

14th December 2010

ASX Announcement

ASX: MGY

DRILLING UPDATE - IANAPERA AND VOHIBORY PROJECTS, MADAGASCAR

**ELEVATED CHALCOPYRITE INTERSECTED IN MASSIVE SULPHIDES AT IANAPERA - DRILLING
NOW UNDERWAY AT VOHIBORY**

- Phase I reconnaissance drilling programme complete at Ianapera
- Additional core and surface sample assaying underway
- Drilling underway at Vohibory Copper Project

International minerals company Malagasy Minerals Ltd (ASX Code: **MGY**) advises that the Phase I reconnaissance drilling programme to test massive sulphide gossans at its 100%-owned **Ianapera** (Ampanihy) Project in southern Madagascar has been completed and drilling is now underway at the 100%-owned **Vohibory** Project, located 40km to the north west of Ianapera.

The Company has completed a total of eight (8) holes for 1,220 metres of drilling at Ianapera; testing both gossan trends as well as a magnetic feature associated with one of the gossan / VTEM targets in the western zone (see *Figure 1 attached*).

Hole IPC0007, which was designed to test the gossan at AMC48; intersected a strong zone of massive and disseminated sulphides from 32.40m to 34.50m and 37.40m to 46.10m down hole. Of note is that chalcopyrite (a primary ore mineral of copper) is generally elevated within this sulphide body; particularly along the upper margin (see photos below). Hole IPC0016 intersected gabbro with disseminated pyrite and pyrrhotite associated with the gossan / conductor target AMC-37 and drill hole IPC0005.



Massive and disseminated sulphides in hole IPC0007 from 41.20m to 45.00m. The margins of this zone contain elevated chalcopyrite, with the bulk of the zone comprising pyrite / pyrrhotite.



Close-up view of drill core from IPC0007 at 32.40m – upper margin of disseminated and massive sulphide zone from 32.40m to 46.10m down hole. Chalcopyrite (yellow sulphide) comprises approximately half the sulphides in this marginal band, with the remainder being a mix of pyrite and pyrrhotite.

A total of 48 half-core samples from holes IPC0006, IPC0002 and IPC0003 have been submitted for analysis by Intertek-Genalysis Madagascar. Final cores from IPC0004, IPC0005, IPC0016 and IPC0007 are to be shipped shortly.

Details of the programme status and sulphide intercepts are summarised in the Table and Figure 1 appended to this announcement.

Forward Programme – lanapera

Preliminary interpretation of recently collated geological mapping and regional radiometric data indicates that extensive areas containing ultramafic units exist within Malagasy's project tenements. In addition, recent structural analysis of the Ampanihy Shear by independent researchers indicates a high degree of complexity to this system which has also greatly improved regional-scale understanding of this highly prospective area.

Given that the system is demonstrably capable of generating bodies of massive sulphides, further detailed study of the structural regime will increase the likelihood of locating other sulphide zones. Data obtained from the recent drilling programme will comprise an important part of this process.

Vohibory

At the Vohibory Project, initial assessment of project prospectivity by external consultants with expertise in copper-silver-zinc VHMS mineralisation has resulted in the recommendation of a number of drill targets.

Drilling of diamond hole VHD0006 is underway; with the hole currently at a depth of 32m in clastic sediments. The initial target depth range for this hole is 150m to 250m, depending on intersected lithologies.

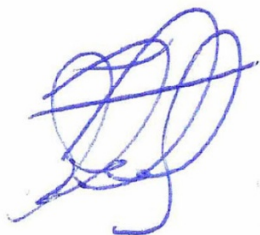
Given the time constraints imposed by the imminent onset of the rainy season, the Company has decided to select a hole to evaluate multiple targets. Accordingly, VHD0006 is designed to test: (i) the interpreted upper and lower VTEM conductors at VC-10 and VC-11; (ii) the northern extent of a potentially mineralised interpreted fault structure; (iii) interpreted fold closure at the junction of VTEM conductors VC-10 and VC-11 and (iv) an inferred 2nd-order gravity trend associated with '(ii)'.

This information is summarised in the Table below and on Figure 2 attached.

Given that the area of interest is entirely overlain by Mesozoic sediments of the Isalo / Sakoa group, this hole will provide valuable data on the characteristics of the target host Neoproterozoic basement sequences in the area.

Infill soil sampling (i.e. 100m x 400m from 400m x 400m) and prospecting is also nearing completion along the southern strike extent of the above target zone over areas of exposed Neoproterozoic basement. A total of 200 samples from this programme will be submitted to Intertek-Genalysis Madagascar for multi-element analysis. The location of the infill area in relation to the current drilling area is shown on Figure 3 attached.

The Company will provide additional information on an ongoing basis as it continues to develop these highly prospective projects.



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.

BHID	Target	Zone	EOH (m) Planned	EOH (m) Actual	Sulphide Intercepts & % Sulphide ('SUS')	Comments
IPC0001	AMC-50	West	150	188	134m-136m (Width: 2m); 75% SUS	Assays Received - Low tenor Ni-Cu but magmatic SUS provenance confirmed
					136m-156m (Width: 20m); 5-15% SUS	Assays Received - Low tenor Ni-Cu but magmatic SUS provenance confirmed
IPC0006	AMC-49/50	West	280	401	270m-277m (Width: 7m); 5-10% SUS	Likely AMC-50 with revised 85degW dip. Assays pending
					350m-362m (Width: 12m); 5-10% SUS	Likely AMC-49 lower extension. Assays pending
IPC0002	AMC-15	West	80	127	64m-72m (Width: 8m); 15-20% SUS	Target (modeled) 40m - 80degW dip to SUS zone. Assays Pending
IPC0003	AMC-13	West	80	113	28m-33m (Width: 5m); 8% SUS	Target (modeled) 15m - vertical SUS zone. Assays pending.
					34m-36m (Width: 2m); 15% SUS	Target (modeled) 15m - vertical SUS zone. Assays pending.
IPC0004	AMC-47	East	80	101	14m-24m (Width: 10m); 2-10% SUS	Target (modeled) 50m - possible flat-lying SUS or pinch-out of gossan at depth. Assays pending.
IPC0005	AMC-37	West	100	134	27m-37m (Width: 10m); 5% SUS	Target (modeled) 60m - Disseminated SUS in gabbro. Likely flat-lying sulphide zone. Assays pending.
IPC0016	AMC-37S	West	80	76	Non-specific - tr - 2% in bedrock	Testing mafic-associated magnetic feature 600m south of IPC0005 - trace to 2% sulphide in meta-gabbro.
IPC0007	AMC-48	West	100	80	32.40-34.50m (Width: 2m); 10-15% SUS	Target (modeled) 40m - intercept consistent with model. Assays pending.
					37.40-46.10m (Width: 9m); 5-20% SUS	Target (modeled) 40m - intercept consistent with model. Assays pending.
VHD0006	VC-10/11	VHB	150	-	In Progress	VOHIBORY PROJECT - IN PROGRESS
9	Holes		1100	1,220		

Summary of MGY drilling programmes, inclusive of completed holes with sulphide intercepts

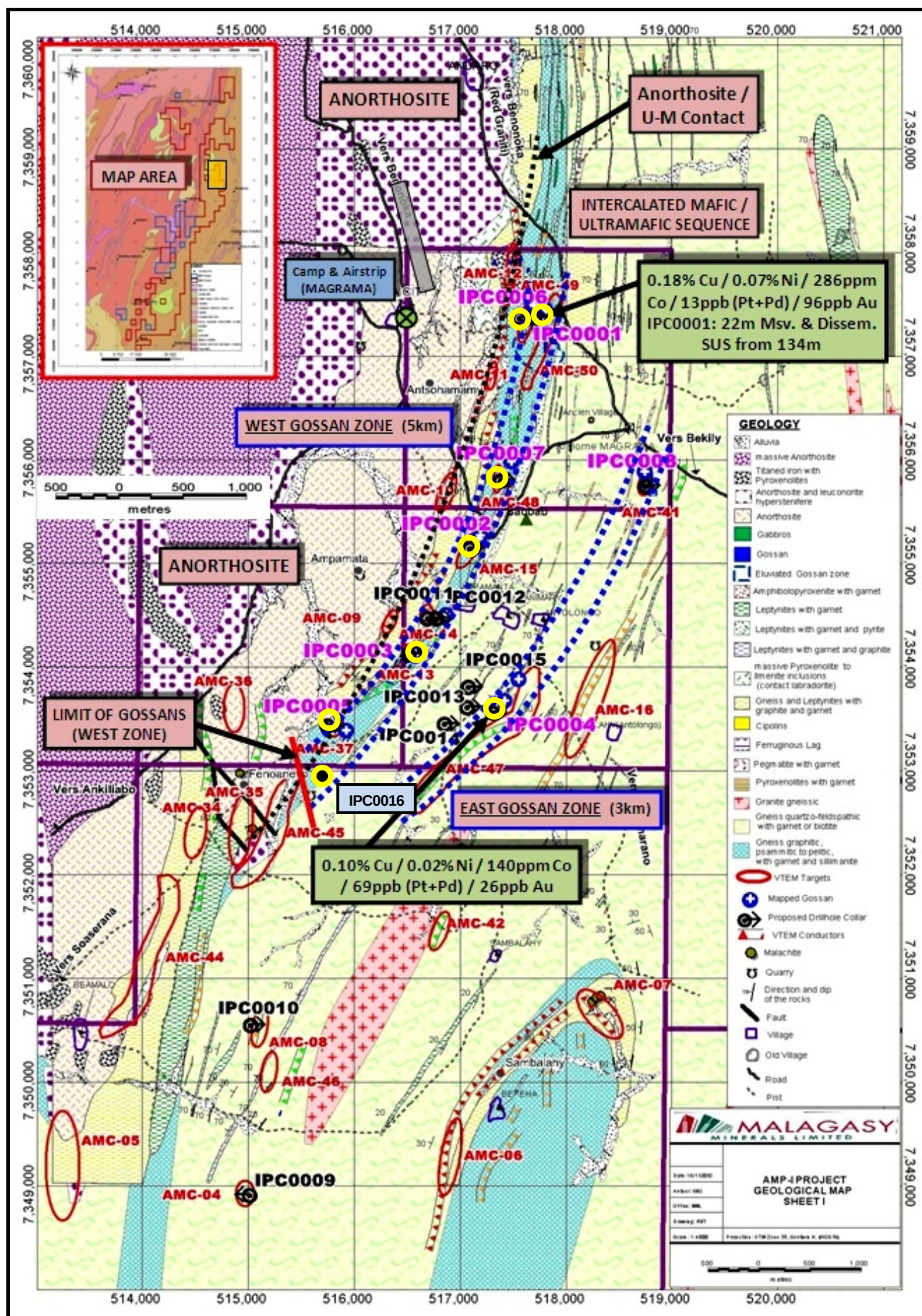


Figure 1: Updated summary plan of Ianapera Project area in northern Ampanihy. Completed holes (IPC0001 – IPC0007 & 16 inclusive) are marked as yellow circles.

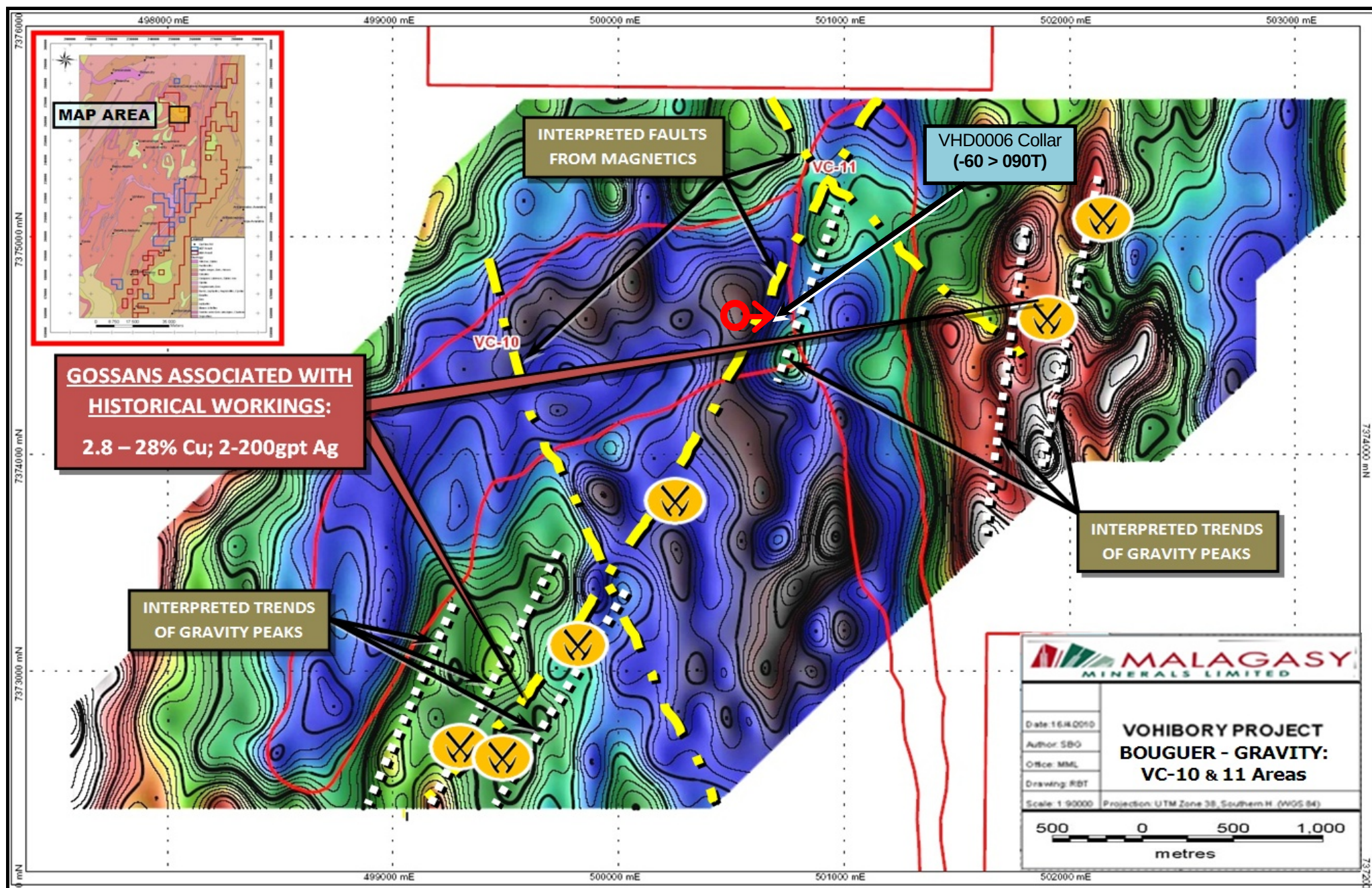


Figure 2: Updated summary plan of central-eastern Vohibory showing interpreted gravity, VTEM and magnetic survey data with known Cu-Ag gossans and location of VHD0006 – currently underway.

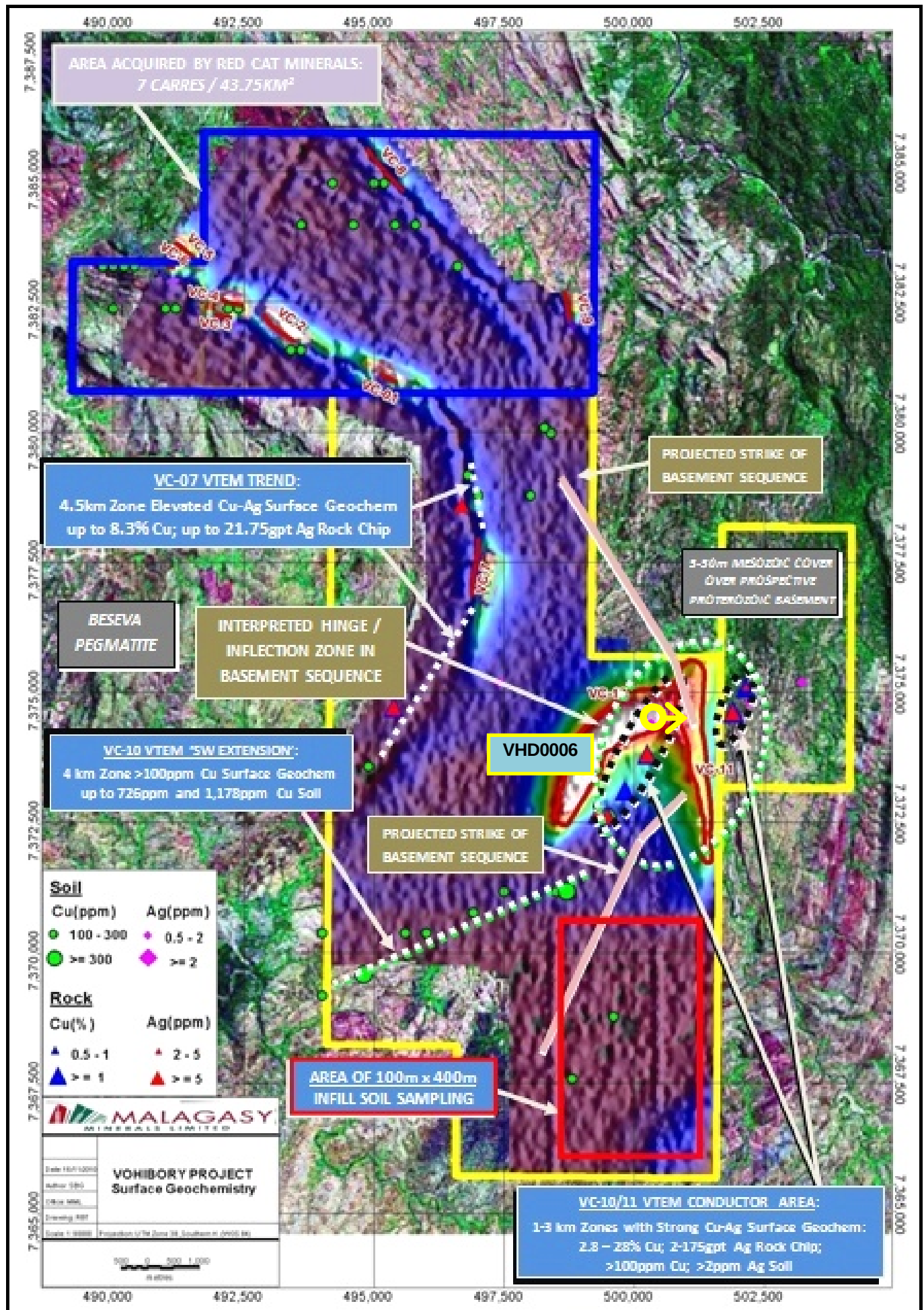


Figure 3: Summary plan of Vohibory Project showing drill hole location and infill soil area.