13th January 2010 **ASX Announcement** **ASX: MGY**

MALAGASY MINERALS – EXPLORATION UPDATE

MALAGASY COMPLETES TRENCHING PROGRAMME AT FOTADREVO PROJECT AND INCREASES STRIKE OF VANADIUM ZONE TO 8.0KM

- **Six (6) trenches for 1,870m completed over 6.5km of strike** at Fotadrevo Vanadium Project – 851 samples collected and currently undergoing analysis;
- **Existing zone extended an additional 1.5km** from visual mineral identification – bringing total strike extent of visually identified Vanadium mineralisation to 8.0 kilometres;
- **620 metres of HQ/NQ core drilling completed** at Vohibory Cu-Zn-Ag-Au project – numerous quartz veins and indications of sulphides intersected. First assays expected by mid-January 2010;

AMPANIHY – FOTADREVO VANADIUM PROJECT (V-NI-CU-MN)

Comprehensive first-pass costeaning of the mineralized 'Jaky trend extension has been completed over the initial 6.5 km extent of this zone. Six (6) costeans totaling 1,870 line metres were completed. Free-dig depth averaged two (2) to four (4) metres below natural surface. Visual inspection of the exposed rocks in the costeans revealed an encouraging level of apparent mineralisation.

A total of 859 trenching and prospecting samples were collected during this programme. All samples have been submitted to Intertek-Genalysis to be analysed for Ni / Cu / Co / Cr / Fe / Mn / Mg / Pb / Zn / As / Mo / Au / Ag / Pt / Pd / U / Li / P / V / Cd. Results are expected early February 2010.

Prospecting along this trend to the south has successfully extended the zone (from visual mineral ID) for 1.5 additional kilometers, bringing the total current strike extent of visually identified Vanadium mineralisatuion within Malagasy tenements to eight (8) kilometers. Figure 1 below summarises location of all costeans completed.

Left: Costeaning and sampling in progress at Fotadrevo under geological supervision. Right: Vanadium mineralisation (roscoelite) observed in trench samples.

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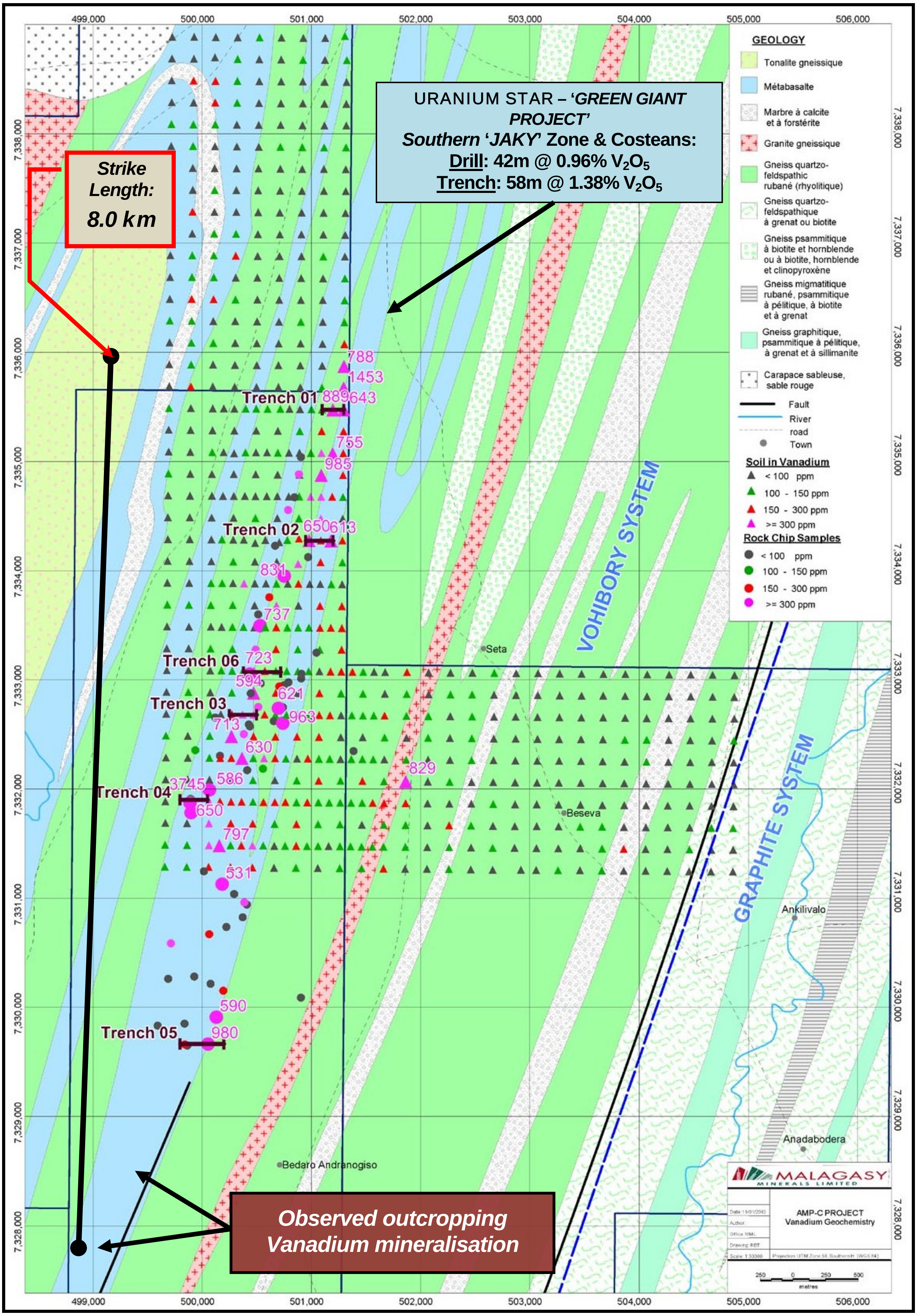

Figure 1: Summary of costeaning completed by MML along the extension of the mineralized 'Jaky' trend during December 2009.

VOHIBORY PROJECT (CU-ZN-AU-AG)

Four (4) holes totaling 620 metres of HQ/NQ core drilling were completed at Vohibory this season prior to drilling being terminated by the onset of the wet season. All holes intersected varying degrees of sulphidic quartz veining within broad zones of pervasive alteration.

A total of 366 samples are at Intertek-Genalysis to be analysed for Ni / Cu / Co / Cr / Fe / Mn / Mg / Pb / Zn / As / Mo / Au / Ag / Pt / Pd / U / Li / P / V / Cd. Initial results are expected during January 2010. These comprise the first core hole (VHD003) and a number of prospecting rock chip samples collected from within the project. Sampling of the remaining three (3) core holes will be undertaken over the next week.

Additionally, the southern portion of the project has been systematically soil sampled, with a total of 218 soil samples collected on 200m x 400m spacing. These samples will be analysed in-house by XRF during this month.

The table below summarises the current status of the company's sampling programme:

Project	No. Samples	Type	Submitted	Expected Completion
FOTADREVO – Vanadium	859	Trench / Rock	21/12/2009	Early Feb 2010
VOHIBORY – Cu-Zn-Au-Ag	321	Core	03/12/09	Mid-Jan 2010
VOHIBORY – Cu-Zn-Au-Ag	45	Rock	21/12/2009	Mid-Feb 2010
VOHIBORY – Cu-Zn-Au-Ag	218	Soil	In-House XRF	Late Jan 2010

Steven Goertz
Managing 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. Steven Goertz, Managing Director Malagasy Minerals Ltd who is a Member of the Australasian Institute of Mining and Metallurgy and of the Australian Institute of Geoscientists. Mr. Goertz has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Goertz consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.