

Magnolia Petroleum Plc / Index: AIM / Epic: MAGP / Sector: Oil & Gas

Magnolia Petroleum plc ('Magnolia' or 'the Company')
Proposed Disposal of North Dakota Assets

Magnolia Petroleum plc, the US focused oil and gas exploration and production company announces it has signed a non-binding agreement with a third party for the sale of all its wells in which it has varying interests in North Dakota (together 'the North Dakota Assets'), being approximately 31 wells, for a total consideration of US\$1.5 million ('the Proposed Disposal'). In addition, the Company announces the sale of its 100% interest in the Roger Swartz #1 well in Oklahoma for approximately US\$30,000.

The Proposed Disposal is in line with the Company's debt reduction programme and, subject to shareholder consent and completion, will substantially clear a large portion of the outstanding US\$2 million balance of the reserve-based lending facility ('the Lending Facility') of its wholly owned operating subsidiary, Magnolia Petroleum, Inc. ('Magnolia Inc'). As detailed in the Company's announcement of 7 June 2018, the Company embarked on a debt reduction programme in response to the Bank's decision not to extend the Lending Facility and its requirement that the full outstanding amount be repaid or refinanced by 9 July 2018.

The Proposed Disposal is conditional on the granting of approval of the Board's asset disposal programme at the Company's general meeting which is to be held at 15:30 p.m. BST (09:30 a.m. local time) on 22 June 2018 at the offices of Pray Walker P.C., 100 West Fifth Street, Suite 900, Tulsa, OK 74103, USA ('the General Meeting').

In the event that the Lending Facility is not repaid or refinanced, it is expected that either the Bank will repossess and sell assets to pay off the debt, which is likely to be at a lower value for Shareholders than the Company could achieve, or the Directors will be required to commence Chapter 11 bankruptcy proceedings with respect to Magnolia Inc. This would also likely lead to a loss of control of the debt reduction programme and reduced value being achieved by the Company for its portfolio of wells. In this scenario, shareholders are unlikely to receive any value for the Company's portfolio of wells with all proceeds of sales being used to settle creditors and the costs of the Chapter 11 proceedings.

The Company's current portfolio comprises interests in 108 wells and further details of the interests in wells and their economics were included in the Company's operations update on 16 April 2018 and in the circular of 7 June 2018.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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