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16 April 2015

MADAGASCAR OIL LIMITED

(“Madagascar Oil” or the “Company”, together with its subsidiaries, the “Group”)

Tsimiroro Development Plan Approval

Madagascar Oil is pleased to confirm the award of the Development Mining Title for the Block 3104 Tsimiroro Production Sharing Contract (the **“Block 3104 PSC”**) by the President of Madagascar, H.E. Hery Rajaonarimampianina, following a joint proposal by the Minister at the Presidency in charge of Mines and Petroleum and the General Manager of OMNIS (Office des Mines Nationales et des Industries Strategiques), which took place at the Council Of Ministers on 15 April 2015. This follows approval of the Block 3104 Tsimiroro Development Plan (the **“TDP”**) by the Block 3104 Management Committee.

Highlights

- Demonstrates the Company’s excellent and collaborative working relationship with the Government of Madagascar
- Represents the first Production Sharing Contract to enter into the development phase in Madagascar
- Awards a 25 year development mining title with possible additional extensions to enable a potential development period of up to 50 years provided production remains commercial
- Covers the entire 6,670km² of Block 3104 including the Tsimiroro Main Field with its 1.7 billion barrels of oil contingent resource base, as well as appraisal activities of conventional light oil potential in the Tsimiroro South and Tsimiroro Deep South areas
- Represents a significant and major step forward for the Group following 11 years of exploration activity in Madagascar and the drilling of 138 wells on Block 3104
- Approval allows the Group to:
 - proceed with development of the Block 3104 Tsimiroro asset, including development drilling and facilities upgrades to build on existing production;
 - progress further the active discussions with potential strategic partners to assist in funding development; and
 - undertake the domestic sale of production from the Steam Flood Project (“SFP”), including the 100,000 barrels of oil currently in storage, which is expected to commence this quarter

Robert Estill, Chief Executive Officer of Madagascar Oil, commented:

“We are delighted to have reached this significant milestone in the growth of Madagascar Oil. Being the first company to reach the development phase within Madagascar is a truly exciting opportunity, both for us as a company, but more importantly for the people of Madagascar.

We are grateful to the Government of Madagascar for their extensive and constructive contribution to this process and the strong working relationship we have built as a result. As a Company, we believe we have a dual responsibility, not simply to generate value for our shareholders but also to lead the way in developing Madagascar’s significant natural resources that will benefit the whole country.”

First phase of the work programme under the TDP

The initial Tsimiroro crude to be developed under Phase 1 of the TDP is a heavy oil (14-15 API), with target markets both in Madagascar and internationally for power generation, as a heavy oil refinery feedstock and as marine bunker fuel.

Phase 1 of the TDP is intended to first fully develop the geological compartment containing the existing SFP area. It is planned that long-lead orders will be placed for drilling under Phase 1 of the TDP and SFP facilities upgrade equipment/materials for the planned work programme to commence in late 2015. An additional geological compartment will be developed, intended to enable sales volumes to reach up to 10,000 barrels of oil per day.

Block 3104 PSC Amendments

The President of Madagascar, H.E. Hery Rajaonarimampianina, also approved a decree at the Council of Ministers of 15 April 2015 following a joint proposal by the Minister at the Presidency in charge of Mines and Petroleum and the General Manager of OMNIS which approves an amendment agreement to the Block 3104 PSC (the “Block 3104 PSC Amendment Agreement”). The Block 3104 PSC Amendment Agreement relates to certain items included in the submitted TDP.

The Block 3104 PSC Amendment Agreement redefines the Block 3104 PSC into two separate areas: the Tsimiroro Main Field, situated in the northern area of the Block 3104 PSC which covers an area of approximately 3370km² (the “Tsimiroro Main Field”) and the southern area which covers an area of approximately 3300km² (the “Tsimiroro Southern Area”). The SFP is situated in the Tsimiroro Main Field.

The Block 3104 PSC Amendment Agreement sets out certain obligations in relation to annual submission of work programs and budgets for the Block 3104 PSC. This includes commitments to appraise structures in the Tsimiroro Southern Area, including Tsimiroro Deep and Deep South, through seismic acquisition in 2016 with drilling on the deeper horizon potential following in 2017 and 2018, depending on prospectivity (the “Appraisal Activity”). These structures have the potential to yield light oil from deeper horizons as indicated by well results from exploration drilling in Block 3104 and Block 3107 to the immediate south.

The Block 3104 PSC Amendment Agreement also sets out certain relinquishment obligations for the Tsimiroro Southern Area. It has been agreed with the relevant Malagasy authorities that following the Appraisal Activity, Madagascar Oil S.A. (the Company’s wholly owned subsidiary and the party to the Block 3104 PSC) shall determine the location of a portion of the Tsimiroro Southern Area to be

relinquished excluding any retained exploitation area, such relinquishment to be notified by 31 December 2018.

Operational Update

The SFP area continues to demonstrate consistent production performance with all wells operational and consistent steam generation and injection achieved.

The first of a series of planned Development Evaluation Wells was drilled and cored successfully in February 2015 using the Madagascar Oil drilling rig. This will be followed up with a continuous drilling programme, commencing in Q2 2015, to provide updated information on the thermally effective oil-in-place available from the Amboloando reservoir and from the underlying Isalo-1 horizon. The rig will then transfer to development drilling on arrival of long lead items which can now be ordered for an expected late 2015 delivery.

Superseding the previous test sales authorisation, the TDP allows the Company to proceed to sales of the production from the existing SFP. Madagascar Oil has over 100,000 barrels of oil in storage at the existing facility, which is available for the domestic Madagascar market. Discussions with domestic users continue and it is anticipated that the first test sales volumes will commence in Q2 2015. The Company continues to co-operate with state utilities provider, Jirama, in a joint Technical Committee to plan the test of Tsimiroro crude in the Antananarivo power generation facilities.

Funding Strategy

Having achieved the significant milestone of approval of the TDP, the Company will consider the most appropriate way to fund the development of Block 3104. This may include re-assessing the positive indications of support received from major shareholders at the time of the September 2014 placing.

In addition, the Company remains in active dialogue with a number of potential strategic partners able to assist Madagascar Oil in funding the development in accordance with timetable outlined in the TDP.

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