

8th November 2010

ASX Announcement

ASX: MGY

EXPLORATION UPDATE – IANAPERA PROJECT, MADAGASCAR

International minerals company Malagasy Minerals Ltd (ASX Code: **MGY**) advises that it has now completed the second drill hole to test previously-reported massive sulphide gossans at its 100%-owned **Ianapera** (Ampanihy) Project in southern Madagascar.

Drill hole IPC0006, which was located 140m to the west of IPC0001, was designed to test VTEM conductors adjacent to the west of the main gossan zone (i.e. AMC-49), as well as potential depth extensions to the sulphide intercept reported in the first drill hole, IPC0001 (i.e. on gossan-associated conductor AMC-50).

This hole was extended by 120m to a final depth of 400m, following reinterpretation of the data from hole IPC0001. These data suggest an actual westerly dip of 80deg as opposed to the original estimate from geophysics of 60deg.

Zones of disseminated sulphides were intercepted from 270m to 277m (*'upper disseminated zone'*) and 350 to 362m (*'lower disseminated zone'*), with a small band of massive sulphides intercepted at 273.20m to 273.30m within the upper disseminated zone.

Sampling of the upper disseminated zone is underway, with samples to be submitted to Intertek Genalysis in Madagascar and Perth for detailed assay analysis.

The Company is currently drilling a third hole, IPC0002, to test the gossan-associated conductor AMC-15 to the south of IPC0001 and IPC0006. This hole will be extended to 130m depth to allow for the reinterpreted orientation of the sulphide bodies (i.e. to 80deg westerly dip). The next holes to follow are IPC0003, to test the (gossan associated) VTEM conductor AMC-13, and IPC0004, to test conductor AMC47 and its associated gossans. The latter target comprises the dominant feature within the eastern gossan zone.

All holes and targets are plotted on Figure 1 attached. Additionally, the entire area has been geologically mapped at 1:10,000 scale to enhance understanding of the local geology and aid interpretation of drilling intercepts.

Despite the low tenor of the initial assay results from IPC0001, the Company considers the discovery of the massive-sulphide system at Ianapera to be encouraging, as it demonstrates that the magma that formed the original layered intrusion was of a composition (i.e. sulphur-saturated) that makes it prospective for magmatic nickel-copper-PGE sulphides.

As a result, in conjunction with the ongoing drilling program at Ianapera, Malagasy has begun assessing other areas of this large system both near the existing gossans and in other areas around the margin of the Ianapera Anorthosite.

As other ultramafic units are known to exist within the Ampanihy Project, there is potential for some of these ultramafic bodies to contain sulphides which in turn may host, or be spatially associated with, nickel-copper-PGE-bearing massive sulphide bodies.

The Ampanihy Project is virtually a virgin area for Ni-Cu-PGE sulphide exploration and, despite the discovery of the Ianapera gossans, exploration in this area is still at a relatively early stage. The information gained from the current drilling program will greatly assist the Company to fully explore the potential of this Project.

A total of 15 holes for approximately 2,000 metres have been planned as part of the Phase 1 programme to comprehensively test the gossan system. Of these, eight (8) holes (i.e. IPC0001 to IPC0008 shown on Figure 1 below) are considered high-priority as they cover the strongest targets within the west and east gossan

zones. Malagasy currently undertakes its exploration drilling programs using its own drilling rig – resulting in significant cost savings for first-pass drilling exploration.



Steven Goertz
Managing Director

Competent Persons Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Steven Goertz, Managing Director Malagasy Minerals Ltd who is a Member of the Australasian Institute of Mining and Metallurgy and of the Australian Institute of Geoscientists. Mr. Goertz has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Goertz consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

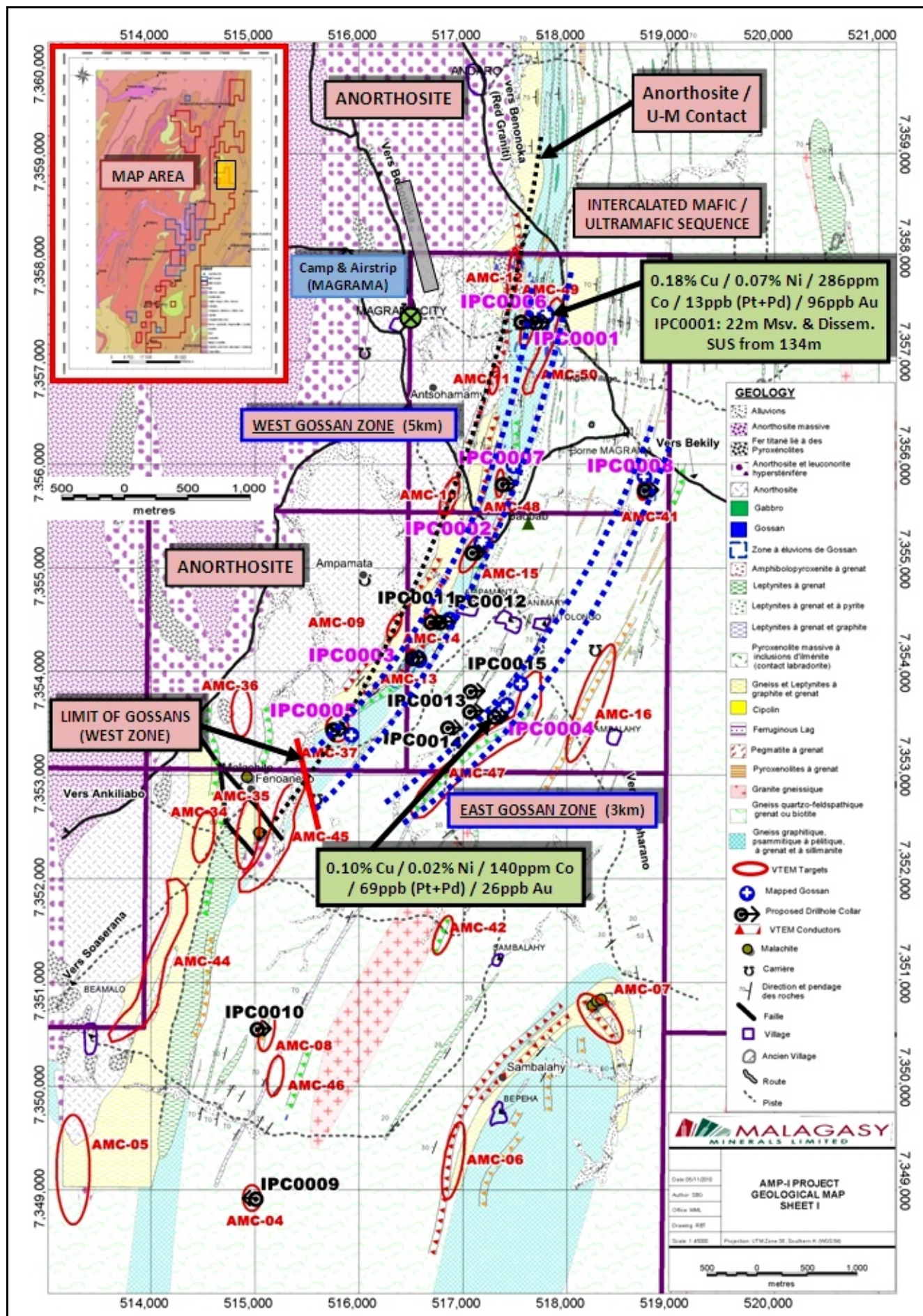


Figure 1: Updated summary plan of Ianapera Project area in northern Ampanihy. Priority holes (IPC0001 – IPC0008 inclusive) are labeled in magenta. Hole IPC0002 (center plan) is currently in progress – with IPC0004 designed to test the eastern gossan zone under VTEM conductor AMC-47.