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7 September 2015

MADAGASCAR OIL LIMITED
(“Madagascar Oil” or the “Company”)

Strategic Process and Financing Update

Madagascar Oil (AIM: MOIL), which has over 1.7 billion barrels of contingent resources in the Tsimiroro field, provides the following update on its strategic partnering process and financing initiatives.

For the past two months, the Company has been working closely with its strategic advisor, Jefferies International Limited (“Jefferies”), to consider the Company’s strategic options regarding the sourcing of a strategic partner(s) for the Tsimiroro development. A comprehensive Information Memorandum has now been finalized and a technical data-room has been opened with the view to attracting the optimal strategic partner(s) to assist the Company to fund and deliver the initial phases of its Tsimiroro development. Interested parties should contact the Company or Jefferies on the contact details set out below.

The Company’s process to identify a potential strategic partner(s) (the “Jefferies Process”) is making steady progress, despite the current adverse market conditions, with interest being expressed by a number of credible parties. A clear timetable has been established and the process is currently expected to run through to the end of 2015, with the target of finalizing any transaction by the end of Q1 2016.

In parallel, the Company continues to progress discussions with investors to secure new financing, including, *inter alia*, proposals from certain of its existing major shareholders, to provide the requisite working capital pending completion of the Jefferies Process, which may take the form of debt, equity or a combination of both, (the “Financing”).

On 30 June 2015, the Company announced that, as a continuation of its process seeking to identify and secure a potential strategic partner(s), it had entered into a US\$5 million working capital facility (the “Outrider Facility”) with a company connected to Outrider Management LLC, an existing substantial shareholder of the Company. The Outrider Facility has been fully drawn down and is scheduled to become repayable, including accrued interest, on 6 October 2015. It is expected that repayment or extension of the existing Outrider Facility will be addressed as part of the Financing.

A further update(s) will be provided in due course, as appropriate.

Chief Executive Officer, Robert Estill, commented:

“We are making steady progress in our search to secure a potential strategic partner(s), despite the prevailing difficult market conditions, and are very pleased with the level of interest being shown by a number of large international companies. The size of our resource base in Madagascar, the recent approval of our Development Plan for the Tsimiroro Block and the long term nature of the Tsimiroro

licence (at least 25 years from April 2015), is attracting companies of real scale and we will continue to work closely with Jefferies to secure a transaction which adds value for all of our shareholders. In the meantime, the Company will seek to secure appropriate Intermediate Financing in the near term and is currently considering alternative funding options, including the proposals from certain of our existing major shareholders”.

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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 heavy oil field, which includes over 1.7 billion barrels of contingent resources, and low risk 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 focussed on delivering profitable future development and significant long term value to its shareholders and the people of Madagascar.