MALAGASY
MINERALS LIMITED
ABN 84 121 700 105

17th February 2011 **ASX Announcement** **ASX: MGY**

MALAGASY COMMENCES NEW VANADIUM EXPLORATION INITIATIVE AT FOTADREVO PROJECT, MADAGASCAR

SPECIALIST CONSULTING FIRM ENGAGED TO OVERSEE PROGRAMMES

- **Recent regional review confirms that known vanadium mineralisation at adjacent Green Giant (Vanadium) Project extends into Malagasy tenements**
- **Experienced local consultant appointed to assist with exploration targeting and implementation**
- **Re-processed radiometric data to assist in defining targets for soil lines – minimum 10km of strike to be tested including mineralisation defined previously in 2009-10 exploration programmes**

International minerals company Malagasy Minerals Ltd (ASX Code: **MGY**) is pleased to advise that it has commenced a comprehensive programme of follow-up exploration over the vanadium-prospective sequences within its 100%-owned **Fotadrevo Project** in southern Madagascar after completing a review of the prospectivity and potential of the project area.

The Fotadrevo Project is located adjacent to, and along strike from, the *Green Giant* ('G-G') Project operated by Canadian-listed Company *Energizer Resources Inc.* ('EGZ'). In late 2010, Energizer announced an NI43-101 compliant resource of 59.2 million tonnes grading 0.683% V_2O_5 combined *Indicated* and *Inferred* categories using a 0.50% V_2O_5 lower cut-off grade.

The vanadium mineralisation in the belt, unlike magnetite-hosted vanadium deposits, is sediment-hosted and therefore requires a different metallurgical approach than the standard physical beneficiation traditionally used with magnetite-associated vanadium mineralisation.

Recent metallurgical studies commissioned by *Energizer* have indicated that recoveries from the G-G resource of 82% vanadium are achievable using a combination roast and pressurized alkaline leaching process. Assuming the likelihood of a similar style of mineralisation occurring within Malagasy tenements, this has positive implications for the prospectivity of the Fotadrevo project.

Previous vanadium exploration programmes conducted by Malagasy in 2009 (surface geochemistry and costeaning), confirmed the continuation of the G-G mineralisation for around 6.5km on the Company's ground. Subsequent work in 2010 confirmed the presence of these mineralised horizons for at least a further 15km into MGY's tenements. Geological interpretation infers a total of 35km of sub-contiguous strike of prospective lithologies located within Company tenements.

The Company has engaged the services of a local expatriate consulting firm to oversee the planning and execution of the programme. This group has extensive prior experience exploring the same belt, having worked directly on the neighbouring Green Giant ('G-G') Project.

Using reprocessed radiometric (geophysical) data to define specific target areas, the programme will initially incorporate grid soil sampling to test an average 800-metre wide corridor, for a cumulative strike of 10 kilometers. Samples will be collected at 25m and 50m intervals along lines spaced 400m apart.

Subsequent to the cessation of the current monsoonal / wet season, the field programme will commence immediately and is anticipated to take approximately two to three weeks to complete, with the 50m-spaced samples to be sent to Intertek-Genalysis in Madagascar and Perth for analysis. However, preparation and refinement of targeting of the soil geochemical programme will begin immediately.

Targets generated from this programme will be either costeaned and / or drilled as appropriate.

The Company will provide additional information on an ongoing basis as it continues to develop this exciting project.

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.

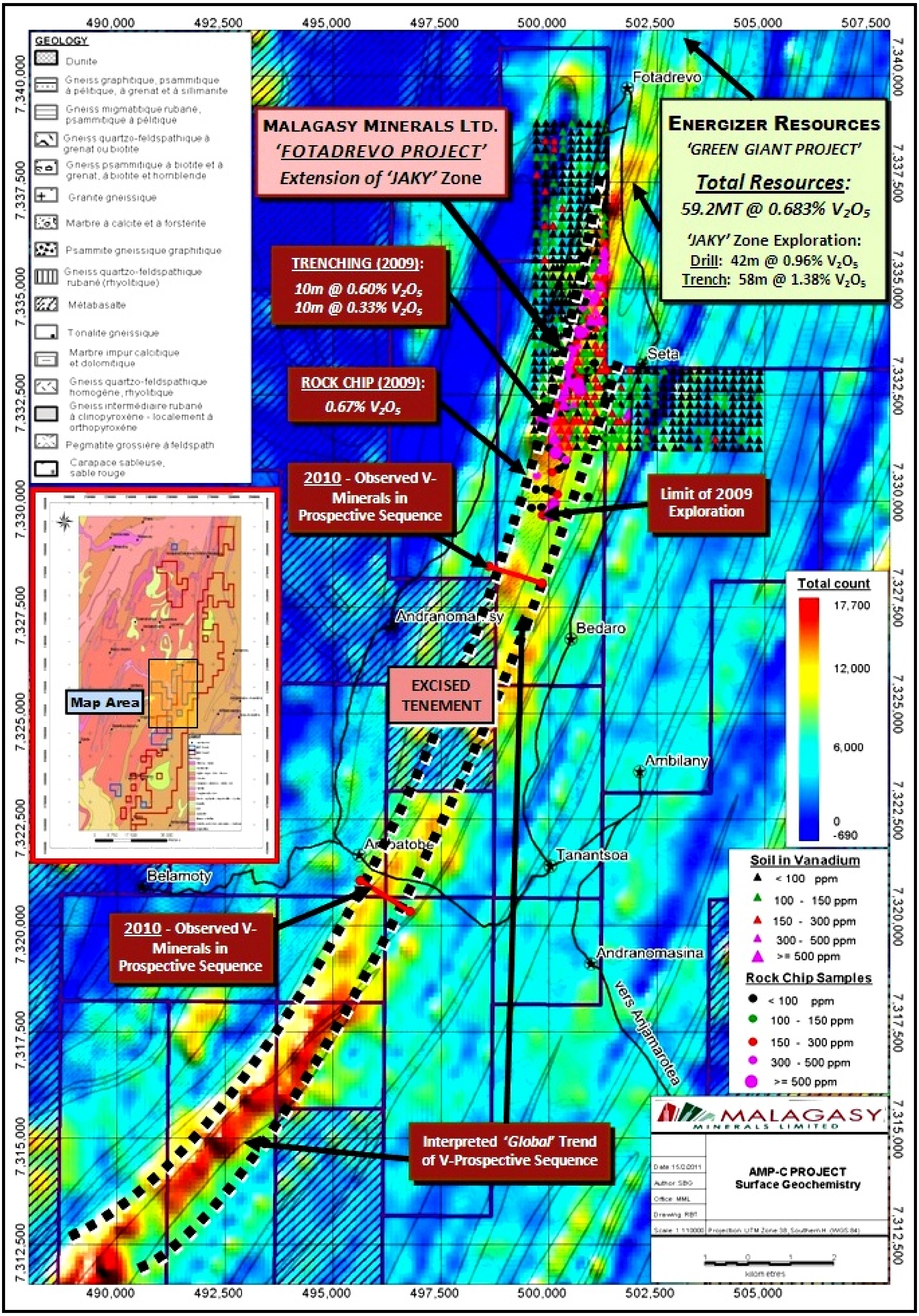

Figure 1: *Summary plan of vanadium exploration targeting at Fotadrevo Project using (unprocessed) radiometric data as a base. Malagasy has approximately 35 strike km of sequences prospective for vanadium mineralisation.*