

17th October 2011

ASX RELEASE

DISPUTE WITH STEVEN GOERTZ

As previously advised, Malagasy Minerals Ltd (ASX: MGY) is currently in dispute with its former Managing Director, Steven Goertz, in respect of the terms of his resignation, his conduct and his repudiation of the terms of his resignation.

Malagasy has been advised that Mr Goertz has commenced legal action in Madagascar to seek to use the Madagascar legal system to recover certain monies and goods in dispute pursuant to certain agreements made between Hendry Consultancy Ltd (Mauritius), for the provision of Mr Goertz's services, and Malagasy Minerals Ltd (Australia).

This Legal action consists of the "Notification of Garnishment" of our subsidiary company's bank accounts in Madagascar including certain assets. This action will be vigorously defended. Malagasy believes that not only is there no basis for such claims, but action brought by Mr Goertz is required to be pursued through the Australian legal system, as specified in the underlying agreements. The amount in dispute is for approximately A\$120,000.

The Company believes Mr Goertz has taken this action in Madagascar in order to circumvent the due legal process which would be required under Australian Law.

Malagasy's operations have not been adversely affected and operations continue as normal.

For and on behalf of the Board.



Max Cozijn
Chairman/Company Secretary