MALAGASY MINERALS LIMITED
ABN 84 121 700 105

18 August 2008 **ASX Announcement** **ASX: MGY**

MALAGASY MINERALS ACQUIRES BRGM OPERATIONS

Malagasy Minerals Ltd (ASX Code: MGY) is pleased to announce that the formal handover of the BRGM assets took place on 31 July 2008 in Antananarivo, the capital city of Madagascar.

BRGM and MGY Personnel at the Handover Ceremony 31st July 2008

DRILLING BUSINESS

Malagasy Minerals has now formally assumed control and management of the BRGM drilling business in Madagascar – including 3 diamond core drilling rigs and one RAB Rig which was acquired by the Company's wholly owned subsidiary Mining Services SARL.

Presently, the largest core rig is being mobilized to the IANAPERA Coal project in the south, whilst the RAB rig is presently engaged in completing two water drilling contracts for third parties on a commercial basis. The remaining two core rigs are undergoing final preparation and outfitting for deployment to MGY projects VOHIBORY and AMPANIHY. The Company will continue to operate and expand the existing BRGM drilling business under the supervision of Mr Luc Guyot, who previously managed the business for BRGM.

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ASSAY LABORATORY

As previously advised the Sample laboratory operations acquired by BRGM are to be restructured and integrated with a fully accredited sample preparation facility to be established and managed by Intertek Genalysis Madagascar. This facility is the first of its scale in Madagascar and it is anticipated that the facility will be fully established within the existing BRGM sample analysis facility by the end of September 2008.

PROPERTY

The BRGM acquisition includes a long term lease and option for 198 years with a right to transfer of freehold ownership for no additional consideration, comprising over 19,000 square metres of commercial and residential property in the capital of Madagascar. This acquisition was undertaken by Saint Denis Holdings SARL, a wholly owned subsidiary of Malagasy Minerals.

The complex houses the drilling and assaying businesses, and the offices and residences of Malagasy Minerals and its executive management. It is located in a prime location in Antananarivo, the capital of Madagascar, being adjacent to both the offices of the Ministry of Mines and the national Tenements Office.

These acquisitions provide the Company with:

- Established drilling fleet with ongoing third party contracts
- In country Assay facilities
- Experienced drilling and assay staff
- Operations base and accommodation, with rental income and potential for commercial re-development

Malagasy Minerals is now well placed to advance its projects and we look forward to fast tracking our exploration and development programs with the assistance of all former BRGM staff who have joined our team.

Yours sincerely

Steven Goertz
Managing Director

cc: Directors