25% of Acquired WI / NRI assigned to Magnolia</b>	<b>Operator</b>	<b>Status</b>
Bartenbach Unit	0.21%/0.167%	0.053%/0.0416%	Tapstone Energy	First well approved and waiting to spud
Pickard Unit	0.13%/0.10%	0.0325%/0.0251%	Newfield Exploration	First well approved and waiting to spud
Old Crab Unit	0.312%/0.234%	0.0781%/0.0586%	Oklahoma Energy Acquisitions	1506 1-24MH well already producing - Six increased density wells approved and waiting to spud*

\*Six increased density wells: Old Crab 1506 2-24MH; 3-24MH; 5-25MH; 6-24MH; 7-24MH; and 9-24MH

Under the WED Agreement, Magnolia receives a cash fee of US\$5,000 per each US\$500,000 tranche of capital invested; US\$500 per each acre secured; a carried 25% working interest of WED's interest in the first well drilled in each unit; and a sliding scale for overheads incurred. As a result, Magnolia will not be required to fund its share of costs of drilling the first wells on each of the three above units. Magnolia will be required to fund its share of costs for any subsequent wells drilled on the units.

**Magnolia CEO, Rita Whittington said,** "Today's new units are the tip of the iceberg in terms of the number of new leases and wells that we expect to acquire via the investment of the first

US\$500,000 tranche of WED funds. In all our US\$500,000 pilot programme resulted in a total of 27 new drilling opportunities, most of which were in the prolific and highly active SCOOP and STACK plays in Oklahoma. In addition, the pilot programme demonstrated the potential to earn impressive returns at the portfolio level, despite holding relatively small interests in individual wells. Based on the fees and equity in new wells and leases, the successful test generated US\$200,000 in value for Magnolia.

“Extrapolate the results of the pilot programme and the potential for our ground-breaking US\$18.5 million agreement with WED to move the needle and generate significant value for our shareholders is clear. As new leases in qualifying counties are acquired, new wells drilled, and additional funds transferred under the WED Agreement, the next few months are expected to see a step-up in activity, as we focus on scaling up Magnolia’s net reserves across our portfolio of interests in proven US onshore formations. With this in mind, I look forward to providing further updates on our progress.”

## **Further Information**

### **Bartenbach Unit**

Operated by Tappstone Energy the proposed well will be the first Mississippian horizontal well test in the established two-section, 1,280 acre pooled unit. The well is located close to recent 1-section, 640 acre Mississippian completions that have reported substantial initial production rates ranging up to 1,558 BO and 5,618 MCFD (Tappstone: Howard 5-19-17). Two miles east of the proposed well is a one section Mississippi horizontal well, the Pruitt: Krows 19-19-17, this well had a production rate in January 2017 of 392 BO and 4,747 MCFD. Through July of 2017 the well has produced over 63,000 BO and 0.585 BCFG and is currently producing 186 BOPD and 4339 MCFD. The proposed Bartenbach Unit well, which will have a lateral section longer than these offsets, is conservatively expected to have reserves of 260 MBO and 2.9 BCFG.

### **Pickard Unit**

Operated by Newfield Exploration, the proposed well will be a 2-unit, 1,280 acre Woodford Shale horizontal well. This area of the SCOOP play has several very good Woodford Shale completions such as the Continental Resources operated McEvoy, a 2014 Woodford Shale completion which has produced 180 MBO and 0.496 BCF, is currently producing 85 BOPD and 235 MCFD and has a projected Estimated Ultimate Recovery of over 500 MBO and 1.6 BCFG. Newfield has made a more recent 2-section Woodford completion just west of the proposed Pickard well: the Newfield Deskins 1H-7X, which commenced production in January 2017 and has to date produced 40 MBO and 0.085 BCF and is currently producing 380 BOPD and 1,076 MCFD.

### **Old Crab Unit**

Operated by Oklahoma Energy Acquisitions (OEA) the Old Crab 1506 5-24MH well has been drilled and is awaiting completion. A second well, the OEA Old Crab 1506-3-24MH was spud on 1 February 2017. Both wells are 640 acre horizontal Mississippi tests. There are three

additional permitted wells for the section. The Mississippi has been proven economically viable in the immediate area with the recent completions of the following wells: OES Three Wood 4-17MH, 12/2016 which had an initial production rate of 39 MBO and 0.146 BCF and is currently producing 266 BOPD and 500 MCFD; the OES Dixon 3-16MH, 10/2016 completion, which has made 50 MBO and 0.207 BCF and is currently producing 255 BOPD and 1082 MCFD. The proposed Old Crab wells are expected to recover 330 MBO and 1.4 BCFG per well.

### **WED Agreement**

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.

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.

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

### **Glossary**

'BOPD' means Barrels of oil per day

'BOEPD' means Barrels of oil equivalent per day

'BCF' means Billion Cubic Feet

'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

**\*\* ENDS \*\***

For further information on Magnolia Petroleum Plc visit [www.magnoliapetroleum.com](http://www.magnoliapetroleum.com) or contact the following:

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