

5th December 2012 – ASX Announcement

MAIDEN RESOURCE ANNOUNCED FOR MOLO GRAPHITE DEPOSIT

Indicated and Inferred Resource of 124 million tonnes grading 6.34%C

Highlights

- Maiden Indicated Resource of **84 million tonnes grading 6.39% C** at a 2% cut-off grade.
- Maiden Inferred Resource of **40 million tonnes grading 6.29% C** at a 2% cut-off grade.
- Two high-grade zones identified within the broader resource with a combined total Indicated Resource of **60 million tonnes grading 8.1% C** at a 4% cut-off grade.
- Presence of significant high-grade tonnages will form the basis for an enhanced Preliminary Economic Assessment (PEA) that will be completed in early 2013.

Malagasy Minerals Limited (ASX: MGY – “Malagasy” or “the Company”) is pleased to inform investors that its joint venture partner, Energizer Resources Inc. (TSX: EGZ - “Energizer”), has announced results of its maiden resource estimation for the Molo Graphite Deposit in southern Madagascar (*Figure 1*). The Molo Graphite Deposit is the key asset within the Malagasy Graphite Joint Venture.

Under the joint venture terms, Energizer owns a 75% interest and Malagasy 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. Malagasy retains a 100% interest in all other minerals.

The joint venture with Energizer only covers approximately 40% of Malagasy’s project holdings in southern Madagascar. The remainder of the 100% owned project is considered highly prospective for additional quality graphite deposits.

The following information is based entirely on information provided to Malagasy by Energizer. Malagasy awaits a copy of the full resource estimation report and associated data. Further detail relating to the resource estimation and the Molo Deposit in general can be accessed on Energizer’s webpage (www.energizer.com).

MINERAL RESOURCE ESTIMATE

The results of the maiden resource estimation have confirmed the Molo Graphite Deposit as a large, high-grade graphite deposit. The results of the resource estimation are summarized in Table 1 with additional detail provided in Table 2:

Table 1 – MOLO GRAPHITE DEPOSIT RESOURCE ESTIMATION SUMMARY

Classification	Tonnes	Grade (C%)	Cut-off Grade (C%)
Indicated	84,041,923	6.36	2%
Inferred	40,339,436	6.29	2%
TOTAL	124,381,359	6.34	2%
High-grade Indicated	60,170,000	8.1	4%

Table 2 – MOLO GRAPHITE RESOURCE REPORTED BY CUT-OFF GRADE

% C Cut-off	Indicated Resources		Inferred Resources	
	Tonnes	Grade (C%)	Tonnes	Grade (C%)
0.50	84,695,805	6.32	40,725,804	6.25
1.00	84,592,371	6.33	40,679,513	6.25
1.50	84,387,713	6.34	40,562,609	6.27
2.00	84,041,923	6.36	40,339,436	6.29
2.50	83,056,941	6.41	39,563,716	6.37
3.00	81,050,035	6.50	38,329,848	6.49
3.50	78,191,613	6.62	36,153,216	6.68
4.00	74,044,160	6.78	33,500,374	6.92
4.50	67,070,222	7.03	30,391,779	7.19
5.00	56,835,242	7.44	27,197,419	7.47
5.50	48,607,341	7.82	23,810,769	7.79
6.00	43,402,393	8.07	20,627,295	8.10
6.50	39,357,804	8.26	18,990,582	8.27
7.00	34,860,275	8.46	17,052,556	8.44
7.50	28,488,283	8.72	14,778,049	8.62
8.00	21,195,711	9.05	10,740,950	8.94
8.50	14,975,866	9.40	7,470,018	9.26
9.00	9,500,675	9.78	4,136,308	9.70
9.50	5,596,149	10.15	2,253,455	10.08
10.00	2,716,659	10.60	1,132,428	10.43

The key points relating to this resource estimation are:

- The mineral resource estimation was prepared by Independent Qualified Persons employed by Caracle Creek International Consulting (Pty) Ltd (CCIC) of Johannesburg, South Africa. A Technical Report in compliance with National Instrument (NI) 43-101 will be filed on SEDAR within 45 days of this release. CCIC has verified the information provided in Energizer's announcement to the TSX.
- The mineral resource estimate is based on 48 drill holes (total 9551 metres) and 18 trenches (total 3637 metres) drilled by Energizer, at an average spacing of 100 metres along strike and 50 metres along dip.

- The block model was developed using Datamine Studio™ software. Blocks are 40 metres long, 10 metres wide and 10 metres high. Various cut-off grades were calculated for the model, and are listed in the Table 2. All grades are reported as percentage carbon (% C).
- Mineralised zones in the resource estimation start from the surface and continue to a maximum depth of 385 metres, with a total extension of 1630 metres. The zones remain open along strike and at depth.
- Values displayed in the table are undiluted and “in-situ” as no economic parameters, such as mining, milling or metallurgy recovery, have been applied to the values. As such, economic viability is yet to be established.
- Ordinary Kriging was used to interpolate the block model using two metre sample composites. Each zone had its search ellipse parameters to interpolate the grade. A primary search ellipse (based on the geo-statistical characteristics of the deposit model) of 70 metres along strike, 40 metres down dip and 10 metres across strike was applied. A single value of 2.36t/m³ density was used for all models. Capping values of 13% C and 15% C were applied to the assays for the eastern and western ‘high’ grade zones respectively.
- Classification of the resource used the following criteria as guidelines:
 - The geological interpretation and its relationship with mineralisation;
 - Logging and sampling techniques;
 - The quality and reliability of the geological database;
 - The spatial coverage and spacing of drill holes; and
 - Estimation technique.

PRELIMINARY ECONOMIC ASSESSMENT

DRA Mineral Projects (‘DRA’) of Johannesburg, South Africa continues to prepare the Preliminary Economic Assessment report (“PEA”). Due to a change of scope relating to the high-grade zones the PEA is now expected to be complete in the first quarter of 2013.

The main change of scope relates to re-engineering of the plant operating parameters to take account of the likely higher grades. The original mine design parameters were based on an assumed head-grade of 6%C, and now with the quantification of significant tonnage at a much higher grade it is expected that a significantly higher head-grade can be achieved.

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.

FIGURE (1) – MALAGASY MINERALS LTD PROJECT LOCATION PLAN

