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30 September 2015

MADAGASCAR OIL LIMITED
(“Madagascar Oil”, or the “Company”)
Half Year Results

Madagascar Oil (AIM: MOIL), which has over 1.7 billion barrels of contingent resources in the onshore Tsimiroro oil field in Madagascar (the “Tsimiroro Field” or “Tsimiroro”), today announces its half year results for the six month period ended 30 June 2015.

Highlights

- Approval received from the Malagasy Government for Block 3104 Tsimiroro Development Plan (“TDP”) covering 6,670km^2 and containing 1.7 billion barrels of contingent resources;
- 25 year Exploitation Period commenced in April 2015;
- Board and management team strengthened with the appointment of Robert Estill as Chief Executive Officer and Michael Duginski as Non-Executive Director, bringing extensive technical and operational heavy oil expertise;
- Average oil production from the Tsimiroro Steam Flood Pilot (“SFP”) for H1 2015 increased to 325 barrels of oil per day (“BOPD”) (2014: 317 BOPD);
- Continuous operation of the SFP Plant in H1 2015 with all four steam generators commissioned and running on 100% Tsimiroro crude oil;
- All 16 production wells and nine continuous steam injection wells in the pilot area remained active during H1 2015, under a combination of continued Cyclic Steam Stimulation (“CSS”) and Steam Flooding;
- Planning for the Phase 1 (Anchor Stage) Development targeting production of 7,000-10,000 BOPD on track, including:
  - completion of facilities engineering studies;
  - twelve Development Evaluation Wells (“DEW”) completed with core analysis ongoing; and
  - submission of the Environmental Impact Assessment (“EIA”); and
- Jefferies International Limited (“Jefferies”) engaged to assist in the process to identify and secure a strategic partner(s) on the development and funding of the world class Tsimiroro Field (“Partner Process”). The Partner Process is currently expected to run through to the end of 2015, with the Board targeting the finalisation of any transaction by the end of Q1 2016.

Financial

- On 15 April 2015, the Company was awarded the Development Mining Title for Tsimiroro Block 3104 leading to a transfer of non-current assets totaling $191.0 million from Exploration and Evaluation assets to Development assets;
- Cash in hand at 30 June 2015 was $1.8 million (FY 2014: $13.7 million) plus further restricted cash balances of $0.22 million (FY 2014: $0.22 million);
- H1 2015 total loss of $6.6 million (H1 2014: $5.9 million);
- Total capitalised expenditure on the Tsimiroro Field amounted to $8.9 million (H1 2014: $10.0 million) primarily relating to the operation of the SFP; and
- Three-month $5.0 million working capital facility secured from Outrider Management LLC (“Outrider Facility”), on 29 June 2015.

Post Period End

- On 29 September 2015 the Company announced a Bridge Financing Facility of up to $21.9 million provided by its four major shareholders, which replaces the Outrider Facility. All conditions precedent have been satisfied and drawdown requests have been submitted for $8.9

million as of 29 September 2015. This Bridge Financing Facility is designed to fund the Company through to the conclusion of the Partner Process;

- As at 28 September 2015 the Company had over 130,000 barrels of crude oil in its storage tanks at Tsimiroro which is available for domestic sale; and
- Due to storage capacity constraints at Tsimiroro and in response to the challenging oil price environment, the Company has decided to take a conservative approach and scale down its current operations and production from the SFP until such time as an offtake agreement has been signed for domestic sale of its crude oil and the Partner Process has come to a successful conclusion.

Chief Executive Officer, Robert Estill, commented:
"We are pleased to present our results for the period to 30 June 2015, a period of significant progress for the Company. The recent financing from our major shareholders has secured our short term funding position and enables us to focus on meeting our strategic objectives through the Partner Process."

Contact Information:

Madagascar Oil Limited	
Robert Estill, Chief Executive Officer	+44 (0)20 3356 2731
Stewart Ahmed, Chief Operating Officer	
Gordon Stein, Chief Financial Officer	
Strand Hanson Limited – *Nominated and Financial Adviser*	+44 (0)20 7409 3494
Stuart Faulkner, Angela Hallett, James Dance	
Jefferies International Limited - *Strategic Advisor*	+44 (0)20 7029 8102
Richard Kent, Nima Mehdian	
Mirabaud Securities LLP – *Joint Broker*	+44 (0)20 7878 3360
Rory Scott, Edward Haig-Thomas	
VSA Capital Ltd – *Joint Broker*	+44 (0)20 3005 5000
Andrew Monk, Andrew Raca	
Camarco - *PR*	+44 (0)20 3757 4980
Billy Clegg, Georgia Mann	

www.madagascaroil.com

Competent Person's Statement:
The information contained in this announcement has been reviewed and approved by Stewart Ahmed, Chief Operating Officer of the Company, who has 30 years of relevant experience in the oil industry. Mr. Ahmed is a member of the Society of Petroleum Engineers ("SPE").

Notes to Editors:
Madagascar Oil (AIM: MOIL) is the leading independent oil and gas company in Madagascar and is quoted on the AIM market of the London Stock Exchange.

The Company has a variety of exploration and development opportunities, through its five licence interests in western Madagascar, with significant upside potential from the Tsimiroro oil field, which includes over 1.7 billion barrels of contingent resources, and additional exploration prospectivity from its four exploration licences.

Madagascar Oil has a strong track record of operational success in country and, in April 2015, received Field Development Plan approval from the Malagasy Government, securing the first-ever 25-year development licence to be issued in Madagascar, for the Tsimiroro Block 3104, thereby moving the Company's flagship asset from the exploration to the development phase. The 25-year licence period may be extended to up to 50 years if the field is still commercial beyond 25 years.

The Company is currently in the process of identifying and securing a strategic partner(s) with Jefferies International Limited to assist the Company with the development and funding of the world class Tsimiroro field. The Company is focused on delivering profitable future development and significant long term value to its shareholders and the people of Madagascar.

Chairman and Chief Executive Officer's Statement:

To date, 2015 has been another period of significant progress for Madagascar Oil. Although the Company continues to face ongoing challenges, not least the low oil price environment and unfavourable market conditions, we now have a foundation to deliver our strategy of taking our large, high longevity and early stage resource, converting it to reserves and delivering profitable developments with sustainable future cash flows for our shareholders, whilst also creating long term value for the people of Madagascar.

Market conditions

The macro economic conditions and current low oil price environment have had a significant impact on the global oil industry as a whole and have inevitably had a knock on effect for Madagascar Oil. Without doubt, capital providers are becoming more selective in the projects in which they will invest and oil companies are high-grading their exploration portfolios. However, Madagascar Oil is in a unique position compared to its peers due to the size of our globally significant contingent resource of 1.7 billion barrels, with the potential to produce over 100,000 BOPD by 2025. The Board estimates that the breakeven price for the project is in the range of $40-50 per barrel, making this an economically attractive project even at today's forward oil price curve.

It is clear that significant capital will be required for this project to fulfil its potential, and the Company continues to take a cautious approach to its operations and planning in order to protect its assets and the future growth of the Company. On 22 June 2015, the Company announced the engagement of Jefferies to assist in the process to identify and secure a strategic partner(s), which could include supermajors, traders, oilfield service providers, national oil companies and private equity firms, to work with Madagascar Oil on the development and funding of the Tsimiroro project (the "Partner Process"). The Partner Process is making steady progress with interest being expressed by a number of credible parties and we will report on the outcome of this in due course.

Short Term Financing

In parallel with the Partner Process, during H1 2015, the Company undertook an extensive and thorough process whereby the Company and its advisers have discussed short term financing options with a wide range of potential counterparties. As of the 30 June 2015 the Company had secured a $5.0 million Working Capital Facility from an associate of major shareholder, Outrider Management LLC. and as announced on 29 September replaced this facility with a more substantial Bridge Financing Facility (the "Facility") of up to $21.9 million, provided by the Company's four major shareholders (see Note 11 for further details). This Facility is designed, in two tranches, to fund the Company through the conclusion of the Partner Process and we would like to thank our major shareholders for their continued support, especially in these challenging markets.

Despite the fact that, at the time of reporting, the Facility has been secured and the Partner Process is making steady progress, the outcome of the Partner Process cannot be predicted and therefore while the Directors have a reasonable expectation that this will provide adequate resources for the foreseeable future, there remains material uncertainty in this regard. This uncertainty is discussed further in Note 1 of these interim financial statements.

Continued operational success

The biggest event of the first half of the year was undoubtedly the award of the Development Mining Title for the Tsimiroro Block 3104 following the approval of the Tsimiroro Development Plan ("TDP") by the Malagasy Government. This initiated the commencement of an extendable 25 year Exploitation Period (the "Development Licence") and is the first such licence ever awarded in Madagascar, demonstrating not only our open and collaborative relationship with the Government but also the Government's support and commitment to the country's oil and gas industry and its future development.

The award was a major step forward for the Company following 11 years of successful exploration and appraisal activity in country with the drilling of 138 wells and delivery of the SFP. With the approval in place, the Company has a strong platform from which to grow and begin delivering, once appropriate funding is secured, on the TDP which is targeting between 7,000-10,000 BOPD gross production during Phase 1 (Anchor Stage) in the period up to the end of

2018/early 2019; 50,000 BOPD gross production during Phase 2 (Fast Track Stage) by 2021/2022, and 50,000 to over 100,000 BOPD gross production by 2025.

As explained further in the Operational Review below, the Steam Flood Pilot ("SFP") has continued to operate in line with expectations, and provide valuable information for our development planning. We also continued our Development Evaluation Programme ("DEP") which included magnetometry work as well as drilling, coring and wire-line logging wells to help delineate the reservoir. We successfully drilled 12 Development Evaluation Wells ("DEWs") in the period, focussed on the area close to the SFP which will encapsulate the Phase 1 (Anchor Stage) areas and, as a result, we have now finalised the resource to be targeted in the initial Phase 1a. A comprehensive Facilities Engineering Study has also confirmed that the existing facilities can be leveraged and upgraded to handle Phase 1 (Anchor Stage) volumes.

Turning to our Southern licences, which provide additional exploration prospectivity, the Company has applied for a two year extension of the exploration periods for Blocks 3105, 3106 and 3107 from the Madagascar authorities. This formal request was made ahead of the scheduled end date of the current exploration periods of 14 December 2014 and the Company is hopeful of receiving these extensions in the near future.

Domestic demand

Selling our product, initially locally, remains a priority for both the Company and the country of Madagascar, which currently imports 100% of its crude oil products. The Tsimiroro crude is fit for purpose either as a refinery feedstock, stand-alone fuel, or when blended, as a Heavy Fuel Oil ("HFO") product, and we are committed to making our current inventories (over 130,000 barrels as at 28 September 2015) and future production from Phase 1 (Anchor Stage) available in-country.

The power sector is a significant potential market for Tsimiroro crude, and we were encouraged by the recent announcement from USA based electricity provider Symbion Power that it has signed an agreement with the Malagasy national utility provider, Jirama, whereby Symbion Power will rehabilitate and operate the Mandroseza power plant in Antananarivo at its full capacity for 20 years. Symbion Power also entered into a Protocol D'Accord directly with the President of the Republic of Madagascar to develop seven new power plants in country including a potential Tsimiroro field based power station, utilising heavy fuel oil, biomass and solar as primary fuel sources. We have commenced discussions with Jirama and Symbion Power over the provision of Tsimiroro oil as fuel for the generation of the power plants and the Board is pleased with the progress made to date.

Although offtake discussions continue, the Company has not yet secured an offtake agreement for its crude oil, meaning that the Company faces potential storage capacity constraints at Tsimiroro during the upcoming rainy season. As a result of this, and the challenging oil price environment faced by ourselves and many other oil and gas companies, as well as the ongoing Partner Process, we have decided that it is appropriate to take a conservative approach to our operations at this time and to scale down current operations and production from the SFP until such a time as an offtake agreement has been signed for the domestic sale of our product and the Partner Process has come to a successful conclusion.

Strong Board and senior management team with heavy oil expertise

In anticipation of the award of the Development Licence, the Company strengthened its management and Board, most notably with the appointment of Robert Estill as Chief Executive Officer in January 2015, who brings extensive experience of significant oil and gas developments globally and, most importantly, hands on experience of heavy oil thermal projects, including both the Duri project in Indonesia and Bakersfield thermal fields of California. At Board level, we were also able to enhance our thermal experience with the appointment of Michael Duginski as Non-Executive Director in January 2015, former COO of Berry Petroleum, who has already provided invaluable technical insights. Peter Godfrey, a seasoned oil and gas professional, also joined the Board as a Non-Executive Director in July 2015.

Continued commitment to the environment and communities

We are committed to working to the highest environmental and safety standards in the areas where we operate and are delighted to report that the Exploration Phase of the project was closed out in April 2015 with a cumulative

3,293,786 man-hours without a Lost Time Incident. Compliance with the existing Environmental Permit, issued by the National Environment Office under the Environmental Code of Madagascar, has continued, and the EIA covering Phase 1a of the TDP area was submitted in June 2015. The statutory consultation process is ongoing with an expected completion date by the year-end.

We continue to have strong collaborative working relationships with relevant government departments, including the Ministry to the Presidency of Mines and Petroleum, L'Office des Mines Nationales et des Industries Strategiques ("OMNIS") and the National Environment Office and we look forward to working with them as we move through the Development Phase.

Outlook

In these challenging markets, we remain dedicated to operating our business in a safe and responsible manner, so that the long term potential of the Company's assets is fulfilled for the benefit of all stakeholders, including the country of Madagascar.

The approval of the TDP was a significant milestone for the Company and we are pleased to have appointed Jefferies to help us attract and secure a suitable strategic partner with the financial resources to deliver the development of Tsimiroro profitably, particularly given the size and longevity of our asset and the multiple strategic options it provides. We look forward to updating the market on our progress in the future.

Robert Estill
Chief Executive Officer

Andrew Morris
Chairman

Operational Review:

The TDP, submitted in October 2014, was the first submission of its type in the history of Madagascar. The approval of the TDP followed a period of detailed technical and commercial review by the Madagascar authorities. The TDP was prepared in compliance with the Block 3104 Production Sharing Contract (“Block 3104 PSC”), international standards and in consultation with OMNIS. The TDP provides subsurface and production facilities definition, along with the crude oil transport, environmental, financial, logistical, commercial and social plans necessary to achieve a successful major heavy oil field development.

The Presidential Decree of 15 April 2015 allowed the issuance of the Exploitation Period Mining Title for the licence to OMNIS, which also resulted in the conversion of the Block 3104 PSC to the first 25 year Exploitation Period. Specifically, the Development Plan submission provides details on the first development phase, which is characterized by the requirement to deliver oil sales by trucking routes. A follow up Block 3104 Development Plan revision is to be prepared by the end of 2018, in which further detail on a crude transport pipeline and marine export solution will be provided. Commitments to perform seismic acquisition and appraisal drilling on identified structures in the southern half of the license area are included in the approved TDP.

The Block 3104 Tsimiroro Phase 1a Development Area EIA was submitted to the National Environment Office (O.N.E.) in June 2015. The EIA was prepared in accordance with the Madagascar Environmental Code and will be subject to an extensive review process, including a multi-location local consultation process. The O.N.E. will decide upon the issuance of an Environmental Permit, which will allow the Phase 1a Development work to proceed and provide any conditions of the permit required to achieve statutory environmental compliance. This review process is expected to be complete by year end 2015.

The predominant activity of the Company during the period has remained the operation of the Tsimiroro SFP, which has produced oil continuously since the onset of steam injection in April 2013. The initial purpose of the SFP was to gather information on the technical and commercial applicability of thermal recovery techniques and this has been achieved successfully. Operation of the wells comprising the SFP area has continued into the Development Phase, providing additional thermal response information, as well as making oil production available for domestic market sales.

The first two years of SFP operation has involved applying both CSS and steam flooding thermal recovery techniques to all wells in the pilot area. The CSS method has been a technical success with all of the 16 designated production wells yielding oil production from several CSS cycles.

Continuous steam injection has been occurring in all of the nine “5-spot” patterns that comprise the pilot area. The Madagascar based sub-surface team has been managing the thermal recovery mechanism on a pattern by pattern basis to optimize the oil rates through continuous review of steam injection allocation. Steam generation has been continuous with all four existing generators being available. All four are being fuelled by crude oil produced by Block 3104 (“Tsimiroro Crude”) without diesel dilution. The low frequency of planned maintenance clean-outs on the steam generation units continues symptomatic of the clean-burning qualities of Tsimiroro Crude.

Average oil production from the SFP for H1 2015 was 325 barrels of oil per day (“BOPD”), compared to the H1 2014 average of 317 BOPD.

As of 28 September 2015, cumulative oil production had reached 239,695 barrels from a cumulative steam injection of 1,216,322 barrels of water equivalent.

The SFP operations crew, consisting of local Madagascar-sourced personnel, under the supervision of experienced North American managers, continued to gain experience in the operation of the facilities and the Exploration Phase of the project was closed out in April 2015 with a cumulative 3,293,786 man-hours without a Lost Time Incident.

As of 28 September 2015, over 130,000 barrels of crude oil were held in the storage tanks at the SFP and were available for oil sales. Separated oil is being stored in the oil storage tanks after going through two stages of separation; first in the group line tester, then the wash tank. In H2 2015, a centrifugal sales-quality polishing separator is being installed in the field to ensure sales specification of below 0.5% Base Sediment and Water (BS&W) content for fuel delivered to the domestic Madagascar market.

The main domestic Madagascar end-users of HFO, are expected to be the electrical generation power stations operated by Jirama, the state utilities provider. Tsimiroro Crude reaches imported HFO specification when blended with a lower viscosity diluent such as diesel. Additional domestic industrial end-users of HFO exist in the form of mining operations, cement works and agri-businesses such as brewing and textiles. Madagascar Oil has entered into discussions with a number of potential end-users, with a view to becoming the supplier of choice for HFO in Madagascar. Regional HFO and refinery markets are also being reviewed for potential customers for Tsimiroro Crude, following production meeting the domestic market demand.

Projections of Tsimiroro oil production and steam oil ratios have been applied to the development scenarios for Block 3104. Predictions of future thermal recovery performance have been derived under both CSS and CSS plus steam-flood mechanisms. The geological interpretation of the Tsimiroro Main Field is being regularly updated using new surface geology, magnetometer derived dyke presence and Development Evaluation Well ("DEW") data. The 12 new DEWs drilled in H1 2015 have been wireline-logged and cored across the Amboloando reservoir section providing valuable confirmation of the thermally effective Oil in Place in the Phase 1a development area. The new wells have concentrated on the initial Phase 1a development area to allow the drill-up plan for the area to be further refined. The 5-spot 1.5 acre spacing from the pilot area is planned to be extended in a series of well clusters adjacent to the SFP. Vertical wells are planned where the surface terrain allows, with the application of slant drilling being studied for areas of difficult surface access.

Refinement of drilling and facilities design work is continuing. Market conditions in the oil and gas sector allow the potential for improved competitive quotations for materials and services as well as reduced delivery times. Competitive tendering for long lead items such as casing and tubulars are under way and further tenders will be issued shortly for downhole/surface pumps, drilling fluids & cement materials.

Although planning for Phase 1 (Anchor Phase) is well advanced, given that the Company has not yet secured an offtake agreement for its crude oil, it faces potential storage capacity constraints at Tsimiroro during the upcoming rainy season. As a result of this, the Company has decided that it is appropriate to take a conservative approach to ongoing operations at this time and will scale down its operations and production from the SFP until such a time as an offtake agreement has been signed for the domestic sale of the product and suitable financing is in place.

The Company continues to work closely in co-operation with its partner, OMNIS and has maintained its excellent working relationships with both the Ministry to the Presidency of Mines and Hydrocarbons and OMNIS and has also ensured the President of the Republic is informed of the progress of the development of the Tsimiroro Field. The 2016 Work Programme and Budget will be submitted to the authorities in H2 2015 for review and approval.

Our dedication to the Company's ongoing Corporate Social Responsibility ("CSR") programme continues, including the Income Generation Programme initiatives in the communities neighbouring the Tsimiroro Field area. Successful support to local agriculture and construction material projects has been achieved. The annual reforestation programme culminated in the planting of several thousand saplings in the regions surrounding the field. Tendering for the new Ankondromena Secondary school construction is now complete and is expected to be implemented in H2 2015.

Financial Review:

The biggest change to the financial statements during the period is the reclassification of the Tsimiroro Field from an Exploration and Evaluation Asset to a Development Asset.

Cash in hand at 30 June 2015 was $1.8 million (FY 2014: $13.7 million) plus further restricted cash balances of $0.22 million (FY 2014: $0.22 million). The cash in hand has decreased significantly in the last six months due to cash expenditure on the Tsimiroro Field amounting to $8.9 million which has been capitalised and also a further $2.7 million on operational activities.

On 29 June 2015, the Company secured a three-month $5.0 million working capital facility from a company connected to one of its major shareholders, Outrider Management LLC. This was undrawn as of 30 June 2015 but was subsequently drawn down between July and September 2015. On 29 September 2015 this was replaced with a Bridge Financing Facility (the "Facility") of up to $21.9 million provided by the Company's four major shareholders. Detailed terms of the Facility were announced by the Company on 29 September 2015 and are summarised in Note 11 of these interim financial statements. This Facility is designed to fund the Company through the conclusion of the Partner Process.

Current cash (at date of reporting) is approximately $0.38 million plus further restricted cash balances of $0.21 million. As of 29 September cash drawdown requests under the Bridge Financing Facility of $8.9 million had been submitted and funds are expected in accordance with terms of the Facility. Further details on the Company's funding situation are provided in Note 1 of these interim financial statements.

The total loss for the six month period was $6.6 million (six months ended 30 June 2014: $5.9 million) with the movement between the periods mainly as a result of royalties being recognised as Operating Costs. Overall, the costs have remained consistent between the two periods.

Development assets and Exploration & Evaluation expenditures were $8.9 million (six months ended 30 June 2014: $10.0 million) primarily relating to the Tsimiroro SFP.

INDEPENDENT REVIEW REPORT TO MADAGASCAR OIL LIMITED

Introduction

We have been engaged by the company to review the condensed set of interim financial statements in the half-yearly financial report for the six months ended 30 June 2015, which comprises the condensed consolidated statement of financial position, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flow, condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of interim financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of interim financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules for Companies.

Emphasis of matter - going concern

In forming our conclusion on the condensed set of interim financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1 to the condensed set of interim financial statements concerning the Group and Company's ability to continue as a going concern which indicates there is a material uncertainty regarding the outcome of the Partner Process or alternative fundraising activity intended to support the Group and Company's operations for the foreseeable future. Should the Partner Process or alternative fundraising activity be unsuccessful, the Group and Company may no longer be viable. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group and Company's ability to continue as a going concern. The condensed set of interim financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

PricewaterhouseCoopers LLP
Chartered Accountants
London
29 September 2015

Notes:

(a) The maintenance and integrity of the Madagascar Oil Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MADAGASCAR OIL LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2015

	Note	30 June 2015 US $(000) Unaudited	30 June 2014 US $(000) Unaudited	31 December 2014 US $(000) Audited
Assets				
Non-Current Assets				
Property, plant and equipment	2	13,644	16,889	15,370
Exploration and evaluation assets	3	14,594	200,574	206,742
Development assets	4	195,675	-	-
Other intangible assets		105	132	141
Non-current tax assets	5	10,884	12,416	11,708
Other receivables and prepayments		320	-	339
Restricted cash		218	1,107	215
Total non-current assets		235,440	231,118	234,515
Current Assets				
Inventory	6	10,811	500	4,718
Other assets		1,779	1,722	1,308
Cash and cash equivalents		1,754	10,106	13,724
Total current assets		14,344	12,328	19,750
Total Assets		**249,784**	**243,446**	**254,265**
Equity and Liabilities				
Capital and reserves				
Issued capital		311,287	293,046	311,287
Equity-settled transactions reserve		5,320	4,994	5,288
Accumulated deficit		(79,874)	(67,358)	(73,318)
Translation reserve		36	-	71
Total equity		236,769	230,682	243,328
Non-Current Liabilities				
Provisions		5,084	4,924	5,003
Total non-current liabilities		5,084	4,924	5,003
Current Liabilities				
Trade and other payables		7,801	7,694	5,811
Provisions		130	146	123
Total current liabilities		7,931	7,840	5,934
Total Equity and Liabilities		**249,784**	**243,446**	**254,265**

MADAGASCAR OIL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

	Note	30 June 2015 US $(000) Unaudited	30 June 2014 US $(000) Unaudited	31 December 2014 US $(000) Audited
Operating Expenses				
Operating costs		(944)	(544)	(1,186)
General and administrative expenses		(4,710)	(4,501)	(8,871)
Operating loss		**(5,654)**	**(5,045)**	**(10,057)**
Finance income		9	16	35
Finance costs		(81)	(78)	(157)
Net foreign exchange loss		(830)	(778)	(1,791)
Loss before tax		**(6,556)**	**(5,885)**	**(11,970)**
Tax expense		-	-	-
Loss after taxation		**(6,556)**	**(5,885)**	(11,970)
Comprehensive income to be reclassified to profit or loss to be reclassified to profit or loss in subsequent periods when specific conditions are met				
Exchange difference on translation of foreign operations		**(35)**	**-**	71
Total comprehensive loss for the year		**(6,591)**	**(5,885)**	(11,899)
Loss per share	7			
Basic and diluted (US$)		(0.01)	(0.01)	(0.02)

MADAGASCAR OIL LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

	30 June 2015 US $(000) Unaudited	30 June 2014 US $(000) Unaudited	31 December 2014 US $(000) Audited
Cash Flows From Operating Activities:			
Loss after taxation	(6,556)	(5,885)	(11,970)
Finance income	(9)	(16)	(35)
Finance costs	81	78	157
Loss on disposals of property, plant and equipment	-	1	7
Depreciation and amortization of non-current assets	750	59	121
Impairment of Plant, property and equipment	-	-	-
Net foreign exchange loss	830	778	1,791
Share-based payments	32	238	657
Provision for employee benefit	7	31	8
	(4,865)	(4,716)	(9,264)
Movements in working capital			
(Increase) / decrease in other assets	(513)	(775)	(999)
Decrease / (increase) in inventories	512	524	201
Increase / (decrease) in trade and other payables	2,075	1,412	(470)
Net cash used in operating activities	**(2,791)**	**(3,555)**	**(10,532)**
Cash Flows From Investing Activities:			
Interest received	5	16	35
Payments for equipment and intangible assets	(3)	(116)	(56)
Payments for property, plant and equipment	(323)	-	(619)
Note receivable advances	-	(5)	-
Exploration and evaluation costs paid	(4,229)	(9,955)	(18,019)
Development assets costs paid	(4,647)	-	-
Net cash used in investing activities	**(9,197)**	**(10,060)**	**(18,659)**
Cash Flows From Financing Activities:			
Proceeds from issues of equity shares, net	-	-	18,241
Net cash provided by financing activities	**-**	**-**	**18,241**
Net decrease in cash and cash equivalents	**(11,988)**	**(13,615)**	**(10,950)**
Release of restricted cash	(3)	-	892
Cash and cash equivalents at beginning of period/year	13,724	23,721	23,721
Exchange gains on cash and cash equivalents	21	-	61
Cash and cash equivalents at end of period/year	**1,754**	**10,106**	**13,724**

MADAGASCAR OIL LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

	30 June 2015 US $(000) Unaudited	30 June 2014 US $(000) Unaudited	31 December 2014 US $(000) Audited
Non-cash Investing and Financing Activities:			
Depreciation capitalized in exploration and evaluation assets	1,338	1,984	3,986
Crude oil inventory recognised	1,946	-	3,895
Consumable inventory recognised	4,659	-	-

MADAGASCAR OIL LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015

	Share Capital	Share Premium	Equity Settled Transactions Reserves	Accumulated Deficit	Translation Reserve	Total equity
	US $(000)	US $(000)	US $(000)	US $(000)	US $(000)	US $(000)
Balance at 1 January 2014	**532**	**292,514**	**4,756**	**(61,473)**	**-**	**236,329**
Total comprehensive loss for the period	-	-	-	(5,885)	-	(5,885)
Recognition of equity-settled transactions under employee share option plan	-	-	238	-	-	238
Balance at 30 June 2014 (Unaudited)	**532**	**292,514**	**4,994**	**(67,358)**	**-**	**230,682**
Total comprehensive loss for the period	-	-	-	(6,085)	71	(6,014)
Transfer of equity-settled transaction reserve			(125)	125	-	-
Recognition of equity-settled transactions under employee share option plan	-	-	419	-	-	419
Issue of ordinary shares to shareholders, net of issue costs	121	18,120	-	-	-	18,241
Balance at 31 December 2014 (Audited)	**653**	**310,634**	**5,288**	**(73,318)**	**71**	**243,328**
Total comprehensive loss for the period	-	-	-	(6,556)	(35)	(6,591)
Recognition of equity-settled transactions under employee share option plan	-	-	32	-	-	32
Balance at 30 June 2015 (Unaudited)	**653**	**310,634**	**5,320**	**(79,874)**	**36**	**236,769**

UNAUDITED NOTES FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

1. Accounting policies

Basis of Preparation

The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and using policies consistent with International Financial Reporting Standards (IFRS and IFRSIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted for use in the European Union. The interim financial statements have been prepared using the accounting policies applied for the year ended 31 December 2014 and updated for those which are expected to be applied in the Group's statutory financial statements for the year ended 31 December 2015. Statutory accounts for the year ended 31 December 2014 were approved by the Board of Directors on 29 June 2015.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014 which were prepared in accordance with International Financial Reporting Standards issued by the IASB as adopted for use in the European Union. A copy of these financial statements is available on the Company's corporate website (www.madagascaroil.com) or from the Company's registered office.

These condensed consolidated interim financial statements have not been audited, but were the subject of an independent review carried out by the Company's auditors, PricewaterhouseCoopers LLP.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman and Chief Executive Officer's Statement, Operational Review and Financial Review. The Group closely monitors and manages its capital position and liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements and satisfy the planned capital programme.

After making enquiries and careful consideration, the directors have concluded that there is a reasonable expectation that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated interim financial statements. However in making this assessment the directors have considered the following matter which gives rise to a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern. If as a result of this material uncertainty the Group and Company were unable to continue as a going concern, it is unlikely that it would be able to realise its assets and discharge its liabilities in the normal course of business. The consolidated interim financial statements do not include the adjustments that may result if the Group and/or Company was unable to continue as a going concern.

Funding requirements for ongoing operations

The Group held $2.0 million cash at the end of June 2015 with this including $0.22 million of restricted cash. The Group has now had the TDP approved by the Madagascar authorities and therefore will need to raise additional funds to meet its obligations going forward. The Group has developed a financing strategy to secure the funds to support the next phase of the Group's planned activities which will include the commencement of the Tsimiroro Development, further appraisal drilling and seismic activity on the Tsimiroro field, ongoing exploration licence activities and for corporate working capital requirements. The estimated quantum of funds will be determined by the pace of the Tsimiroro Development, the number of development wells required and forecast revenues from production.

UNAUDITED NOTES FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies (continued)

The Company has engaged Jefferies International Limited to help identify and secure a strategic partner(s) to work with the Company on the development and funding of the Tsimiroro development (“Partner Process”). This process is ongoing and the Company is seeking to secure a partner before the end of Q1 2016.

As of 30 June 2015 the Company had secured a $5.0 million Working Capital Facility from an associate of major shareholder, Outrider Management LLC. and on 29 September replaced this facility with a Bridge Financing Facility (the “Facility”) of up to $21.9 million provided by the Company’s four major shareholders (the “Lenders”). This Facility allows for immediate draw-down of $8.9 million of new funds and is designed to fund the Company through the conclusion of the Partner Process. However, should the Majority Lenders (representing 66% or more, by value, of the Lenders) decide that insufficient progress is being made towards the Company’s objectives, including the Partner Process, then the Facility could become repayable as early as 31 January 2016. Conversely, if the Lenders are satisfied with progress then up to a further $8.0 million may be available for draw down.

The outcome of the Partner Process or any alternative fund-raising activities cannot be predicted and so sufficient funds may not be forthcoming to fund the Group’s operations. In particular, in the absence of a successful Partner Process or alternative financing options, the Company will be unable to meet its liability to repay the Facility when it falls due.

This represents a material uncertainty that may cast significant doubt over the Group and/or Company’s ability to continue as a going concern.

At the time of reporting, the Partner Process is making steady progress, despite the current adverse market conditions, with interest being expressed by a number of credible parties. A timetable has been established and the process is expected to run through to the end of 2015, with the Board targeting the finalisation of any transaction by the end of Q1 2016. Based on this, the Directors have a reasonable expectation that there are likely to be adequate resources to continue trading for the foreseeable future and have therefore concluded that it is appropriate to prepare the consolidated interim financial statements on a going concern basis.

Development assets

Expenditure on the construction, installation or completion of infrastructure facilities such as drilling of development wells, including unsuccessful development or delineation wells, is capitalised within development assets in single field cost centres. All expenditure carried within each field is depreciated from the commencement of long-term customer sales on a unit of production basis in accordance with the Group’s depletion and amortisation accounting policy.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management’s expectations of future oil and gas prices and future costs. Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single cash generating unit for impairment purposes.

Inventory

Consumable inventory relating to items of materials and equipment has been recognised as Tsimiroro moved from the Exploration and Evaluation to the Development phase and these assets are expected to be consumed within the production process. The inventory has been valued at the lower of cost and net realisable value.

Royalties

Royalties are recognised on an accruals basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis and recognized over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying agreement.

UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies (continued)

Changes in accounting policy

These interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014. There were no new standards, interpretations or amendments to standards issued and effective for the period which materially impacted the Group.

The interim financial statements for the periods 1 January 2015 to 30 June 2015 and 1 January 2014 to 30 June 2014 are unaudited. In the opinion of the Directors the interim financial statements for the period present fairly the financial position, and results from operations and cash flows for the periods and are in conformity with International Financial Reporting Standards as adopted by the European Union incorporated within the Group's accounting policies consistently applied. The interim financial statements incorporate comparative unaudited figures for the interim period 1 January 2014 to 30 June 2014 and the audited financial year ended 31 December 2014.

2. Property, plant and equipment

Cost	Vehicles	Equipment	Other	Drilling & Exploration Equipment	Total
	US$(000)	*US$(000)*	*US$(000)*	*US$(000)*	*US$(000)*
Balance at 1 January 2014	302	160	48	37,330	37,840
Additions	-	45	-	574	619
Transfer to other intangible assets	-	-	-	(47)	(47)
Disposals	-	(12)		(7)	(19)
Balance at 31 December 2014	302	193	48	37,850	38,393
Additions	-	308	1	14	323
Balance at 30 June 2015	**302**	**501**	**49**	**37,864**	**38,716**

Accumulated depreciation and impairment	Vehicles	Equipment	Other	Drilling & Exploration Equipment	Total
	US$(000)	*US$(000)*	*US$(000)*	*US$(000)*	*US$(000)*
Balance at 1 January 2014	(182)	(105)	(31)	(18,674)	(18,992)
Depreciation expense	(33)	(23)	(1)	(3,986)	(4,043)
Disposals	-	9	-	3	12
Balance at 31 December 2014	(215)	(119)	(32)	(22,657)	(23,023)
Depreciation expense	(17)	(15)	-	(2,017)	(2,049)
Balance at 30 June 2015	**(232)**	**(134)**	**(32)**	**(24,674)**	**(25,072)**

Net book value	Vehicles	Equipment	Other	Drilling & Exploration Equipment	Total
	US$(000)	*US$(000)*	*US$(000)*	*US$(000)*	*US$(000)*
Balance at 31 December 2014	87	74	16	15,193	15,370
Balance at 30 June 2015	**70**	**367**	**17**	**13,190**	**13,644**

UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Exploration and Evaluation Assets

During the Exploration Period of the existing Production Sharing Contracts the Group considers the exploration works performed in the licences, 3105 Manambolo, 3106 Morondava and 3107 Manandaza as intangible assets.

The net book value at 30 June 2015 includes costs relating to the following licences:

	30 June 2015	30 June 2014	31 December 2014
	US$(000)	*US$(000)*	*US$(000)*
Licence 3102 Bemolanga (operated by TOTAL)	—	—	--
Licence 3104 Tsimiroro (operated)	—	185,854	192,148
Licence 3105 Manambolo (operated)	4,504	4,546	4,504
Licence 3106 Morondava (operated)	5,190	5,232	5,190
Licence 3107 Manandaza (operated)	4,900	4,942	4,900
Total	**14,594**	**200,574**	**206,742**

The Bemolanga Block covers an area of approximately 5,463km^2 and is operated by Total E&P Madagascar S.A.S, which holds a 60% working interest. This block contains an extensive tar sand deposit that exists at a shallow depth allowing potential surface mining. A detailed evaluation by Total including a two year 160 well coring programme was conducted in 2009/2010 and the licence has an expiration date for the mining title of 29 June 2016.

The other exploration blocks cover a total area of 17,400 km^2 in the Morondava Basin and lie immediately to the south of the Tsimiroro Block. Earlier operators discovered both gas and light oil in the exploration blocks, but the number of wells drilled to date using modern data is very low and Madagascar is still a frontier area. As at the period end, the exploration licences for blocks 3105, 3106 and 3107 had expired. On 9 December 2014, the Company's wholly owned subsidiary, Madagascar Oil S.A., wrote to the Office des Mines Nationales et des Industries Stratégiques ("OMNIS") formally requesting a two year extension to the exploration period for all three blocks. These letters were delivered on 12 December 2014 ahead of the scheduled end date of the current exploration periods of 14 December 2014. The Group is confident that these renewal applications will be accepted by OMNIS however are still awaiting a final decision as at the date of these interim financial statements.

In April 2015, the Company was awarded a Development Mining Title for licence 3104 Tsimiroro. This was considered the point at which technical feasibility and commercial viability of the project was demonstrated in line with IFRS 6 Exploration for and evaluation of mineral resources. As a result all costs associated with the Tsimiroro project were moved from Exploration and Evaluation assets to Development Assets - see note 5 for further details.

4. Development assets

	30 June 2015	30 June 2014	31 December 2014
	US$(000)	*US$(000)*	*US$(000)*
Licence 3104 Tsimiroro (operated)			
Opening balance	-	-	-
Transfer from Exploration and Evaluation Asset	190,994	-	-
Additions	4,681	-	-
	195,675	**-**	**-**

Tsimiroro licence 3104 is located onshore 125km from the west coast of Madagascar. On 16 April 2015, the Company was awarded a 25 year Development Mining Title for licence 3104 Tsimiroro with the potential to extend for up to an additional 25 years provided production remains commercial. This was considered the point at which technical feasibility and commercial viability of the project was demonstrated, triggering transfer of all Tsimiroro costs from Exploration and Evaluation assets to Development Assets. Depreciation will commence on a units of production basis once sales from the field have commenced.

UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Non-current tax assets

	30 June 2015	30 June 2014	31 December 2014
	US$(000)	*US$(000)*	*US$(000)*
VAT receivable	**10,884**	**12,416**	**11,708**

VAT receivable is considered a non-current asset as over the next 12 months, the input tax is expected to exceed the output tax therefore the net assets are expected to increase.

6. Inventory

	30 June 2015	30 June 2014	31 December 2014
	US$(000)	*US$(000)*	*US$(000)*
Crude oil	5,841	-	3,895
Diesel fuel	311	500	823
Consumables	4,659	-	-
Total	**10,811**	**500**	**4,718**

Crude oil has been recognised as fuel for steam generators and is also held for resale and has been valued at net realisable value, which management have determined to be lower than cost.

Consumable inventory has been recognised as Tsimiroro moved from the Exploration and Evaluation to the Development phase requiring consumable inventory to be inventoried and separated out from previously capitalised E&E assets.

7. Loss per share

Basic loss per share amounts are calculated by dividing the loss for the periods attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the loss for the periods attributable to ordinary holders by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. The effect of the share options are anti-dilutive in 2015 and 2014.

	30 June 2015	30 June 2014	31 December 2014
Net loss attributable to equity holders used in basic calculation US$(000)	(6,591)	(5,885)	(11,899)
Net loss attributable to equity holders used in dilutive calculation US$(000)	(6,591)	(5,885)	(11,899)
Basic weighted average number of shares	652,076,379	531,372,909	563,898,813
Dilutive potential ordinary shares			
Shares related to warrants	n/a	n/a	n/a
Shares related to options	n/a	n/a	n/a
Diluted weighted average number of shares	652,076,379	531,372,909	563,898,813
Loss Per Share			
Basic	$(0.01)	$(0.01)	$(0.02)
Dilutive	$(0.01)	$(0.01)	$(0.02)

8. Share-Based Payments

The Company issued no options (6 months to 30 June 2014: no options) in the first half of 2015 to directors or employees. Share-based expense related to outstanding stock option plans and restricted shares totalled $31,622 (2014: $238,363) for the interim period 1 January 2015 to 30 June 2015.

9. Financial instruments

Fair values of financial assets and financial liabilities - Group

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction. Where available, market values have been used (this excludes short term assets and liabilities).

	Book and Fair value		
	30 June 2015	**30 June 2014**	**31 December 2014**
	US$(000)	*US$(000)*	*US$(000)*
Financial assets – loan and receivables			
Cash and cash equivalents and restricted cash (level 1)	1,972	11,213	13,939
Other receivables held at amortised cost	876	413	456
	2,848	11,626	14,395
Financial liabilities measured at amortised cost			
Trade and other payables	2,814	4,615	5,518
	2,814	4,615	5,518

The directors consider that the carrying amounts of financial assets and financial liabilities which are recorded at amortised cost in the financial statements approximate their fair values.

The estimated fair value of a financial instrument is the amount at which the instrument could be exchanged in the market. For the purpose of estimating the fair value of financial assets maturing in less than one year, the Group uses the market value. For other investments, the Group uses quoted prices in the market. In relation to financial liabilities, since most loans are taken at variable rates or fixed rates that approximate to market rates, the fair value of loans approximates their carrying value. Set out below is a comparison of the carrying amount and fair values of the Group's financial instruments.
The different levels have been defined as follows:

Level 1: valued using trading prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: valued using inputs that are observable for the asset or liability, either directly (that is as prices), or indirectly (that are derived from prices); and

Level 3: valued using inputs that are not observable for the asset or liability.

UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Commercial disputes

As highlighted in the 2014 Annual Accounts, Madagascar Oil SA ("MOSA") had received an initial VAT notification for the years 2007 – 2011 for disputed notional VAT (Foreign Services VAT) being applied to services provided by foreign suppliers outside Madagascar. Following negotiation a settlement of $4.476m (MGA 10.026 billion) was transferred to the Madagascan Tax administration in final settlement of the VAT dispute relating to 2007 – 2011 which was agreed definitively and the case now irrecoverably closed.

Management has recognised a provision in the interim financial statements for the best estimate of the expected 2012, 2013, 2014 and first half of 2015 settlement and penalties.

11. Subsequent events

On 29 June 2015 the Company entered into a $5.0 million working capital facility with Outrider Master Fund LP, a company connected to Outrider Management LLC who is a substantial shareholder of Madagascar Oil. No drawdown had been made from this facility in the period ended 30 June 2015, however the full facility was drawn down in tranches of $1.0 million between July and September 2015.

On 29 September 2015, the Company entered into an agreement with its four major shareholders to provide a Bridge Financing Facility (the "Facility") of up to $21.9 million.

The Facility is designed to fund the Company through to the conclusion of its previously announced process to identify a potential strategic partner(s) to work with the Company on the development and funding of the world class Tsimiroro field (the "Partner Process"), and will replace the existing $5.0 million working capital facility. After taking into account the existing $5.0 million facility, this new Facility will provide the Company with new funds of up to $16.9 million.

The four major shareholders who have provided the Facility through their associated entities, are Outrider Management LLC ("Outrider"), Benchmark Advantage Fund Ltd ("BMK"), SEP African Ventures Ltd ("SEP") and the John Paul Dejoria Family Trust ("JEP"), together the "Lenders".

Under the terms of the Facility, $8.9 million of new funds will become available immediately and will be used to fund the Company's business activities and working capital requirements during the Partner Process. The Facility has a 10% interest rate per annum and a 5% commitment fee is payable on drawdown.

During January 2016, the Lenders will assess, amongst other things, the progress of the Company in meeting its objectives towards achieving a strategic transaction and may, on the 31 January 2016 (the "Review Date") choose between options including, inter alia, a) releasing an additional tranche of funding under the Facility of up to $8.0 million (each Lender making its own election to release a drawdown of up to $2.0 million each) or b) calling for the Facility to be immediately repaid in full (a decision requiring the agreement of at least 66% of the Lenders).

There are certain other situations that require mandatory prepayment of the Facility including change of control, equity fundraisings and oil sales, as well as strategic transaction proceeds or the sale of all or substantially all of the Group's assets. In the absence of early repayment the Facility becomes repayable on 30 September 2016. If the Loan is repaid prior to the completion of a Strategic Transaction an additional fee of 20% is payable.

12. Capital commitments

As at 30 June 2015, the minimum work commitments for Block 3104 Tsimiroro had been fulfilled and the total outstanding minimum work commitments with respect to the exploration blocks were $750,000 (year ended 31 December 2014: $750,000). Bank guarantees will be established in respect of the Group's obligations for minimum exploration work commitments once the approval of the two year extension of the exploration periods for Blocks 3105, 3106 and 3107 from the Madagascar authorities has been obtained. This formal request was made ahead of the scheduled end date of the current exploration periods of 14 December 2014 and the Company is hopeful of receiving these extensions in the near future.

12. Capital commitments (continued)

The licence contracts also include the following annual expenditure commitments:

Administrative fees
- Three other exploration blocks: $162,500 per year per block

The Block 3104 administrative fees of $250,000 per year are only committed until the granting of an exploitation licence under the terms of the Production Sharing Contract which occurred in April 2015. No further administration fees are payable on Block 3104 under the PSC.

Training fees
- Block 3104: $100,000 per year
- Three other exploration blocks: $50,000 per year per block

The licence contracts as part of the joint venture with the group TOTAL for the licence 3102 Bemolanga include annual expenditure commitments of $100,000 per year as administrative fees and $40,000 as training fees.

13. Related parties

Key management includes Directors (executive and non-executive), the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer. Key management compensation amounted to $797k for the six months ended 30 June 2015 (six months ended 30 June 2014: $525k) with a share based payment charge of $32k (six months ended 30 June 2014: $187k).

On the 29 June 2015 the Company entered into a $5.0 million working capital facility with Outrider Master Fund LP, a company connected to Outrider Management LLC who is a substantial shareholder of Madagascar Oil. The facility is repayable on 6 October 2015 or is repayable in full if there is a change of control or in the event of a fundraising of $5.0 million or more. The credit facility has a 10% interest rate per annum and a $250,000 commitment fee is payable on drawdown. No drawdown has been made from this facility in the period ended 30 June 2015, however subsequently the full facility has been drawn down in tranches of $1.0 million between July and September 2015.

During the period, Outrider Management LLC, of which Stephen Hope is a nominated director, acquired 500,000 common shares taking their total holding at the period end to 187,790,232 common shares representing 28.8% of the Company's issued share capital.

Post period-end, on 29 September 2015, the Company entered into a Bridge Financing Facility of up to $21.9 million with its four major shareholders. See Note 11 for further details.

Corporate Directory

Directors

Andrew Morris	(Chairman)	
Iain Patrick	(Non-Executive Director)	
Stephen Hope	(Non-Executive Director)	
Robert Estill	(Chief Executive Officer)	(appointed 21 January 2015)
Michael Duginski	(Non-Executive Director)	(appointed 21 January 2015)
Peter Godfrey	(Non-Executive Director)	(appointed 1 July 2015)
Gordon Stein	(Chief Financial Officer)	(resigned from the Board 21 January 2015)
Richard Laing	(Non-Executive Director)	(resigned 21 January 2015)

Company Secretary
Appleby Bermuda

Registered office
Canon's Court
22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

Company number
Registered in Bermuda No. 37901

Website
www.madagascaroil.com

Registrars
Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St. Helier
Jersey JE 1ES

Company Advisers
Nominated Adviser
Strand Hanson Limited
26 Mount Row
London W1K 3SQ
United Kingdom

Joint Brokers
VSA Capital Ltd
15 Eldon Street
London EC2M 7LD
United Kingdom

Mirabaud Securities LLP
33 Grosvenor Place
London SW1X 7HY
United Kingdom

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom