

2nd November 2012 – ASX Announcement

Thick, high-grade graphite intersections confirm resource potential of Molo Graphite Project, Madagascar

Deposit now delineated over 2km strike, 500m width and to a depth of 300m

Highlights

- Resource evaluation drilling and trenching by joint venture partner Energizer Resources Inc. confirm the Molo Graphite Deposit in Madagascar (Malagasy 25%) as a large-scale, world-class graphite deposit.
 - Assay results from final 23 diamond drill holes and 8 trenches have been received as part of joint venture partner Energizer Resources Inc.'s NI 43-101 resource assessment program, with results including:

▪ Drill hole	MOLO 12-26	139.55m	@ 7.25% C	from	0.0m
▪ Drill hole	MOLO 12-27	101.08m	@ 8.13% C	from	1.0m
▪ Drill hole	MOLO 12-29	128.40m	@ 7.89% C	from	0.6m
▪ Drill hole	MOLO 12-33	246.00m	@ 8.19% C	from	6.5m
▪ Drill hole	MOLO 12-39	304.50m	@ 5.71% C	from	24.5m
▪ Drill hole	MOLO 12-40	278.00m	@ 6.36% C	from	48.0m
▪ Drill hole	MOLO 12-41	219.00m	@ 7.02% C	from	84.5m
 - South African engineering group DRA Mineral Projects has been retained by Energizer to fast-track the Preliminary Assessment Report (PEA) and to expedite commencement of a Feasibility Study on the Molo Deposit.
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Malagasy Minerals Limited (ASX: MGY – “MGY” or “the Company”) is pleased to provide an update on the **Malagasy Graphite Joint Venture Project**, which covers approximately 40 per cent of its project holdings in southern Madagascar (Figure 1).

Under the joint venture terms, Energizer Resources Inc. (“EGZ”) own a 75% interest and MGY retains a 25% free-carried interest in a defined set of industrial minerals (including graphite and vanadium) through to completion of a Bankable Feasibility Study. MGY retains a 100% interest in all other minerals.

Joint Venture partner EGZ has now completed its 2012 resource evaluation drilling and trenching program for the Molo Graphite Deposit. Following receipt of the final results for 47 diamond drill

holes and 18 trenches completed during the recent field season, the Joint Venture is now targeting completion of a National Instrument (NI) 43-101 Assessment Report **by the end of the 2012**.

This assessment will then form a key part of the Preliminary Assessment Report (PEA) being undertaken by DRA Mineral Projects.

Results for this final program of diamond drilling and trenching are provided in Tables 1 and 2. Further detail can also be accessed on EGZ's webpage (www.energizer.com). The key points relating to these results are:

- The Molo Graphite Deposit continues to be confirmed as an outcropping, large-scale mineralized system with an overall simple geometry controlled by an antiformal fold hinge (Figure 2);
- The Deposit has currently been delineated over a strike length of 2 kilometres, a width of 500 metres at its widest point and has been drilled to a depth of more than 300 metres (Figure 3);
- The graphite mineralisation is high grade and internally consistent with no major zones of internal dilution;
- A potential higher-grade zone has been identified on the western margin of the deposit and remains open along strike and down-dip;
- Preliminary small-scale tests of selected samples have indicated that "Jumbo Flake" graphite (i.e. +50 mesh) to a purity of 93% C can be easily liberated through a simple crushing process; and
- The Molo Deposit remains open along strike to the north and south and, more importantly, remains open to the east where the Molo East area shows significant potential for large-scale additions to the mineralized system.

Molo Deposit – Preliminary Economic Assessment (PEA)

Joint Venture partner EGZ has retained South African engineering group DRA Mineral Projects to expedite the Preliminary Assessment Report (PEA) with the aim of commencing a full Feasibility Study as soon as possible.

The key components of the PEA are:

- Completion of the National Instrument (NI) 43-101 Assessment Report by the end of the 2012. This is being completed by Caracle Creek International Consulting Inc. of Johannesburg, South Africa;
- Initiation of pilot plant test work by Mintek, South Africa;
- Based on results of the testwork construction of a mobile pilot plant facility for on-site test work of the Molo Deposit and to conduct real-time optimization of the process flow sheet;

- Provide suitable quantities of sample material for potential off-take partners;

In order to support an expedited evaluation process, Energizer has announced a private placement equity financing to raise up to US\$6.5 million to be completed on or about the 8th November 2012. Malagasy Minerals Limited will continue to be free-carried to completion of a Bankable Feasibility Study.

ENDS

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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. Peter Langworthy, Consulting Geologist, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Peter Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

TABLE (1) – Molo Project Drilling Results

Drill Hole No	From (m)	To (m)	Length (m)	C%
MOLO-12-21	0.38	116.63	116.25	6.59
MOLO-12-24	0.60	124.00	123.40	7.21
MOLO-12-26	0.45	140.00	139.55	7.25
MOLO-12-27	0.92	102.00	101.08	8.13
MOLO-12-29	0.60	129.00	128.40	7.89
MOLO-12-31	1.50	262.50	261.00	6.35
MOLO-12-32	74.5	197.50	123.00	7.00
MOLO-12-33	6.50	252.50	246.00	8.19
MOLO-12-34	0.40	110.00	109.6	6.96
MOLO-12-34	123.50	221.92	98.42	7.01
MOLO-12-35	0.65	185.00	184.35	6.60
MOLO-12-36	0.00	200.00	200.00	5.83
MOLO-12-37	4.50	163.50	159.00	6.80
MOLO-12-38	0.60	89.42	88.82	6.60
MOLO-12-39	24.5	329.00	304.50	5.71
MOLO-12-40	48.0	326.00	278.00	6.36
MOLO-12-41	84.5	303.50	219.00	7.02

TABLE (2) – Molo Project Trench Results

Trench No	From	To	Length (m)	C%
MOLO-TH-12-13	74	320	246	6.55
MOLO-TH-12-14	82	176	94	7.87
MOLO-TH-12-15	84	152	68	6.94

FIGURE (1) – MALAGASY MINERALS LTD PROJECT LOCATION PLAN

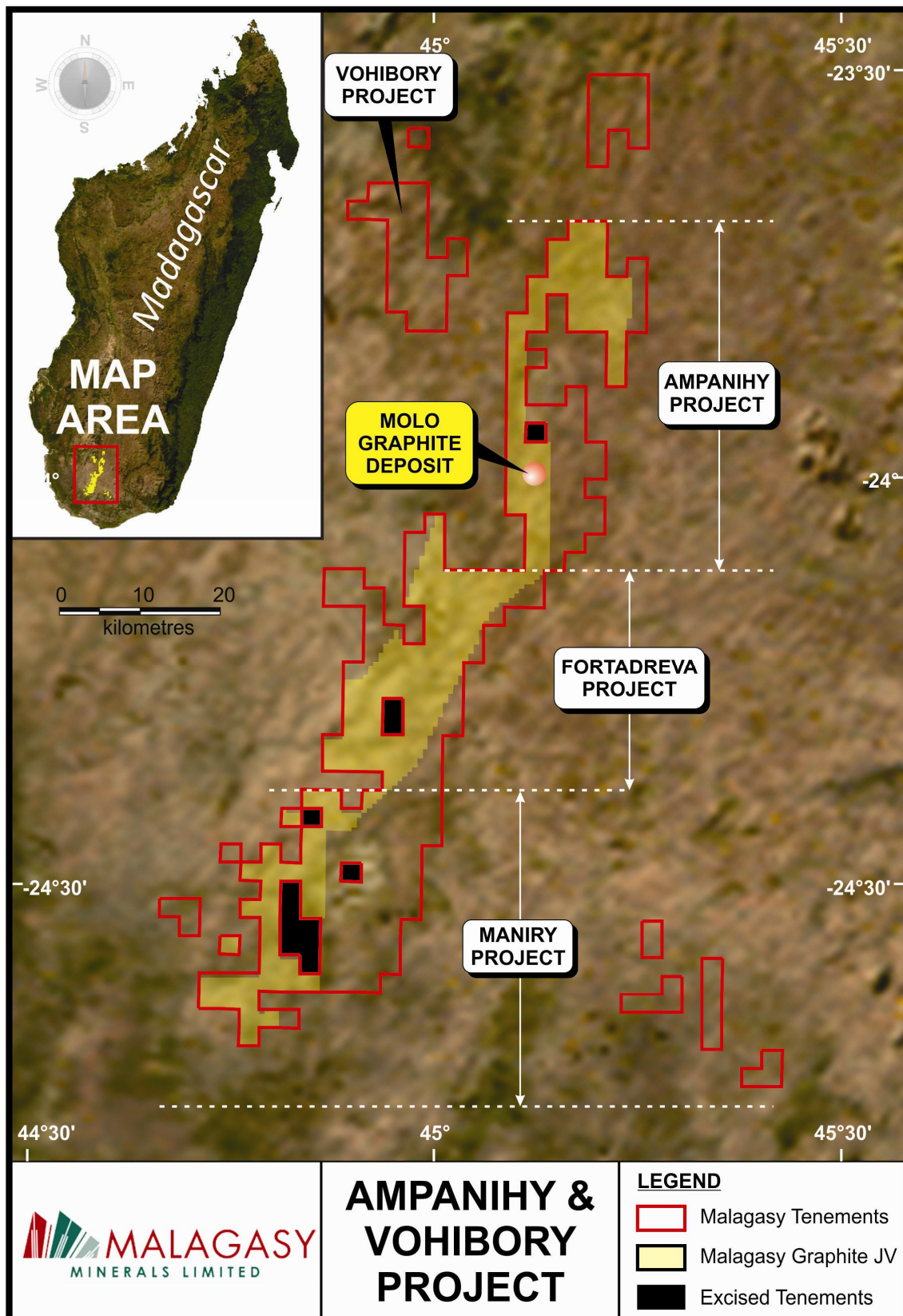


FIGURE (2) – MOLO GRAPHITE DEPOSIT INTERPRETED SURFACE PLAN

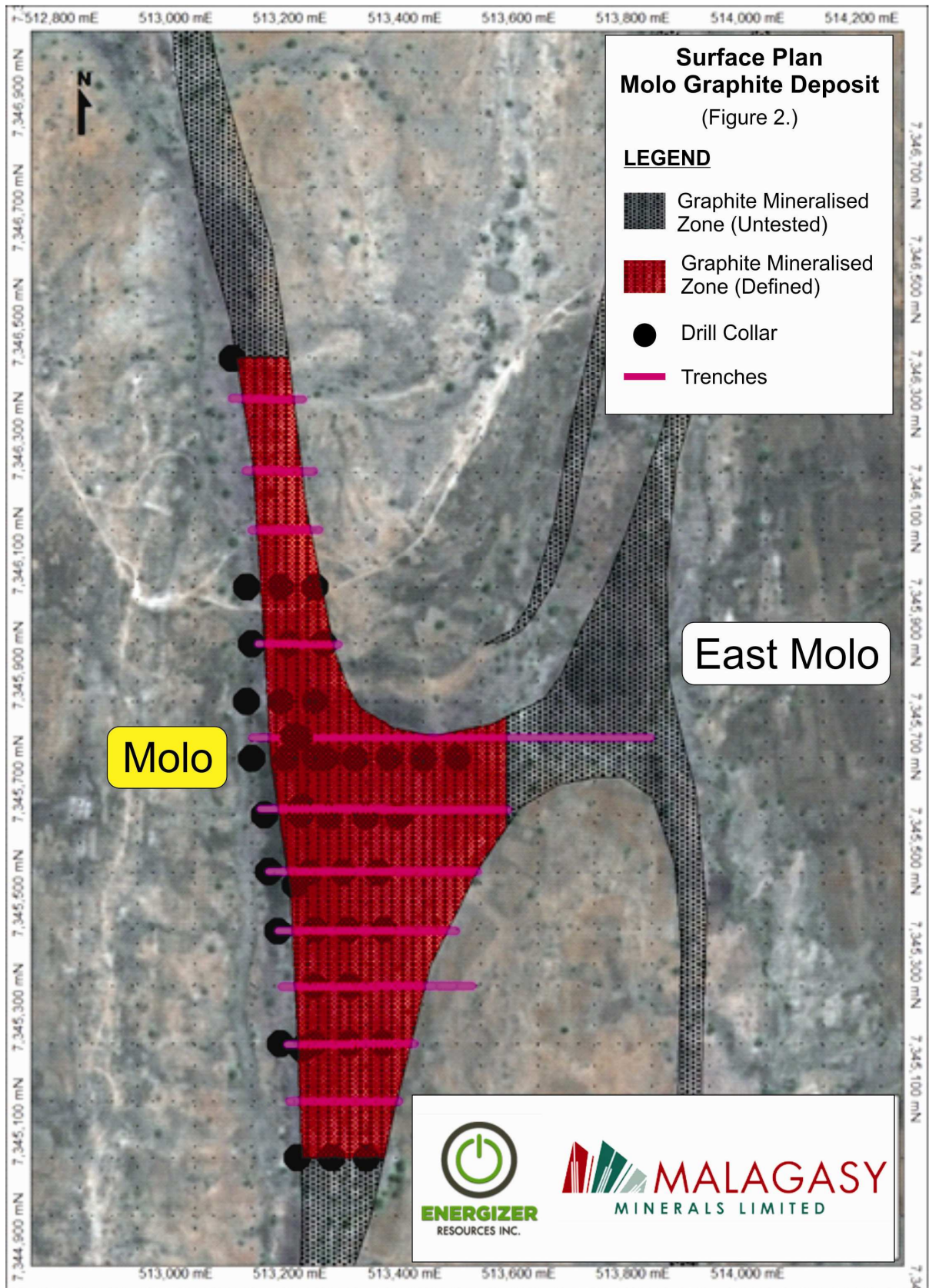


FIGURE (3) – MOLO GRAPHITE DEPOSIT 3D IMAGE

