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

5 April, 2012

Update on Exploration Blocks

Madagascar Oil is pleased to announce that it has successfully resolved the outstanding issues with the Government of Madagascar surrounding its three exploration blocks (“the Exploration Blocks”).

Key Updates

- Following a recent Management Committee Meeting with OMNIS, the state regulatory agency responsible for overseeing the country’s oil and gas operations, the validity of the production sharing contracts (“PSCs”) for Blocks 3105, 3106 and 3107 was confirmed and the forward work programme and budgets for the blocks were approved.
- This means that Madagascar Oil and the Government have now resolved the outstanding issues surrounding the Exploration Blocks and there are no further disputes with the Government of Madagascar regarding the Company’s licenses.
- The Company and OMNIS also approved formal amendments to the PSCs which recognise and adopt the minimum work programme for the remainder of the exploration term, and allow for the 15 month delay since December 2010 to be added to the end of the exploration period for each of the Exploration Blocks.
- With the approval of the amendments and the work programmes, activity will begin immediately to initiate a planned airborne gravity gravimetric survey of approximately 21,000 km at a total cost of approximately US\$3.3 million for the three blocks.
- Madagascar Oil is pleased to announce that the Force Majeure event on the Exploration Blocks has now terminated.

Background

Following the successful resolution of the delay with the Government of Madagascar regarding the Tsimiroro Block in June 2011, there remained the outstanding approval of work programmes on Madagascar Oil’s three Exploration Blocks (Blocks 3105, 3106 and 3107). As such, the Company maintained a status of Force Majeure on the exploration blocks, in order to continue to safeguard its rights under those agreements, whilst awaiting the opportunity to resolve the issues.

Commenting on today's announcement, Laurie Hunter, Chairman and CEO, said:

"We are very pleased to have reached agreement with the Government of Madagascar on the status of our Exploration Blocks. As was the case previously with the Tsimiroro Block, we have been able to evidence the validity of our licences and obtain recognition that we have been fully compliant with the terms of our PSCs.

"We will now move forward with our work programme on an expedited basis to follow-up on several prospects on these blocks, which the Board believes, when combined with our current cornerstone work programme on Tsimiroro, represents significant upside potential for the compelling Madagascar Oil story. Today's positive announcement marks the closing of a difficult chapter in Madagascar Oil's history and we are pleased to continue working closely alongside the Government and OMNIS in helping Madagascar responsibly develop its potentially abundant oil resources."

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