MALAGASY MINERALS LIMITED
ABN 84 121 700 105

3rd February 2016 **ASX Announcement** **ASX:MGY**

GRAPHITE TRENCHING RESULTS
Maniry Project, Southern Madagascar

HIGHLIGHTS

- Final results have now been returned from the 1,400 metre trenching program (980 samples) at the Maniry Project, Southern Madagascar.
- A total of 13 trenches were completed at two prospects; Razafy (10 trenches) and Haja (3 trenches)
- Results include:
  - **Haja Prospect: 276 metres @ 5.2%C**
    226 metres @ 5.2%C
  - **Razafy Prospect: 30 metres @ 8.5%C**
    58 metres @ 5.4%C
- The trenching results demonstrate strong consistency with the previously completed diamond drilling at both prospects and confirm the presence of a large-scale graphite mineralized system.

MADAGASCAR PROJECT

As previously reported Malagasy Minerals (ASX Code MGY) has identified a large graphite exploration opportunity at its Maniry Project in southern Madagascar (Figure 1). The potential for the excellent prospectivity of the region was initially established by the discovery of the large, high-quality Molo Graphite Deposit by Energizer Resources Inc. ("Energizer").

Malagasy announced (27th March 2014) that it had finalized the sale of the company's 25% interest in the project in order to crystallise significant value and to increase its focus on the company's highly prospective 100% owned ground. The transaction has delivered a low-risk immediate return to Malagasy in the form of initial cash and share payments, whilst maintaining leveraged exposure through future benchmark cash and share payments.

Malagasy has been working to a strategy to define the potential of the 100% held ground to host additional quality graphite deposits that would have the potential to either enhance, or be enhanced by, the development of the Molo Graphite Deposit by Energizer. Malagasy has been targeting a large potential resource base with a particular focus on identifying near surface, low mining cost deposits that can be assessed quickly and at modest cost, potentially working off the benefits of the Molo development.

As recently announced (ASX announcement 29th January 2016), following the acquisition of Greenmount Resources Pty Ltd the restructuring of Malagasy activities will continue, to provide capacity to facilitate capital injections to the Company, but the distribution of the exploration assets to pre-transaction shareholders will not proceed. As part of this restructuring the subsidiary companies that hold these assets will now be folded into a newly incorporated Mauritian company, to be named Madagascar Graphite Limited.

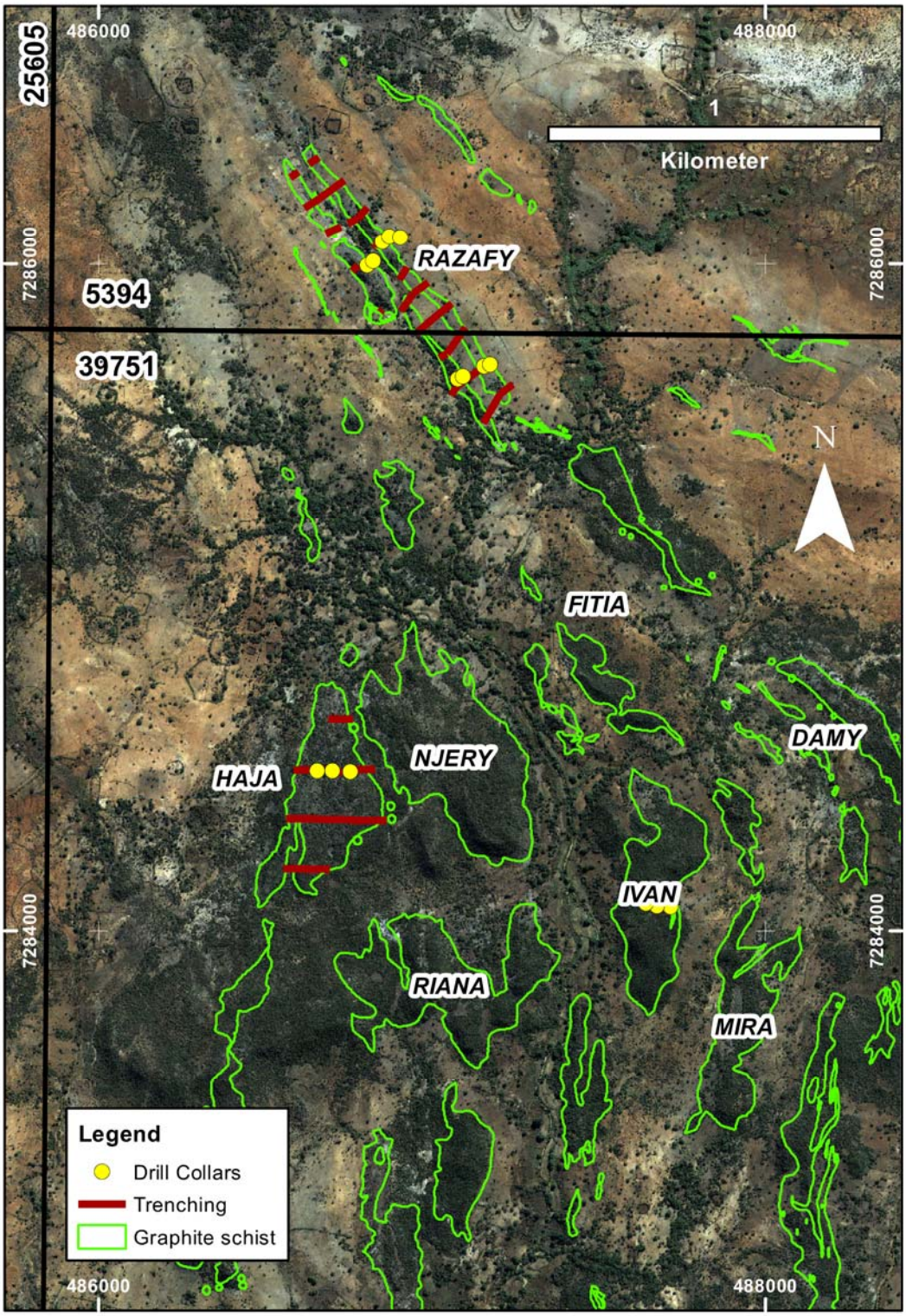

Figure (1): Maniry Graphite Project Prospect Location Map

EXPLORATION ASSESSMENT ACTIVTIES

The trenching programs at both the Razafy and Haja Prospects were designed to demonstrate continuity of the graphite mineralization identified at surface with the mineralisation intersected in the previous drilling programs. If successful, this data could then be used as a quick and effective tool to help define the extent and quality of the targeted graphite horizons.

An assessment of the data clearly demonstrates that the results were consistent with the drilling and even could be suggested to undercall against the drilling results. The drilling results referred to in this announcement were first reported to the ASX on the 12th February 2015.

RAZAFY PROSPECT

The Razafy Prospect has been identified through mapping, rock chip sampling and diamond drilling as two consistent lenses (40–50m thick) that extend for at least 1.2km. The program of trenching completed included 13 trenches for a total of approximately 800 metres. Composite samples were then collected across the visually mineralized intervals, the trench mapped and the samples sent to ACME Laboratory in Canada for analysis (see Appendix 1 for all sampling and assay details).

The trench locations and the results are detailed in Figure (2) and in Tables (1) and (2). A comparison between the trenching and drilling results is demonstrated in Figures (3) and (4).

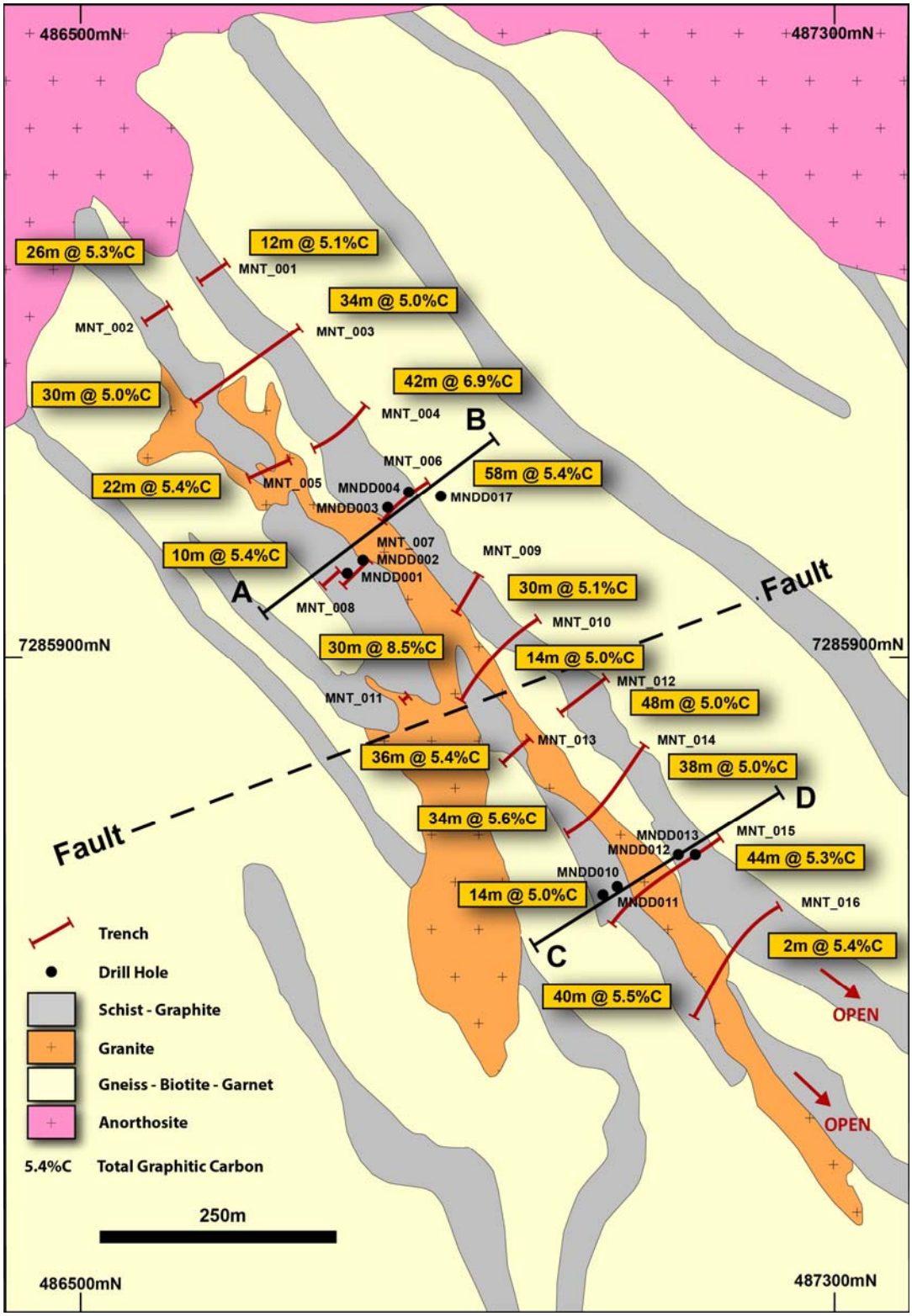

Figure (2): Razafy Prospect Plan with trenching results

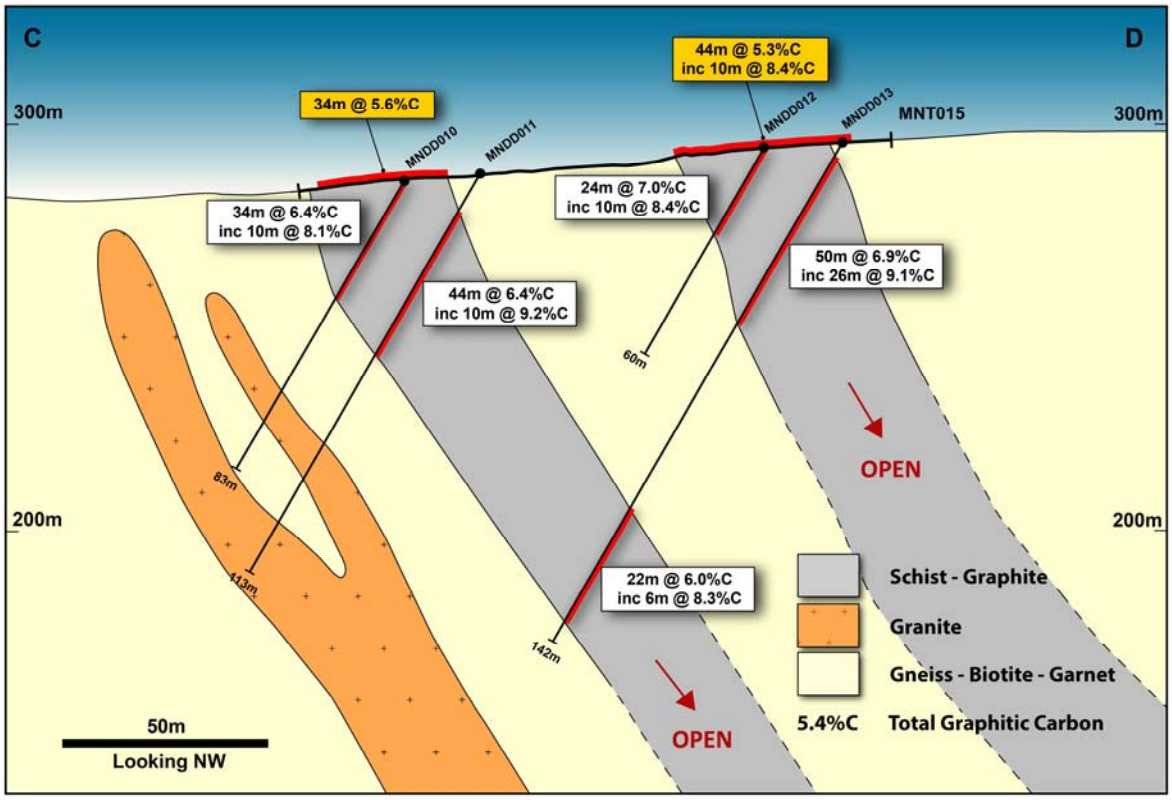

Figure (3): Razafy Prospect Plan with trenching and drilling results

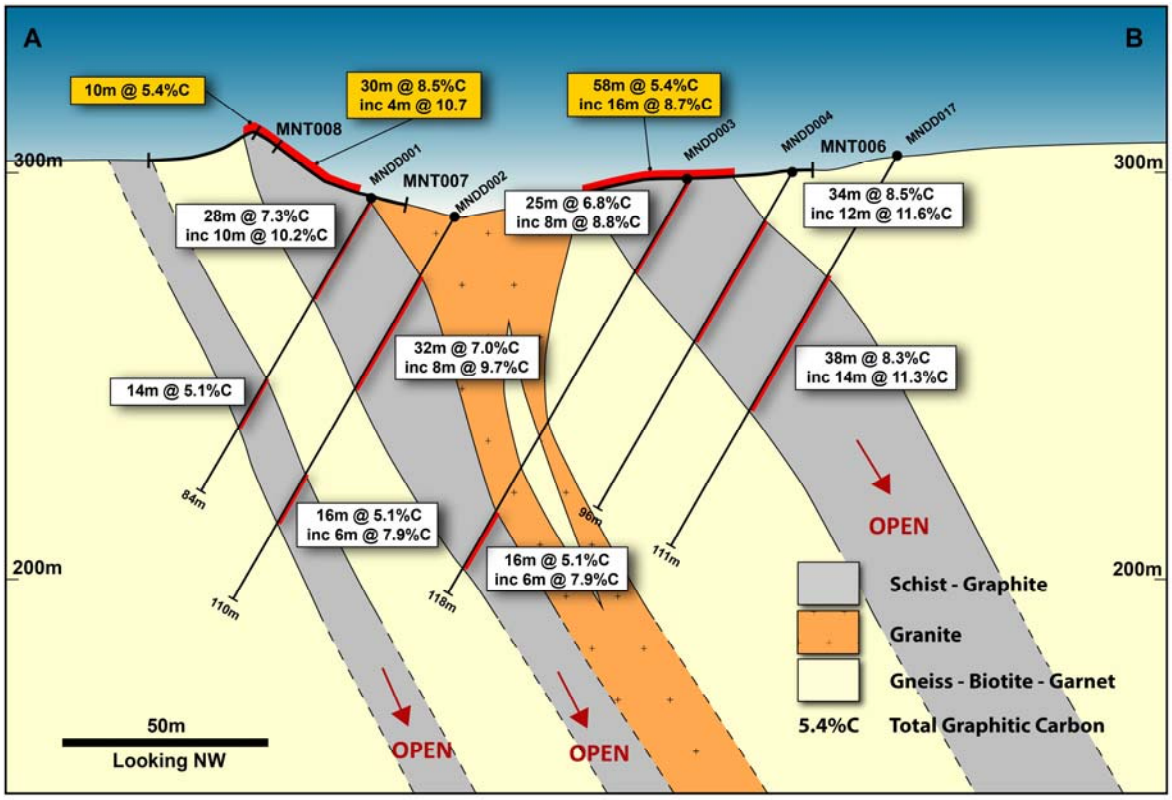

Figure (4): Razafy Prospect Plan with trenching and drilling results

HAJA PROSPECT

The trenching results from the Haja Prospect clearly demonstrate that the trenches represent a good proxy for drilling. The results from the trenching confirm the width and grade of the mineralization at Haja and support the results of the mapping and rock chip sampling that has previously been reported.

Based on current data the graphite mineralization at Haja has been defined over a strike length of approximately 800 metres, attains widths up to 276 metres and dips gently to the east (Figures (5) and (6)).

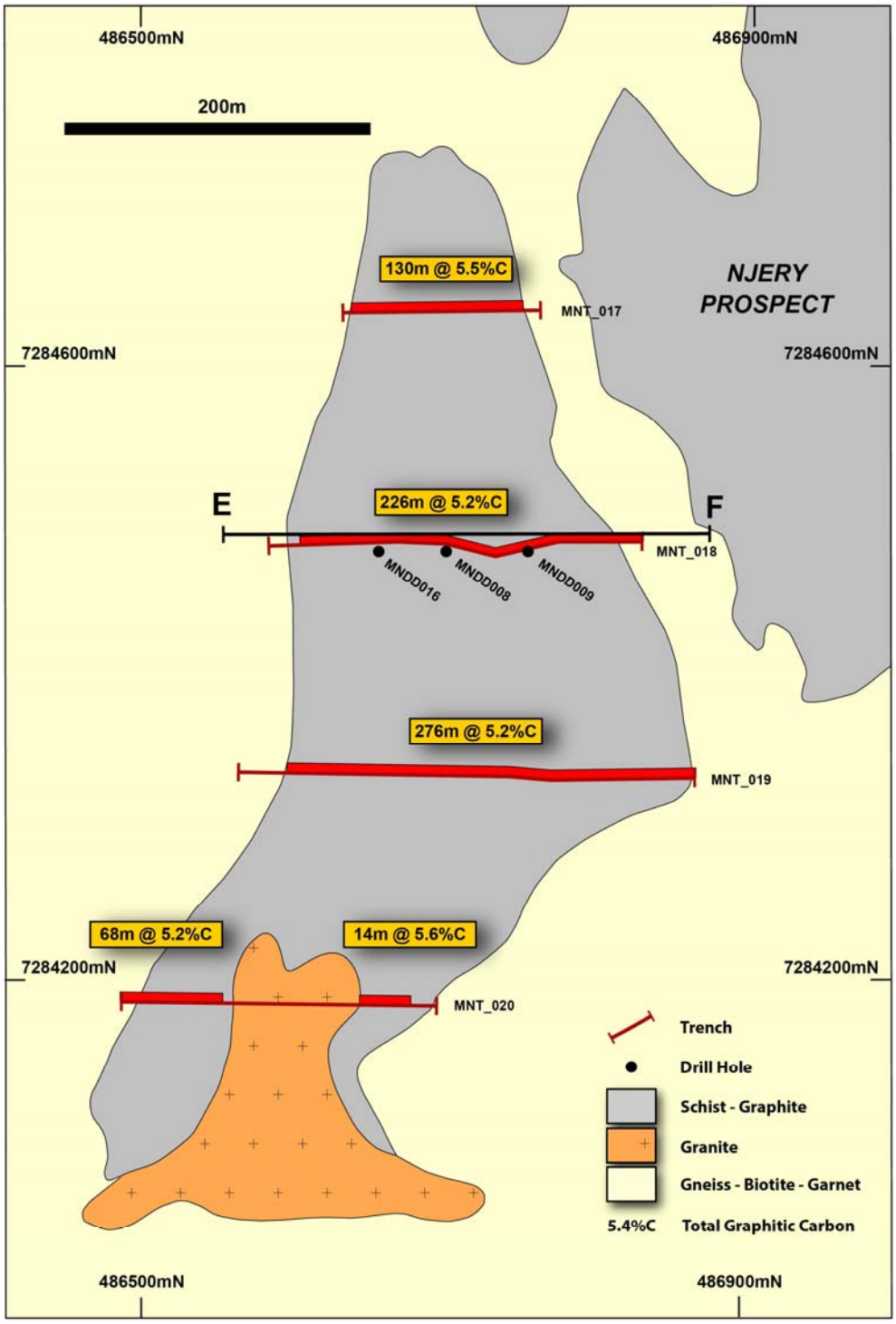

Figure (5): Haja Prospect Plan with trenching results

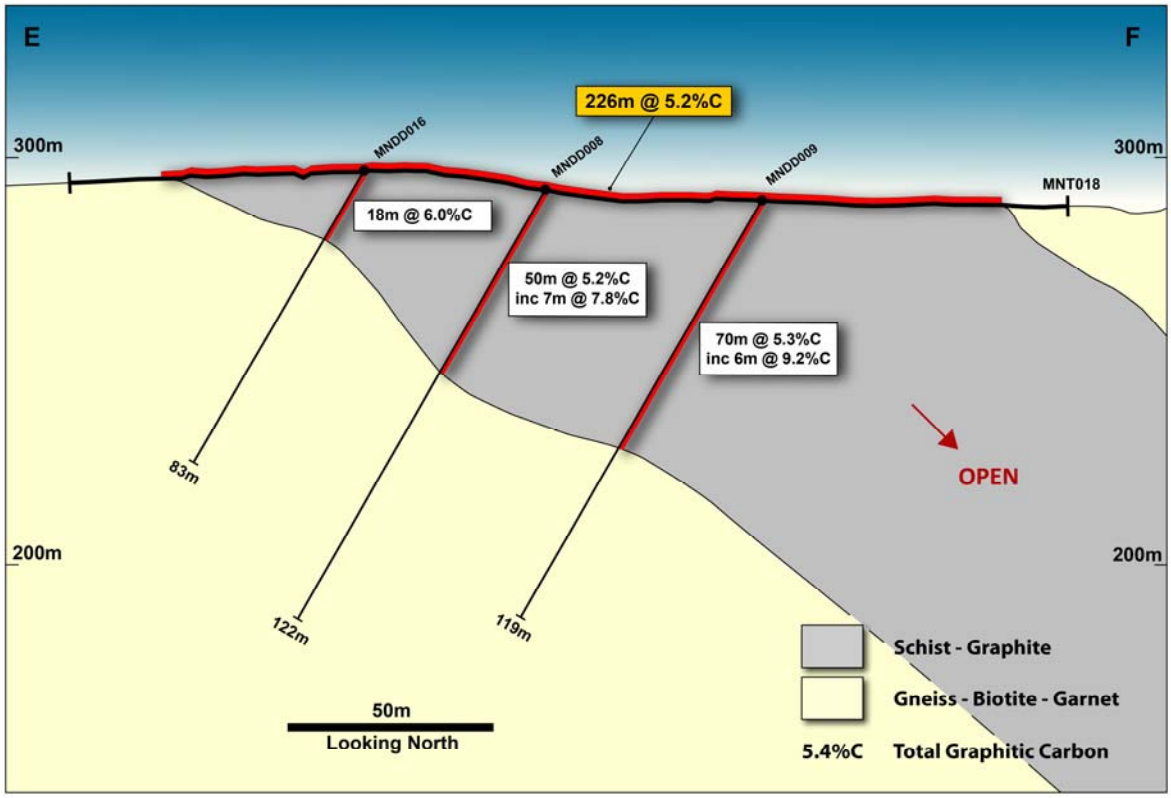

Figure (6): Haja Prospect Plan with trenching and drilling results

NEXT STEP

These trenching results clearly indicate that they are a good representation of the underlying drilling and provide confidence for the size and quality of the Razafy and Haja Prospects. This data can now be combined with the drilling and mapping data to better quantify the large scale potential of the Maniry Graphite Project.

For Further information, please contact:

Technical matters: Peter Langworthy — 0418 958 660
(08) 6420 0619

Corporate Matters: Graeme Boden or Natasha Forde — (08) 9286 1219

Email: contact@malagasyminerals.com

For and on behalf of the Board

Peter Langworthy
Technical 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. Peter Langworthy, Technical Director, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full time Director of Malagasy Minerals Limited and has sufficient experience, whi1ch is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 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.

Trench	Prospect	Easting	Northing	RL	Length (m)	Azimuth (deg)
MNT001	Razafy	486,659	7,286,321	300	37	233
MNT002	Razafy	486,598	7,286,276	304	33	232
MNT003	Razafy	486,736	7,286,252	296	140	236
MNT004	Razafy	486,805	7,286,170	298	74.5	220
MNT005	Razafy	486,725	7,286,112	289	49	248
MNT006	Razafy	486,872	7,286,089	294	67.7	232
MNT007	Razafy	486,809	7,286,006	300	40	226
MNT008	Razafy	486,778	7,285,995	304	26	233
MNT009	Razafy	486,925	7,285,991	302	49	210
MNT010	Razafy	486,988	7,285,944	292	123	238
MNT011	Razafy	486,851	7,285,862	298	10	234
MNT012	Razafy	487,060	7,285,881	299	63	230
MNT013	Razafy	486,979	7,285,817	291	40	230
MNT014	Razafy	487,100	7,285,810	296	129	216
MNT015	Razafy	487,181	7,285,711	296	149	234
MNT016	Razafy	487,243	7,285,639	295	153	234
MNT017	Haja	486,761	7,284,636	289	130	270
MNT018	Haja	486,828	7,284,486	290	248	270
MNT019	Haja	486,862	7,284,332	297	300.2	270
MNT020	Haja	486,694	7,284,184	306	208	270

Grid - WGS84- UTM38S

Table (1): Trench Location Details

Trench	From	To	Width (m)	Grade (C%)
MNT001	12	24	12	5.1
inc.	*12*	*16*	*4*	*8.1*
MNT002	2	28	26	5.3
inc.	*16*	*22*	*6*	*8*
MNT003	8	42	34	5
inc.	*18*	*20*	2	*8.4*
MNT003	108	138	30	5
MNT004	18	60	42	6.9
inc.	*20*	*34*	*14*	*8.2*
inc.	*42*	*50*	*8*	*9.6*
MNT005	*6*	*10*	4	*7.1*
MNT005	18	40	22	5.4
inc.	*34*	*36*	*2*	*9.2*
MNT006	*4*	*62*	58	*5.4*
inc.	*30*	*46*	*16*	*8.7*
MNT007	10	40	30	8.5
MNT008	*0*	*10*	*10*	*5.4*
inc.	*6*	*8*	*2*	*7.5*
MNT009	*6*	*36*	30	*5.1*
inc.	*26*	*28*	*2*	*10*
MNT010	*8*	*22*	14	*5*
inc.	*8*	*10*	*2*	*8.2*
MNT012	*0*	*48*	48	*5*
inc.	*6*	*8*	*2*	*8.2*

inc.	*26*	*30*	*4*	*7.8*
MNT013	4	40	36	5.4
inc.	*14*	*16*	*2*	*8.43*
inc.	*28*	*34*	*6*	*8.6*
MNT014	4	42	38	5
inc.	*20*	*22*	2	*8.9*
MNT014	92	126	34	5.6
inc.	*102*	*108*	6	*9.3*
MNT015	10	54	44	5.3
inc.	*30*	*40*	*10*	*8.4*
MNT016	34	36	2	5.4
MNT016	*110*	*150*	40	*5.5*
inc.	*124*	*126*	*2*	*10.6*
inc.	*144*	*146*	*2*	*7.73*
MNT017	*0*	*130*	130	*5.5*
inc.	*26*	*28*	*2*	*8.8*
inc.	*38*	*42*	*4*	*9.8*
inc.	*64*	*66*	*2*	*8.4*
inc.	*74*	*76*	*2*	*9.8*
inc.	*106*	*108*	*2*	*10*
inc.	*128*	*130*	*2*	*10.8*
MNT018	0	226	226	5.2
inc.	*6*	*8*	*2*	*9.2*
inc.	*20*	*22*	*2*	*8.4*
inc.	*56*	*62*	*6*	*9*
inc.	*84*	*86*	*2*	*7.8*
inc.	*102*	*104*	*2*	*7.6*
inc.	*120*	*124*	*4*	*9.3*
inc.	*158*	*170*	*12*	*7.5*
inc.	*224*	*226*	2	*8.5*
MNT019	*0*	*276*	276	*5.2*
inc.	*72*	*74*	2	*7.6*
inc.	*86*	*88*	2	*8.3*
inc.	*108*	*110*	2	*9.2*
inc.	*144*	*146*	2	*7.7*
inc.	*148*	*150*	2	*8*
inc.	*158*	*160*	2	*8.7*
inc.	*178*	*196*	18	*7.5*
inc.	*260*	*264*	4	*8.1*
MNT020	20	34	14	5.6
inc.	*24*	*28*	4	*8.6*
MNT020	40	52	12	*5.1*
inc.	*44*	*46*	2	*9.1*
MNT020	64	66	2	5.1
MNT020	78	80	2	5.1
MNT020	140	208	68	*5.2*
inc.	200	202	2	7.9

All results reported +5% Graphitic Carbon

Table (2): Significant Assay Results

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	This program of works was a trenching program across two key prospects within the Maniry Project area, Razafy and Haja. The program consisted of 20 trenches dug across the width of the mineralised units with a JCB. A trained geologist geologically logged and systematically sampled the trench using a rock hammer at 2m intervals. Standards and duplicates were inserted for QAQC purposes every ~20 samples. Samples were submitted for assay (Graphitic Carbon %).
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	N/A - Trenches were undertaken with a JCB back hoe
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Sample recovery was routenely recorded, however, no recovery issues were encountered in the program. Sampling was undertaken by a trained geologist using a rock hammer. The geologist routenly chipped the base of the trench to obtain a reptresentative sample over 2m intervals. No grade:recovery relationship appears to be present. Sample bias due to loss/gain of fine/coarse material is not thought to exist either.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	All holes were logged by a qualified and experienced geologist. All logging included descriptions of mineralisation, structural and lithological aspects of the encountered rocks and was digitally recorded using an industry standard code system. Logging is qualatitive. Data collected offers sufficient detail for the purpose of interpretation and further studies. All trenches were logged (100%).
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	The geologist routenely chipped the base of the trench to obtain a reptresentative sample over 2m intervals. Although the sampling technique is not ideal, the technique is deemed satisfactory for this exploratory phase of work. Duplicate sampes were taken every ~25

	For all sample types, the nature, quality and appropriateness of the sample preparation technique. *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	samples to ensure samples were representative. Results of this QAQC procedure were deemed satisfactory for this type of sampling and exploratory phase of work. The sample size (3kg) was deemed satisfactory to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Samples were prepared at Intertek-Genalysis Madagascan operations. Samples were pulverised and split into 200g sub-samples and freighted to ACME laboratories in Canada for Assay. Samples were leached with concentrated nitric acid followed by KOH and finally dilute HCl then analysed by a LECO Carbon-Sulphur analyser to give a Total Graphitic Carbon (TGC) percentage. The laboratory procedures are considered to be appropriate for reporting TGC according to indusrty best practice. The insertion of CRM's and duplicates every ~20 samples by MGY was used as an internal means of QAQC of laboratory standards. No issues were encountered.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	Significant intercepts have been verified by consulting Geologists's OMNI GeoX Pty. Ltd. No Trenches have been twinned. Data was collected by experienced and trained geologists digitally and stored within the company database.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	All XYZ surveying was collected using a handheld Garmin GPS accurate to ±4m. Projection and Grid sytem used: UTM (WGS84) Z38S
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	The field geologist in charge of the program has systematically sampled all visibily mineralised lithologies including relatively unmineralised units either side. This data is not thought to be appropriate for the the use within a resource estimation. No sample compositing has been applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The orientation of the sampling is not thought to create a sampling bias. Sampling is not perpendicular to the dip of mineralisation however, and as os reported intercepts will be wider than the true width of the

	□ *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	mineralised unit.
Sample security	□ *The measures taken to ensure sample security.*	Samples were packaged and stored in secure storage from the time of gathering through to submission. Laboratory best practice methods were employed by the laboratory upon recipt.
Audits or reviews	□ *The results of any audits or reviews of sampling techniques and data.*	An audit of the sampling technique and data was carried out by consulting geologists to the group, OMNI GeoX Pty. Ltd. and deemed to have been satisfactory.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	□ *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* □ *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Work was undertaken upon permits 5394 & 3432 • The tenements are located within the inland South West of Madagascar approximately centered on the townships of Fotradrevo and Ampanihy. • Tenements are held 100% by Mada Aust Ltd. A wholly owned subsidiary of Malagsay Minerals Ltd. • No overriding royalties are in place • There is no native title agreement required • Tenure does not coincide with any historical sites or national parkland • Semi-arid, thinly vegetated, relatively flat to low lying hills with sub-cropping rock. • Tenements are currently secure and in good standing.
Exploration done by other parties	□ *Acknowledgment and appraisal of exploration by other parties.*	Regional mapping by BRGM
Geology	□ *Deposit type, geological setting and style of mineralisation.*	The project overlies a prominent 20km wide zone consisting of a folded assemblage of graphite and quartz-feldspar schists (<60% graphite), quartzite and marble units, with lesser intercalated amphibolite and leucogneiss. This zone, termed the Ampanihy Belt is a core component of the Neoproterozoic Graphite System. The belt is interpreted as a ductile shear zone accreted from rocks of volcanic and sedimentary origins
Drill hole Information	□ *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth*	Refer to table within text

	o *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	A lower cut off of 5% graphitic carbon has been used for aggregated reported intercepts, with any value over 7.5% graphitic carbon highlighted e.g. 24m @ 5.6% GraC inc. 8m @ 8.6% GraC. Weighted averages have been calculated by 'the sum of the assays divided by the number of assays'. No lower or upper cut off grades were used for this.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Sampling does not occur perpendicular to the dip of mineralisation and therefore is not truly representative of the true width of the mineralised unit. The dip of the mineralised units is well understood with both previous drilling and this current trenching programs confirming this. The dip of the minerlised unit is shown within the diagrams within the text.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	See body of text above for diagrams and tabulated intercepts.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All significnt results that are material to the project have been reported. Any data that has not been released has been deemed in-significant.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	No other exploration related data has been collected that requires reporting.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Future work programs at the project will involve further trenching, diamond drilling and metalurgical work.