



PROSPECTUS

FOR

A non-renounceable fully underwritten pro-rata offer to Eligible Shareholders on the basis of 1 Share for every 4 Shares held at the Record Date at an issue price of \$0.068

Underwriter: Patersons Securities Limited

THIS OFFER CLOSING AT 5.00PM WST ON 20 DECEMBER 2010

VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 23 November 2010 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company Unit 7, 11 Colin Grove, West Perth WA 6005 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.4).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the Shares offered pursuant to this Prospectus.

The Shares offered by this Prospectus should be considered speculative. Please refer to Section 5 for details relating to investment risks.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Entitlement and Application Form (free of charge) from the Company's principal place of business any time before the Closing Date by contacting the Company. The offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus and an Entitlement and Acceptance Form within Australia.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to instructions in Sections 1.9 and 4 regarding the acceptance of your Entitlement. Acceptances of Shares can only be submitted on an original Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 5.

By returning an Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 8. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

Eligible Shareholders with registered addresses in Australia and New Zealand only can obtain a copy of this Prospectus during the period of the Offer on the Company's website, www.malagasyminerals.com. The electronic version of this Prospectus does not include the Entitlement and Acceptance Form which accompanies the printed copy of this Prospectus to be mailed to Eligible Shareholders with registered addresses in Australia and New Zealand on or around 6 December 2010.

CORPORATE DIRECTORY

Directors

Max Cozijn – Chairman
Steven Goertz – Managing Director
Guy LeClezio – Non-executive Director
Peter Woods – Non-executive Director

Country Manager - Madagascar

Jules LeClezio

Company Secretary

Max Cozijn

Registered and Corporate Office

Unit 7, 11 Colin Grove
WEST PERTH WA 6005
Telephone: +61 8 9463-6656
Facsimile: +61 8 9463-6657

Postal Address

GPO Box 2818
WEST PERTH WA 6872

Madagascar Operations Office

Bâtiment L Cité BRGM, Rue Farafaty
Ampandranomby - Antananarivo 101
Madagascar

Tel: +261 20 22 416 63 / +261 20 22 591 34
Fax: +261 20 22 591 32

Website: www.malagasyminerals.com

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Auditor*

WHK Horwath
Level 6
256 St Georges Terrace
PERTH WA 6000

Solicitors to the Company

Hardy Bowen Lawyers
Level 1, 28 Ord Street
WEST PERTH WA 6005

Solicitors (Madagascar)*

Lexel Juridique & Fiscal
Zone Tana Water Front
Ambodivona
Antananarivo 101 Madagascar

Lead Manager and Underwriter

Paterson Securities Limited
Level 23, 2 The Esplanade
PERTH WA 6000

ASX Code: MGY

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in the Prospectus. Their names are included for information purposes only.

PROPOSED TIMETABLE

Lodgement of Prospectus with ASIC	23 November 2010
Provision of copies of Prospectus to ASX and Appendix 3B given to ASX	24 November 2010
Company sends letter to Shareholders containing information required by Appendix 3B	24 November 2010
Existing Shares quoted on an ex basis	29 November 2010
Record date for determining Entitlements	3 December 2010
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	6 December 2010
Announce to ASX that Prospectus has been sent to Eligible Shareholders	6 December 2010
Closing Date	20 December 2010
Shares quoted on a deferred settlement basis	21 December 2010
Notify ASX of under subscriptions	23 December 2010
Anticipated date for allotment and issue of the Shares	29 December 2010
Anticipated date for despatch of holder statements (and last day for the Company to confirm to ASX all information required by Appendix 3B)	29 December 2010
Anticipated date of commencement of Shares trading	30 December 2010

This timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date for the Offer, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the Shares. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

CHAIRMAN'S LETTER

Dear Shareholder

The Directors of Malagasy Minerals Ltd (**Company**) are pleased to offer you the opportunity to subscribe for new Shares in the Company on the basis of one (1) new Share for every four (4) Shares held at the Record Date (**Offer**). The subscription price for each new Share is 6.8 cents. The number of new Shares to which you are entitled to subscribe is set out in the Entitlement and Acceptance Form enclosed with this Prospectus.

Reasons for Offer

Should the Offer be fully subscribed, gross proceeds of A\$2,129,250 will be raised. These funds are required to provide additional working capital to support ongoing exploration of the Company's 3 main projects in Madagascar, targeting Nickel, Copper, PGE's, Gold and Vanadium.

The Company's operations currently generate over A\$600,000 in revenue from Labradorite quarry royalties and property rents. This revenue covers the majority of the Company's in country operating costs excluding exploration and head office costs.

Details of Offer

The Offer is non-renounceable and is fully underwritten. Further details of the Offer are contained in Section 1 of this Prospectus.

Further information about the Company and its operations is also contained in publicly available documents lodged by the Company with the ASIC and the ASX. This Prospectus should be read in conjunction with this material.

It is important that you take prompt action if you wish to accept your Entitlement, and you should consult your financial or other adviser before doing so. Any part of your Entitlement, which is not accepted, will lapse at the close of the Offer and the new Shares to which you would otherwise have been entitled, will revert to the Underwriter to place (in consultation with the Company).

The offer closes at 5.00 pm WST on 20 December 2010.

In order to ensure that the Company continues to grow and has the resources to continue with its various projects and operations the Director of the Company.

If you have any queries concerning the Offer, or the action you are required to take to subscribe for new Shares, please contact your financial adviser or the Company on (08) 9463 6656.

Yours sincerely



Max Cozijn
Chairman

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1. Details of the Offer

1.1 The Offer

The Offer under this Prospectus is a non-renounceable pro-rata offer to Eligible Shareholders on the basis of one Share for every four Shares held on the Record Date at an issue price of \$0.068 per Share (**Offer**).

At the date of this Prospectus the Company has 109,250,003 Shares and 9,003,600 Options on issue. As detailed below in Section 1.2, the Company is proposing to undertake a placement of 16,000,000 Shares prior to the Record Date.

On the basis that no Options are converted and the Placement is completed prior to the Record Date, the Offer is for 31,312,501 Shares.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share.

Refer to Section 6.1 for a summary of the rights attaching to the Shares.

1.2 Placement

The Company also intends undertaking a placement of Shares to sophisticated and professional investors (as defined in sections 708(8) and 708(11) of the Corporations Act respectively) (**Placement**).

The Placement will comprise the issue of up to 16,000,000 Shares at an issue price of \$0.068 per Share to raise up to approximately \$1,088,000 (before costs). It is anticipated that the Placement will be completed on or about 30 November 2010.

The Shares to be issued pursuant to the Placement will be issued within the Company's 15% limit permitted under Listing Rule 7.1 without the need for Shareholder approval. Participants in the Placement will be entitled to participate in the Offer.

1.3 Purpose of the Offer and Placement

Completion of the Offer will result in an increase in cash in hand of up to approximately \$2,129,250 (before the payment of costs associated with the Offer), assuming that no Options are converted and the Placement is completed prior to the Record Date.

The main purpose of the Offer and the Placement is to provide additional working capital to support ongoing exploration efforts in Madagascar on the Company's three main projects at:

- (a) Ampanihy – Nickel, Copper, PGE (Sulphide);
- (b) Vohibory – Copper, Silver, Gold and VMS; and
- (c) Fotadrevo – Vanadium.

The combined funds raised under the Offer and Placement are proposed to be expended as follows:

Description of Cash Outflows	Offer and Placement A\$
1. Exploration Madagascar – drilling, assays and regional exploration	2,500,000
2. Merger termination fee ⁽¹⁾	250,000
3. Working Capital	212,850
4. Costs of Offer and Placement ⁽²⁾	254,400
Total funds raised under the Offer and Placement	A\$3,217,250

(1) As announced on 4 October 2010 the Company has entered into a deed of termination and release with Madagascar Resources NL (MRNL) in respect to the termination of the proposed merger of the Company and MRNL pursuant to which the Company agreed to pay \$250,000 to MRNL. Further details are in Section 2(e).

(2) The Company has appointed Patersons as the lead manager of the Placement and will pay Patersons a placement fee of \$54,400 (being an amount equal to 5% of the funds raised under the Placement). Refer to Section 6.10 for further details of the costs of the Offer of approximately \$200,000.

1.4 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' Entitlements under the Offer until 5.00pm WST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.5 Lead Manager

The Company has appointed Patersons Securities Limited (**Patersons**) as Lead Manager to the Offer. Patersons will receive a fee of \$30,000 as remuneration for acting as Lead Manager.

1.6 Underwriting of Offer

The Offer is fully underwritten by Patersons. Patersons will be paid a fee of 5% of the amount underwritten by Patersons. The Company and Patersons have entered into an underwriting agreement which contains customary representations, warranties, indemnities and rights of termination in favour of Patersons.

As the Offer is fully underwritten, Shareholders will not be offered the opportunity to apply for any Shortfall Shares.

1.7 Risks of the Offer

An investment in Shares pursuant to this Prospectus should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 5.

1.8 Non-renounceable offer

The rights to Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your right to subscribe for Shares to another party. If you do not take up your Entitlement under the Offer by the

Closing Date, the Offer to you will lapse and your shareholding in the Company will be diluted. There is no provision for oversubscription.

1.9 Entitlement and Acceptance Forms

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.10 Issue and dispatch

Shares under the Offer are expected to be issued, and security holder statements dispatched, on or before the date in the proposed timetable in this Prospectus.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.11 Application Monies held on trust

All Application Monies received for the Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.12 ASX quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus of official quotation of the Shares. If permission is not granted by ASX for the official quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.13 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Security Transfer Registrars Pty Ltd and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.14 Residents Outside Australia and New Zealand

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Offer to shareholders outside Australia and New Zealand, having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of Shares to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia and New Zealand. The Company is not required to make offers under the Prospectus to Shareholders other than in Australia and New Zealand. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

1.15 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

1.16 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2010 is in the Annual Report which is available on the Company's website at www.malagasyminerals.com.

A summary of activities relating to the Company for the quarter ended 30 September 2010 is in the quarterly activities reports, lodged with ASX on 20 October 2010. The Company's continuous disclosure notices (i.e. ASX announcements) since 15 October 2010 are listed in Section 6.4.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

1.17 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.18 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +618 9463 6656.

2. Review of Activities

The following summarises the Company's activities as reported in the 30 June 2010 and 30 September 2010 Quarterly Reports:

(a) Exploration Projects Summary

Priority exploration tenure comprises three (3) main projects with the Company holding 1,856 square kilometres of mineral tenure overall, in southern and central Madagascar, for commodities as diverse as, nickel, cobalt, copper, silver, base metals, vanadium and ilmenite (titanium). The primary area of Company operations is located in south-central Madagascar, which contains the Company's three (3) principal projects:

Ampanihy Nickel-Copper Project

- (i) Field assessment with consulting nickel sulphide expert, Dr. Martin Gole, identified 11 magmatic massive sulphide nickel-copper gossans at northern (Ianapera) anorthosite over 8km of combined strike.
- (ii) Initial drilling program commenced in September to test the recently identified nickel-copper bearing magmatic massive sulphide gossan system at Ianapera.
- (iii) First hole IPC 0001at AMC-50 – drilled to test the first of the gossans intersects 22.5m of massive and disseminated sulphides with low nickel-copper values.
- (iv) Continuing drilling program underway.
- (v) Gossan system confirmed as being of Magnetic Massive Sulphide origin.
- (vi) Gravity survey completed over selected gossans confirms strong highs associated with interpreted conductors from VTEM.
- (vii) Exploration focus directed to search for higher grade gossans.

Vohibory Copper-Silver VMS Project

- (i) Gravity survey results confirm gravity highs associated with VTEM conductors and gossans.
- (ii) Drilling planned to focus on central and southern VTEM targets before years end.

Fotadrevo Vanadium Project

Prospective sequence extension identified for additional 10 km along strike to the south of current limit of exploration.

(b) Labradorite Quarrying

- (i) Royalty revenue from the Company's Labradorite quarrying operations continues to support operating overheads and exploration activities in Madagascar.

- (ii) Additional partner expressing interest in establishing quarrying operations within Company's leases - negotiations continuing.
- (c) Other Operations

Intertek-Genalysis and Kirk Petrophysics laboratory facilities continue to operate, providing valuable rental income, which continues to support the Company's Madagascar operations.
- (d) Toliara Sands Project (proposed merger with MRNL)

As announced to ASX on 4 October 2010 the Company entered into a deed of termination and release with Madagascar Resources NL (**MRNL**) in respect to the termination of the merger implementation agreement of 25 May 2010 (**MIA**) for the proposed merger with MRNL. Pursuant to the terms of the deed of release and termination:

 - (i) the parties agreed to release each other from any claims in respect of all obligations and undertakings arising under the MIA; and
 - (ii) the Company agreed to pay MRNL up to \$250,000 to cover fees and costs incurred for third party services in respect of the merger; and
 - (iii) the Company agreed to pay outstanding payments owing to MRNL in respect to royalty arrangements in respect to the Company's acquisition of Mada-Aust SARL in April 2007.

3. Effect of the Offer

3.1 Capital structure on completion of the Offer and Placement

	Number of Shares	Number of Options
Balance at the date of this Prospectus	109,250,003	9,003,600
To be issued under the Placement	16,000,000	-
To be issued under the Offer ⁽¹⁾	31,312,501	-
Balance after the Offer and Placement (if fully subscribed)	156,562,504	9,003,600

(1) The number of Shares to be issued under the Offer assumes that no Options are exercised before the Record Date and that the Placement is completed prior to the Record Date.

3.2 Pro forma statement of financial position

	Audited Balance Sheet as at 30 June 2010	Proposed Offer and Placement	Unaudited Pro Forma Balance Sheet as at 30 June 2010
	\$	\$	\$
Current Assets			
Cash and cash equivalents	571,669	2,712,850	3,284,519
Trade and other receivables	26,882	-	26,882
Other current assets	142,774	-	142,774
Total Current Assets	741,325	2,712,850	3,454,175
Non-Current Assets			
Property plant & equipment	573,783	-	573,783
Receivables	3,028,768	-	3,028,768
Deferred exploration and evaluation costs	3,289,216	-	3,289,216
Total Non-Current Assets	6,891,767	-	6,891,767
TOTAL ASSETS	7,633,092	2,712,850	10,345,942
Current Liabilities			
Trade and other payables	584,960	-	584,960
Short-term provisions	38,870	-	38,870
Total Current Liabilities	623,830	-	623,830
Non-Current Liabilities			
Trade and other payables	714,434	-	714,434
Total Non-Current Liabilities	714,434	-	714,434

	Audited Balance Sheet as at 30 June 2010	Proposed Offer and Placement	Unaudited Pro Forma Balance Sheet as at 30 June 2010
TOTAL LIABILITIES	1,338,264	-	1,338,264
NET ASSETS	6,294,828	2,712,850	9,007,678
EQUITY			
Issued capital	11,411,975	2,962,850	14,374,825
Reserves	(265,710)	-	(265,710)
Accumulated losses	(4,851,437)	(250,000)	(5,101,437)
TOTAL EQUITY	6,294,828	2,712,850	9,007,678

Basis of Preparation

The above pro forma statement of financial position has been prepared in accordance with the draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005).

The pro forma balance sheets have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the audited financial position as at 30 June 2010 and has then been adjusted to reflect the following material transactions:

- (a) completion of the Placement to raise approximately \$1,145,600 (after costs);
- (b) completion of the Offer to raise approximately \$2,148,437 (after costs); and
- (c) payment of Madagascar Resources NL merger fees \$250,000 (refer to Section 2(d)).

Subsequent Events

No matters or circumstances have arisen since 30 June 2010 which significantly affect or may affect the operations of the Company or its financial position.

3.3 Share Price History

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.28 per Share on 24 September 2010
Lowest: \$0.071 per Share on 10 September 2010

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.093 per Share on 19 November 2010.

3.4 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4. Action required by Shareholders

4.1 Acceptance of Shares under this Prospectus

Your entitlement to participate in the Offer will be determined on the Record Date. The entitlement of Eligible Shareholders receiving this Prospectus is shown on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Prospectus.

Should you wish to accept all of your Entitlement to Shares, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. If the number of Shares applied for on the Entitlement and Acceptance Form exceeds your Entitlement then your Acceptance will be deemed to be for your maximum entitlement and any surplus Application Monies will be returned (without interest).

Should you wish to only take up part of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the Application Monies (calculated at \$0.068 per Share accepted).

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "**Malagasy Minerals Limited – Rights Issue A/C**" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153
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By post	Security Transfer Registrars Pty Ltd PO Box 535 APPLECROSS WA 6153
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If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

4.2 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the entitlement attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement however your shareholding in the Company will be diluted.

4.3 Enquiries concerning your Entitlement

If you have any queries concerning your Entitlement please contact the Company Secretary on +618 9463 6656.

5. Risk factors

There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of its Shares. Many of these factors are outside the control of the Company and the Directors.

This Section outlines the principal risks associated with an investment in the Company. Each of the risks set out below could, if it were to eventuate, have a material adverse impact on the Company's operating performance, profits and Share price.

The summary of risks below is not exhaustive and before deciding to invest in the Company, potential investors should read the entire Prospectus and consider the following risk factors that could affect the financial performance of the Company and the value of its Shares. There can be no guarantee that the Company will achieve its stated objectives and you should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to apply for Shares in the Offer.

5.1 Risks Specific to the Company

(a) Limited operating history of the Company

The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

(b) Operating in developing countries

The Company's current projects are located in Madagascar and any potential projects that it may acquire an interest in, may be located in Madagascar or other developing countries. Operating in such regions carries additional risks including but not limited to the failure of infrastructure and loss or damage due to any number of unpredictable circumstances. Furthermore, retaining and attracting technical personnel to live and work in such areas is challenging and may delay the Company from achieving its objectives if it cannot satisfactorily address this issue.

(c) Operating in Madagascar

Madagascar and other developing countries may be subject to political, economic and other uncertainties, some of which may not be found in other countries such as Australia, the United Kingdom or the United States. Future government activities concerning the economy, foreign ownership or the operation and regulation of facilities such as mines or mineral exploration operations, could have a significant effect on the Company.

The Board anticipates that the value of the Company's exploration and mining interests are most likely to be derived from the Madagascar operations (although it is noted that these risks may apply in other developing countries that the Company may operate in). As a result, the Company may be exposed to a number of risks customary for international operations, including but not limited to:

(i) Political Risk

The Company's investment in exploration projects in Madagascar may be exposed to adverse political developments that could affect the economics of the project. The government of Madagascar has supported the Company with its exploration activities to date, but there is no assurance that this support will continue. The Company's investment in exploration projects in Madagascar may be exposed to adverse political developments that could affect the economics of its projects. Recently Madagascar has had a change in government, without democratic elections being held, and while the Company's activities have not been affected significantly there is no guarantee for the future, and these developments have had serious effects on foreign investment and international funding support.

(ii) Uncertainty of Laws and Enforcement of Laws

The government of Madagascar has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. In addition, as the legal system in Madagascar develops, changes in such laws and regulations, their interpretation or their enforcement may have a material adverse effect on the Company's business operations.

(iii) Foreign Exchange Risk

The value or sale price of the commodities that may be produced by the Company (if any) will expose the income of the Company to the changes in the exchange rate.

The international prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Company are, and will be accounted for, in Australian dollars. The revenues of the Company will be exposed to the fluctuations and volatility of the price of minerals and the rate of exchange between the United States dollar and the Australian dollar, as determined in international markets.

The volatility in the currency of Madagascar may also affect the carrying value of the Company's investments and the operating costs of its operations in Madagascar.

(iv) Repatriation of Profits and Adverse Taxation Consequences

There is no certainty that all future revenues can be repatriated. Further, any material changes in taxation legislation in relation to the returning of revenues from Madagascar may affect the viability and profitability of the Company.

(d) Limited exploration of the Company's projects

The tenements of the Company are in the early stages of exploration and potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(e) Title

The grant of a tenement or the renewal of the term of a tenement of the Company is at the discretion of various authorities in Madagascar and the government of Madagascar, the place where the Company intends to conduct its exploration activities.

If a tenement is not granted or renewed, the Company may suffer significant damage through loss of the opportunity to develop and discover mineral deposits on that tenement.

(f) Reliance on Key Personnel

The Company is reliant on a number of key employees, including the Directors of the Company. The loss of one or more of its key personnel could have an adverse impact on the business of the Company.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(g) Commodity Prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, oil and gas, forward selling by producers and production cost levels.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse affect on the Company's exploration activities, as well as on its ability to fund those activities and the price of the Company's listed securities.

(h) Future Capital Requirements

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised pursuant to this Prospectus will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds raised pursuant to this Prospectus, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing maybe dilutive to Shareholders and any

debt financing if available, may involve restrictive covenants, which limited the Company's operations and business strategy.

The company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and the price of its securities.

(i) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(j) Joint Venture Parties, Contractors and Contractual Disputes

The Directors are unable to predict the risk of:

- (i) financial failure or default by a participant in any joint venture to which the Company is, or may become, a party;
- (ii) insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company or its operators for any activity.

5.2 Mineral Industry Risks

(a) Exploration, Development, Mining, Processing and Operating Risks

By its nature, the business of mineral exploration and/or production, which the Directors intend the Company to undertake, contains risks. Prosperity depends on the successful exploration and/or acquisition of recoverable and economic deposits, design and construction of efficient processing facilities, competent operation and proficient marketing of the product.

The operations of the Company, if and when it commences production, may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, formation damage, flooding and extended interruptions due to inclement or hazardous weather conditions, fire and explosions.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

Whether or not income will result from projects undergoing exploration, development and production programs, depends on successful establishment of exploration operations. Factors including costs, equipment availability and metal prices affect successful project development as does the design and construction of efficient exploration facilities, competent operation and

management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants

(b) Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formation different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(c) Payment obligations

Under the exploration tenements and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. Failure to meet these work commitments will render the tenement or licence liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of interest held by the Company.

(d) Occupants and owners of land

Some or all of the mining tenements held by the Company are occupied or owned by third parties.

Should the Company be unable to obtain access to its tenements on terms acceptable to the occupier or owner of the land upon which the tenements are located then there is a risk that this may cause delays to or prevent any mining operations on the tenements.

(e) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) Identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) Developing an economic process route to produce a metal and/or concentrate; and
- (iii) Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

5.3 Environmental Risks

(a) General

The Company's projects will be subject to regulations regarding environmental matters and the discharge of hazardous wastes and materials. The government of Madagascar and other authorities that administer and enforce environmental laws determine these environmental requirements. As with all mining projects, the projects would be expected to have a variety of

environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially viable mineral deposits.

Although the Board believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(b) Previous Exploration and Mining

Previous exploration and mining activities undertaken by past tenement holders could in the future give rise to costs for environmental, rehabilitation, damage, control and losses. As at the date of this Prospectus, the Company has received no indication or instruction that rehabilitation of these areas is required. The enforcement of any environmental regulation could lead to increased costs for the Company which in turn could adversely affect the Company's financial performance and available cash reserves.

5.4 General Risks

(a) Investment in Shares

Applicants should be aware that there are risks associated with any investment in securities. The prices at which the Shares offered under this Prospectus trade may be above or below the Offer price, and may fluctuate in response to a number of factors.

Further, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that has often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

(b) Share Market Conditions

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant

the future performance of the Company or any return on an investment in the Company.

(c) Policies and Legislation

Any changes in government policies or legislation, including changes to the taxation system or changes affecting mining and exploration activities may affect the Company's future earnings, profitability and the relative attractiveness of investing in the Company.

(d) Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include, the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia and Madagascar (and any other jurisdictions in which the Company may acquire mineral exploration assets), interest rates and the rate of inflation.

(e) Competition

The Company competes with other companies, including major mineral exploration and mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and produce other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

5.5 Investment Speculative

The above risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisor before deciding whether to apply for Shares pursuant to this Prospectus.

6. Additional Information

6.1 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose Shares are fully paid has one vote for each of his or her Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) General Meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act and the Listing Rules.

(c) Dividends

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number and the amount paid on the Shares held.

(d) Transfer of Shares

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASTC Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASTC Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASTC Operating Rules.

(e) Variation of Rights

The Company may only modify or vary the rights attaching to any Shares with the prior approval by a special resolution of the Shareholders, or with the written consent of the holders of at least three-fourths of the issued Shares.

(f) Directors

The minimum number of Directors is three and the maximum is ten. Currently, there are five Directors. Directors must retire on a rotational basis so that one-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(g) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairman has a casting vote.

(h) Issue of Further Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) Officers' Indemnity

To the full extent permitted by the law and to the extent not covered by insurance, the Company must indemnify each officer of the Company against all losses and liabilities incurred by the person as an officer of the Company, including costs and expenses incurred in defending proceedings in which judgement is given in favour of the person or in which the person is acquitted or in connection with relief granted to the person in an application under the Corporations Act in respect to such proceedings.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(k) Listing Rules Prevail

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

6.2 Directors' interests

The Directors or their nominees currently each hold Shares and Options as follows:

	Number of Shares held	Number of Options held
MDJ Cozijn	6,010,001	1,000,000
SB Goetz	5,280,001	2,000,000
PJ Woods	100,000	500,000
GF Le Clezio ⁽¹⁾	2,019,809	500,000

(1) Madagascar Resources NL (MRNL) holds 10,000,000 Shares in the Company. Mr. G F Le Clezio and Dr. P J Woods are also directors and shareholders of MRNL.

6.3 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.4 below).

6.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2010, being the last financial year for which an annual financial report was lodged with the ASIC in relation to the Company before the issue of this Prospectus;
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report for the year ended 30 June 2010 and before the date of issue of this Prospectus are as follows:

Date	Description of Announcement
15/10/2010	Annual Report 30 June 2010
20/10/2010	September Quarterly Activity and Cashflow Report
28/10/2010	Malagasy Assay Results from First Intercept at Ianapera
08/11/2010	Exploration Update – Ianapera Project, Madagascar
15/11/2010	Investor Presentation – November 2010
19/11/2010	Results of AGM
19/11/2010	Request for Trading Halt

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company at Unit 7, 11 Colin Grove, West Perth, Western Australia:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 6.11 and the consents provided by the Directors to the issue of this Prospectus.

6.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.6 Determination by the ASIC

The ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.7 Directors' interests

Except as disclosed in this Prospectus, no Director or proposed director, and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

6.8 Directors remuneration

Shareholders have approved an aggregate amount of up to \$200,000 to be paid as Directors' fees to non-executive Directors per annum.

Directors received the following remuneration (including Directors fees) for the year ended 30 June 2010:

	Salary \$	Directors' Fees \$	Superannuation \$	Options \$	Total \$
SB Goertz	150,000	20,000	16,800	6,852	193,652
MDJ Cozijn	50,000	20,000	6,300	-	76,300
PJ Woods	-	20,000	1,800	-	21,800
G Le Clezio	-	20,000	1,800	-	21,800

6.9 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, and has not had in the 2 years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Hardy Bowen will be paid approximately \$15,000 (plus GST) in fees for legal services as at the date of this Prospectus in connection with the Offer. In addition, Hardy Bowen has been paid or is entitled to be paid approximately \$74,312.00 for legal services provided to the Company in the period of 2 years prior to the date of this Prospectus.

6.10 Expenses of Offer

The estimated expenses of the Offer are as follows:

	\$
ASIC Lodgement fee	2,068
Underwriting fees and Lead Manager Fee	136,463
Legal and preparation expenses	20,000
Printing, mailing and other expenses	20,000
Other costs	21,469
Total	<u>\$200,000</u>

6.11 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

- (a) Hardy Bowen have given, and have not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Hardy Bowen have had no involvement in the preparation of any part of this Prospectus other than being named as solicitors of the Company. Hardy Bowen have not authorised or caused the issue of this Prospectus or the making of the Offer. Hardy Bowen make no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.
- (b) Security Transfer Registrars Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Company's share registry. Security Transfer Registrars has had no involvement in the preparation of any part of this Prospectus other than being named as the share registry of the Company. Security Transfer Registrars has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.
- (c) Patersons Securities Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named.

Patersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus.

Patersons Securities Limited makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited. To the maximum extent permitted by law, Patersons Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

7. Directors' Statement and Consent

Each of the Directors of the Company have consented to the lodgement of this Prospectus with ASIC in accordance with Section 720 of the Corporations Act.

This Prospectus is signed for and on behalf of the Company by:



Max Cozijn
Director

Dated: 23 November 2010

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Acceptance means a valid acceptance of Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form.

Annual Report means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2010 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2010, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2010.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application Monies means application monies for Shares received by the Company from an Applicant.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date identified as such in the proposed timetable.

Company or Malagasy means Malagasy Minerals Limited ABN 84 121 700 105.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act* (Cth) 2001.

Directors mean the directors of the Company at the date of this Prospectus.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia and New Zealand.

Entitlement means the entitlement to Shares under the Offer in Section 1.1.

Entitlement and Acceptance Form means the entitlement and acceptance form sent with this Prospectus that sets out the entitlement of Shareholders to subscribe for Shares pursuant to the Offer.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Lead Manager means Patersons.

Listing Rules means the Listing Rules of ASX.

Offer means the Offer as defined in Section 1.1.

Option means the right to acquire one Share in the capital of the Company.

Patersons means Patersons Securities Limited ABN 69 008 896 311.

Placement has the meaning in Section 1.2.

Prospectus means this prospectus dated in Section 7.

Record Date means 5:00pm (WST) on the date identified in the proposed timetable.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means Security Transfer Registrars Pty Ltd ABN 95 008 894 488

Shortfall Shares means those Shares not subscribed for by Eligible Shareholders under the Offer.

Underwriter means Patersons Securities Limited ABN 69 008 896 311.

WST means Western Standard Time, being the time in Perth, Western Australia.