4 October 2010

ASX Ltd
10th Floor, 20 Bond Street
Sydney NSW 2000

Dear Sir,

DEED OF TERMINATION & RELEASE FINALISED

Malagasy Minerals Ltd (ASX Code: "MGY") advises that a Deed of Termination and Release ("Deed") has been finalised with Madagascar Resources NL ("MRNL") as referred to in our ASX release dated 24 September 2010.

Under this Deed the Parties agree to the termination of the Merger Implementation Agreement of 25 May 2010, and release each other from claims in respect of all obligations and undertakings arising under the Merger Implementation Agreement.

In addition MGY has agreed to pay MRNL up to $250,000 to cover fees and costs incurred by MRNL for third party services in respect of the merger and any outstanding amounts due pursuant to the Mada-Aust agreement. These payments are to be made from future capital raisings on or before 15 December 2010.

Drilling of the Ianapera discovery is continuing, with the second hole on gossan AMC49 progressing to the target depth of approximately 300 metres. Assay results from the first discovery hole on gossan AMC 50 are being expedited. An initial program of 15 diamond drill holes for approximately 2,000 metres is underway to test the 11 magmatic massive sulphide gossans identified to date at Ianapera.

For and on behalf of the Board

Max Cozijn
Director/Company Secretary

cc: Directors