



VSA Morning Flow Test

This Morning's News

Madagascar Oil (MOIL LN)[#]

Symbion Power, an American Independent Power Producer, has reached an agreement with the government of Madagascar to build seven power plants for a total power capacity of 180MW. The company will use biomass, solar and heavy fuel oil as the primary fuel sources.

The largest plant will be 116MW - 65% of the total capacity - and will be located at Tsimiroro on the western coast of Madagascar. Symbion plans to use locally-extracted heavy fuel oil from the 1.7bn boe giant Tsimiroro field currently under development by **Madagascar Oil (MOIL)[#]**.

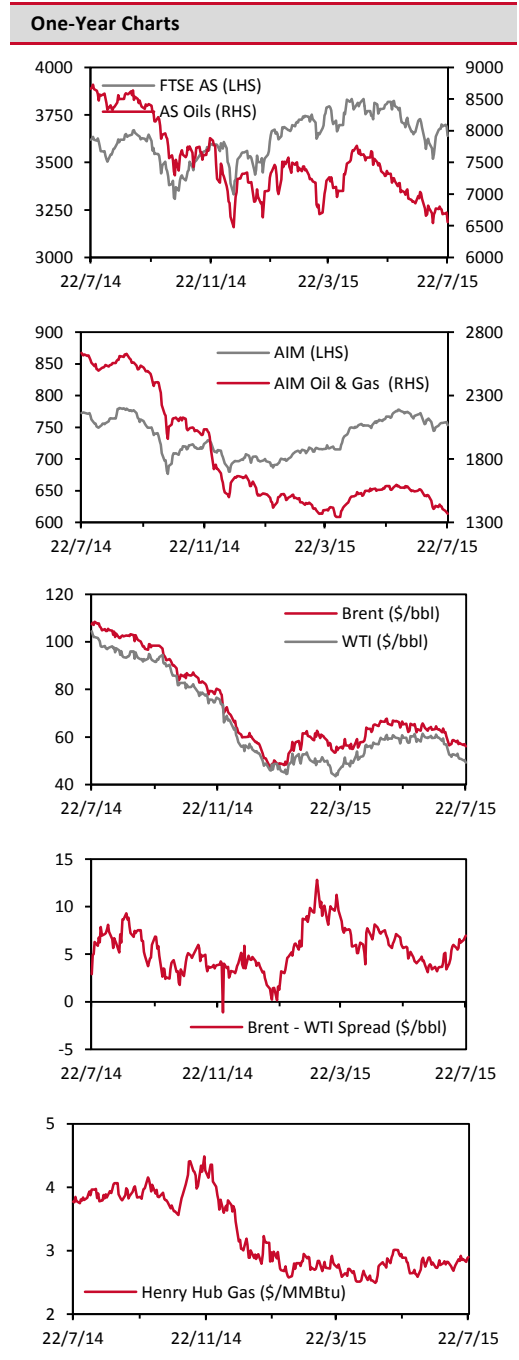
While providing electricity to millions of people, we see this as an excellent opportunity for MOIL which now has a new buyer for around 3-4kboe/d from its flagship asset.

This also improves the economics of Tsimiroro first phase of development since almost half of the initial 10kboe/d production target will now be acquired by Symbion without incurring any transportation costs. This very positive news supports MOIL's momentum.

We maintain our Buy recommendation and 35p TP.

Oil & Gas Prices

- Brent: US\$56.13/bbl -US\$0.91/bbl
- WTI: US\$49.19/bbl -US\$1.17/bbl
- Henry Hub: US\$2.90/MMBtu +US\$0.01/MMBtu



NOTE: #Indicates VSA house stock.
SOURCE: FactSet, as of last close.

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Stock Information

Stock	BBG TKR	Exchange/ Currency	Mkt Cap (m)	Last Close (Curr)	Rec	TP	Date of Recommendation
Madagascar Oil Limited	MOIL LN	AIM (£/p)	51.35	7.9p	BUY	35p	23/04/14

NOTE: #VSA house stock. **SOURCE:** FactSet data, VSA Capital estimates. Pricing as of last close.

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Equities breakdown: 30 June 2015	Spec. BUY	BUY	HOLD	SELL
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