MALAGASY MINERALS LIMITED
ABN 84 121 700 105

22 December 2010

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

Dear Sir,

UNDERWRITTEN RIGHTS ISSUE – SHORTFALL NOTICE

The Directors of Malagasy Minerals Ltd ("MGY" or the "Company") advise that the Company has confirmed that 11,990,446 Rights Share applications have been received pursuant to the Underwritten 1 for 4 non-renounceable rights issue, resulting in a shortfall of 19,322,055 shares.

The Underwriters have advised that they are proceeding to complete the shortfall raising and it is anticipated that the full raising proceeds of $2,129,250 will be completed by end of December 2010.

As previously advised, the funds raised will assist in:

- pursuing the expanded exploration and drilling programmes at the **Ampanihy nickel-copper-PGE project** in southern Madagascar. Recent drilling beneath a massive sulphide gossan system at the Ianapera Project, located within the Ampanihy Project, has confirmed the presence of a large-scale sulphide system of magmatic provenance. The initial diamond drilling program intersected massive and disseminated sulphides beneath these gossans, indicating the potential for a large-scale magmatic sulphide nickel-copper-PGE system;

- follow-up drilling and exploration at the **Vohibory copper-zinc-gold-silver project** where strong surface copper-silver anomalies (up to 28% copper and 206g/t silver) have been returned from sampling of gossans that are located within an 8km strike length of copper-silver mineralization with associated VTEM conductors and gravity anomalies as well as interpreted fault structures;

- expanded assessment of the **Fotadrevo vanadium project** is to be undertaken in the new year, where previous trenching has defined +6.5 strike km of vanadium mineralization with an additional 35km of strike remaining to be tested; and

- general working capital and corporate overheads.

For and behalf of the Board

Max Cozijn
Director/Company Secretary

cc: Directors

Malagasy Minerals Ltd. (ACN 121 700 105), Suite 7, 11 Colin Grove, WEST PERTH WA 6005
Tel: +61 8 9463 6656, **Fax:** +61 8 9463 6657