

17th July 2013 – ASX Announcement

MALAGASY CONFIRMS AMPANIHY PROJECT AS A MAJOR MAFIC- ULTRAMAFIC INTRUSIVE PROVINCE

Highly Prospective for High-Grade Nickel-Copper-Platinum Group Metal Deposits

Highlights

Following completion of the most recent program of field exploration at the 100% owned Ampanihy Project, Southern Madagascar, Malagasy Minerals Limited is pleased to provide the following update:

- Confirmation that the Ampanihy Project is host to a major suite of mafic-ultramafic intrusive rocks that are considered highly prospective to host magmatic nickel-copper-platinum group metal deposits;
 - Identification of a suite of interpreted sills and/or dykes consisting of gabbro (troctolite), pyroxenite and peridotite rock that have been mapped along multiple horizons over at least 110km of strike within Malagasy's tenement holdings;
 - Confirmation of the presence of magmatic sulphides (low-tenor Fe-Ni-Cu) associated with intrusive mafic-ultramafic rocks at a number of locations. The presence of these sulphides indicates that the critical process of sulphur saturation has occurred and that potential exists for the formation of magmatic nickel-copper-PGM deposits; and
 - Recent completion of a program of high-quality pXRF geochemical analysis that can be demonstrated to be an effective tool to identify the prospective mafic-ultramafic stratigraphy and to highlight areas for immediate follow-up.
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BACKGROUND

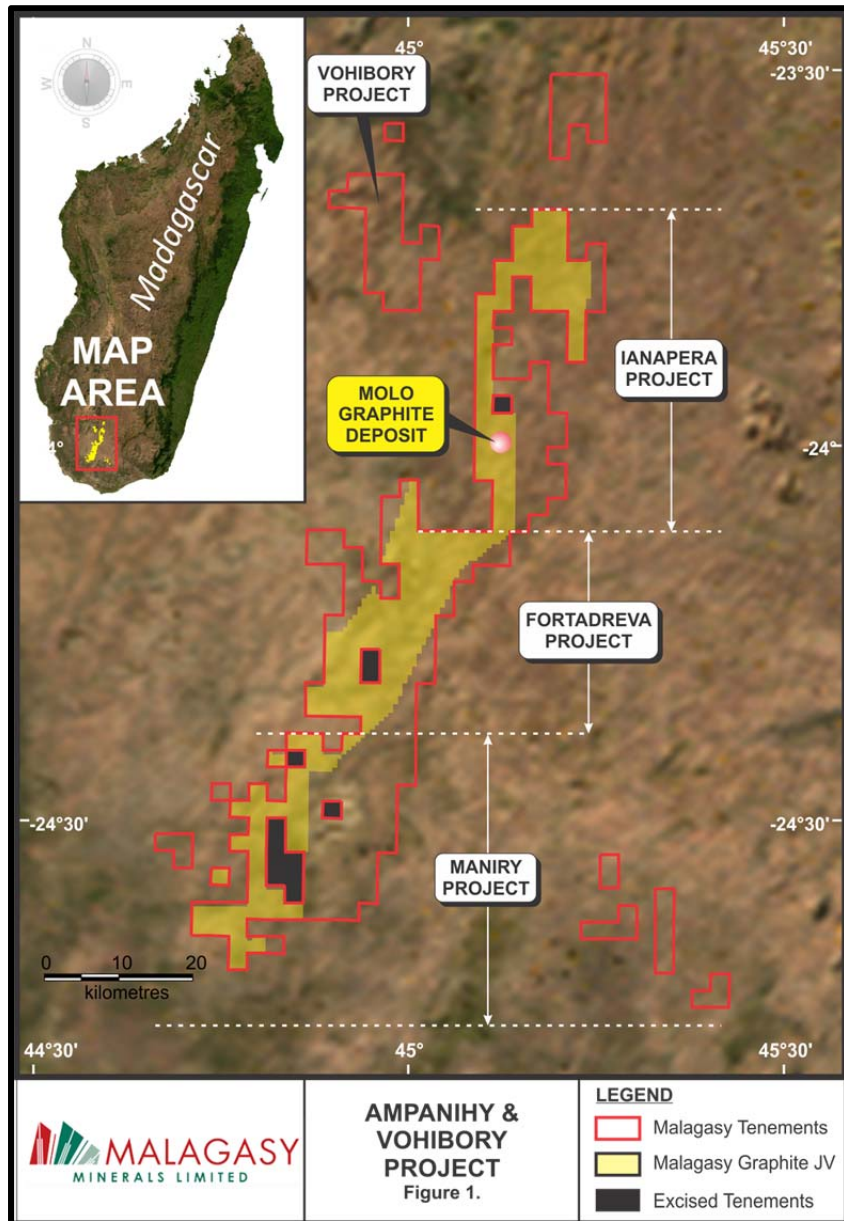
Malagasy Minerals Ltd (ASX Code: MGY / "Malagasy") has established a large exploration project in Southern Madagascar (figure 1) that is prospective for both mafic-ultramafic intrusive related magmatic nickel-copper-platinum group metals (PGM) deposits and high-grade high-quality graphite deposits.

Malagasy initially commenced exploration for mafic-ultramafic intrusive related magmatic nickel-copper-platinum group metals (PGM) at the 100% owned Ampanihy Project during 2009. This included flying of a regional VTEM survey (2009) and diamond drilling (2011). The key target identified within the project area is the Ampanihy Shear Zone; a major tectono-structural feature that is documented as a major crustal suture zone marking the collision of two tectonic plates. Through the presence of a number of large Anorthosite intrusions it is inferred that mantle tapping magmatic processes have been active and these have provided a pathway for the emplacement of a suite of mafic-ultramafic intrusive rocks. It is this suite of rocks that is the target for magmatic nickel-copper-PGM deposits.

Initial exploration by Malagasy targeted the immediate area around the Ianapera Anorthosite intrusion and focused on testing a series of VTEM targets that in places are interpreted to coincide with mapped nickel-copper gossans. A number of these targets were selected for diamond drill testing. The drilling intersected zones of low-tenor sulphides (iron-rich sulphides with trace associated nickel and copper) that importantly are interpreted to be magmatic in nature and are hosted in the basal part of a mafic (gabbroic) intrusive unit. This result successfully demonstrates that the critical intrusive and sulphide forming processes required to form magmatic nickel-copper-PGM deposits associated with mafic-ultramafic rocks have taken place at Ampanihy.

NICKEL-COPPER-PGM EXPLORATION

The recent aim of exploration has been to assess the entire Ampanihy Project for its potential to host significant suites of mafic-ultramafic rocks that have the potential to host a nickel-copper-PGM deposit. The program was based around regional geochemical sampling, reconnaissance mapping and rock chip sampling.



The results of this work are considered very important and form the basis for the next phase of exploration. The key findings include:

- Identification of four distinct tectono-stratigraphic domains each of which host prospective mafic-ultramafic intrusive bodies that form a distinct “magmatic province” (Figure 2);
- Identification that the “Suture Domain” is host to the greatest number of mafic-ultramafic intrusive bodies;
- Both the “Suture Domain” and the “Graphite Domain” have demonstrated potential for nickel-copper-PGM sulphide formation by the identification of magmatic sulphides;
- A strike extent of the mafic-ultramafic intrusive bodies within the Ampanihy Project of approximately 110km. Individual intrusive bodies have been mapped and/or interpreted to extend along strike for up to 80km;

- The intrusive rock suite ranges from gabbro (troctolite), through pyroxenite to peridotite. The units are interpreted as a combination of sills and dykes within a high-grade metamorphic terrain dominated by felsic gneiss and schist. Primary intrusive relationships are at this point difficult to define due to the strong overprinting structural fabric.

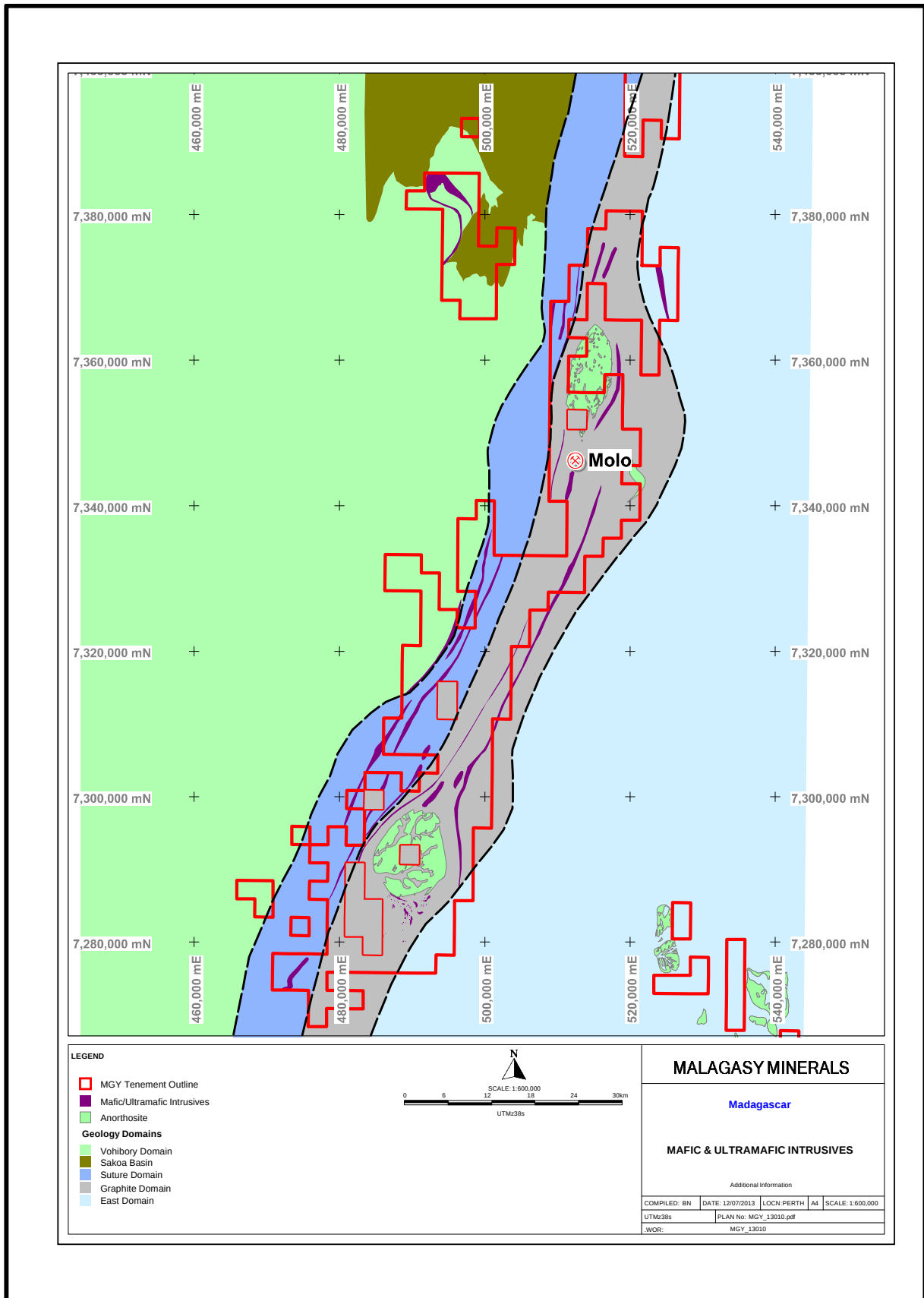


Figure 2 – Ampanihy Project Geological Domain and Mafic-Ultramafic Rock Distribution Summary Map

An important component of the recent exploration initiative has been the re-evaluation of the geochemical dataset using high quality, multi-element pXRF sampling. This work has demonstrated that regional geochemical sampling is a low-cost and highly effective exploration technique that clearly maps the targeted intrusive stratigraphy and identifies key areas for programs of follow-up exploration (Figure 3 & 4).

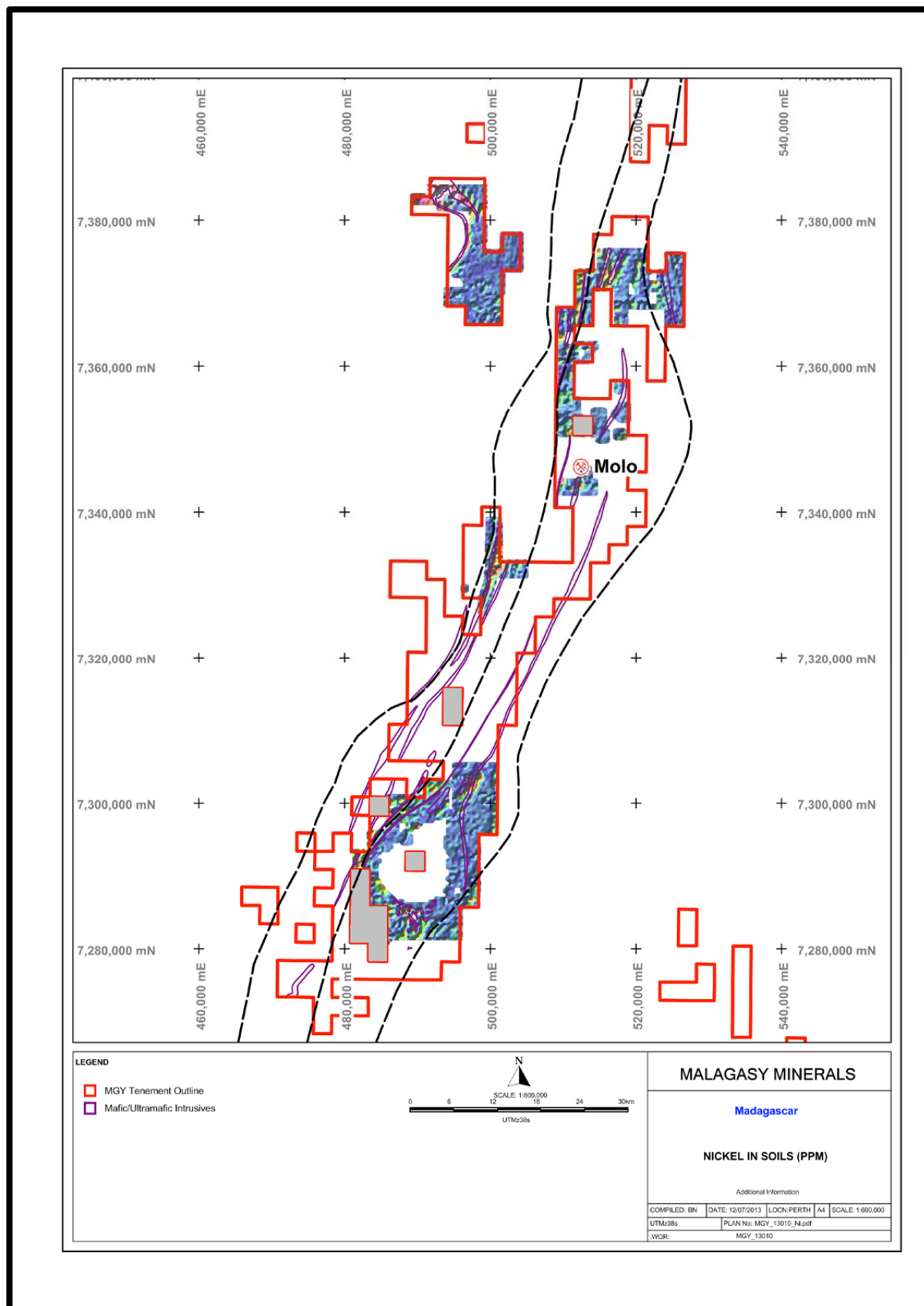


Figure 3 – Ampanihy Project Nickel Geochemical Sampling Results

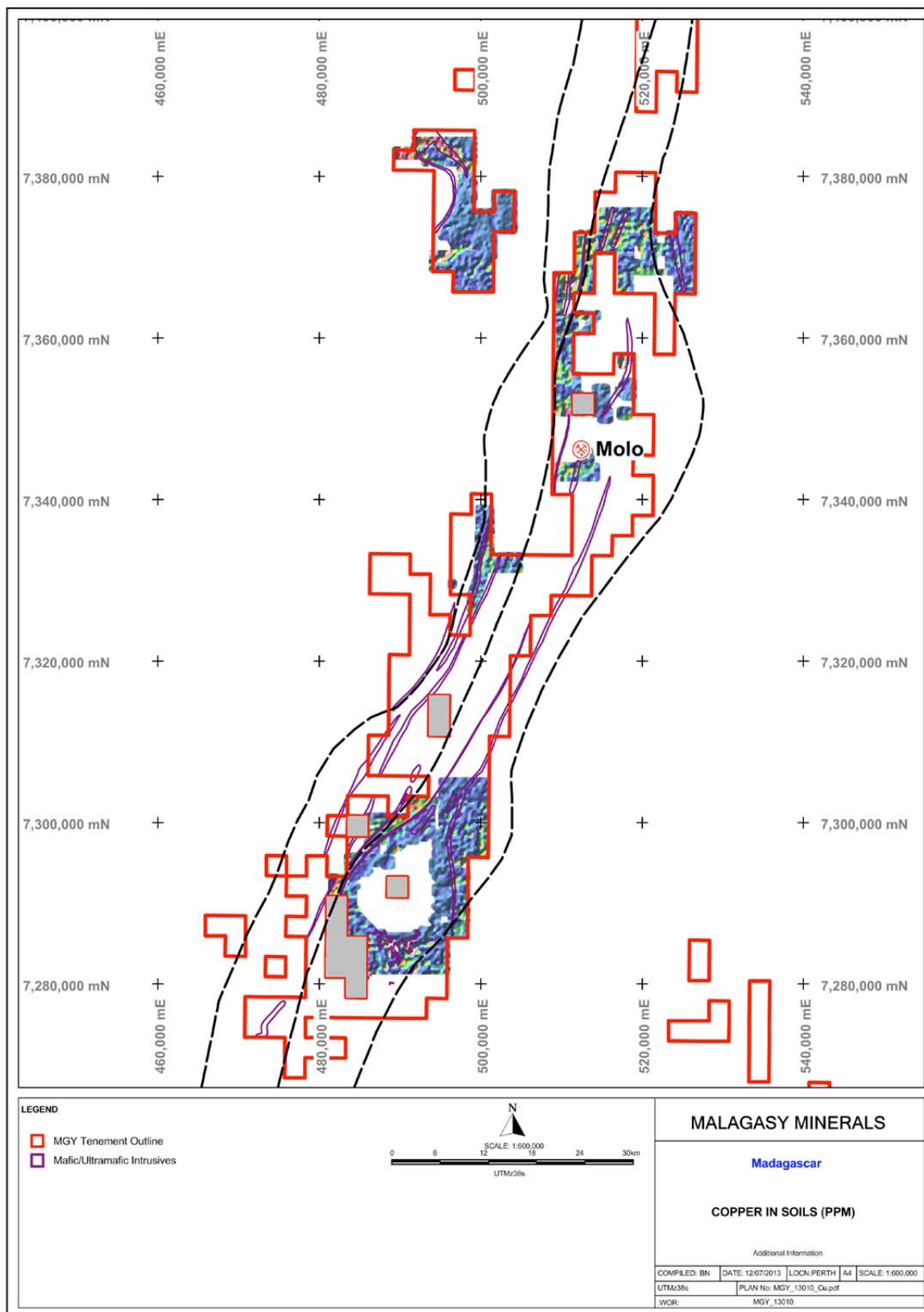


Figure 4 – Ampanihy Project Copper Geochemical Sampling Results

EXPLORATION – NEXT PHASE

The next phase of nickel-copper-PGM exploration will commence at the Ampanihy Project by the end of July. Initial exploration will comprise collection of regional geochemical samples (approximately 8,000 samples), mapping of key areas and systematic rock chip sampling focused on identifying outcropping gossan samples.

Malagasy Minerals believes these results support the view that the 100% owned Ampanihy Project can be demonstrated to be a newly discovered mafic-ultramafic intrusive province. The definition of magmatic sulphides at a number of locations across the project supports the interpretation that the critical sulphide forming process has taken place and that potential exists for the development of accumulations of nickel-copper-PGM sulphide bodies.

The next phase of exploration will provide both a broad assessment of the entire project and commence more detailed programs in specific areas that warrant immediate follow-up.

Signed on behalf of the Board

Peter Langworthy
Exploration Consultant

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.

Portable XRF Analyser – Sampling Technique Commentary

Routine analysis was completed using an Olympus-Innov-X Delta Premium portable XRF analyser with a 40Kv Rh tube. Analysis was conducted in soil mode for a total of 90 seconds elapse time per sample with a certified reference material analysed every 33 samples. Analysis was conducted through the paper sample bag for seventeen elements that passed QAQC protocols and considered “Fit for Purposes” including As, Cr, Cu, Fe, K, Mn, Mo, Ni, Pb, Rb, Se, Th, Ti, U, V, Zn and Zr.

Rare Earth Element (REE) analysis was conducted on a Thermo-Niton XL3t GOLDD++ portable XRF analyser with a 50Kv Ag tube calibrated for REE analysis. Analysis was conducted in mining mode for a total of 120 seconds live time per sample with a certified reference material analysed every 33 samples. Analysis was conducted through the paper sample bag for twenty elements that passed QAQC protocols and considered “Fit for Purposes” including Ce, La, Nd, Pr, Y, Ba, Cu, Fe, K, Mo, Nb, Pb, Rb, Si, Sr, Th, Ti, U, Zn and Zr.

The sampling process, QA/QC protocols and interpretation of the data were undertaken under the supervision of a Geochemist.