

February 17<sup>th</sup> 2010

ASX Announcement

ASX: MGY

## MALAGASY MINERALS – EXPLORATION UPDATE

### ANOMMALOUS RESULTS FROM FOTADREVO AND VOHIBORY PROJECTS – ADDITIONAL ANOMALOUS ZONES DELINEATED

- **Anomalous V<sub>2</sub>O<sub>5</sub> intersections returned from costeans** at Vanadium project at Fotadrevo – 10m @ 0.60% V<sub>2</sub>O<sub>5</sub>; incl. 4m @ 0.74% V<sub>2</sub>O<sub>5</sub>;
- **Revised target for main vanadium zone** - adjacent to west of Phase I programme;
- **Results from VHD003 at Vohibory – 4m @ 10.3gpt silver** from surface – additional 90 samples from VHD002, VHD004, and VHD005 currently undergoing analysis;
- **Vohibory prospecting and geochemistry – multi – km anomalies** returning up to 19% copper and 122gpt silver associated with untested VTEM conductors.

### AMPANIHY – CENTRAL / FOTADREVO (V-NI-CU-MN)

Analytical results from the six (6) costeans completed in December 2009 have now been received, with anomalous results returned from four (4) of the six (6) costeans.

Trench '4' returned the best result; with 10m @ 0.60% V<sub>2</sub>O<sub>5</sub>; incl. 4m @ 0.74% V<sub>2</sub>O<sub>5</sub> between 202 metres and 212 metres from the western terminus of the costean, at an average depth of two (2) metres below natural surface ('BNS'). Some vanadium-anomalous zones were also associated with elevated copper (max. 923ppm Cu), zinc (max. 799ppm Zn) and iron (max. 30% Fe).

Interpretation of these results suggests that the main zone of vanadium mineralisation along the extended 'Jaky' trend likely lies adjacent to the west of the tested area; in an area of artisanal cultivation and heavy overburden, masking any anomalous response from the initial surface geochem programmes used for targeting the Phase I costeans. Initial priority for 2010 will be to extend costeaning on Trenches 01, 03, 04 and 06 to the west to confirm the presence of higher-grade vanadium mineralisation.

Results are summarised in the table below and on Figure 1 overleaf.

| Trench No. | Width (m) | Grade (% V <sub>2</sub> O <sub>5</sub> ) | Start (m)* | End (m)* |
|------------|-----------|------------------------------------------|------------|----------|
| T01        | 1         | 0.26                                     | 95         | 96       |
| T03        | 4         | 0.24                                     | 100        | 104      |
| T04        | 6         | 0.18                                     | 4          | 10       |
|            | 18        | 0.25                                     | 92         | 110      |
|            | 10        | 0.60                                     | 202        | 212      |
| Incl.      | 4         | 0.74                                     | 204        | 208      |
|            | 10        | 0.33                                     | 236        | 246      |
| T06        | 2         | 0.27                                     | 158        | 160      |

\* 'Start' and 'End' refer respectively to the westernmost and easternmost extent of the mineralised zone of the reported Trench, as measured from the western terminus. Average depth BNS for all costeans was 2 to 4 metres.

Additionally, the company controls in excess of 35 strike km of prospective lithology to the south and west of the initial target area, and this belt will be subjected to detailed prospecting and soil geochemistry to delineate the presence of additional areas of interest. This regional target area is summarised on Figure 2 below.

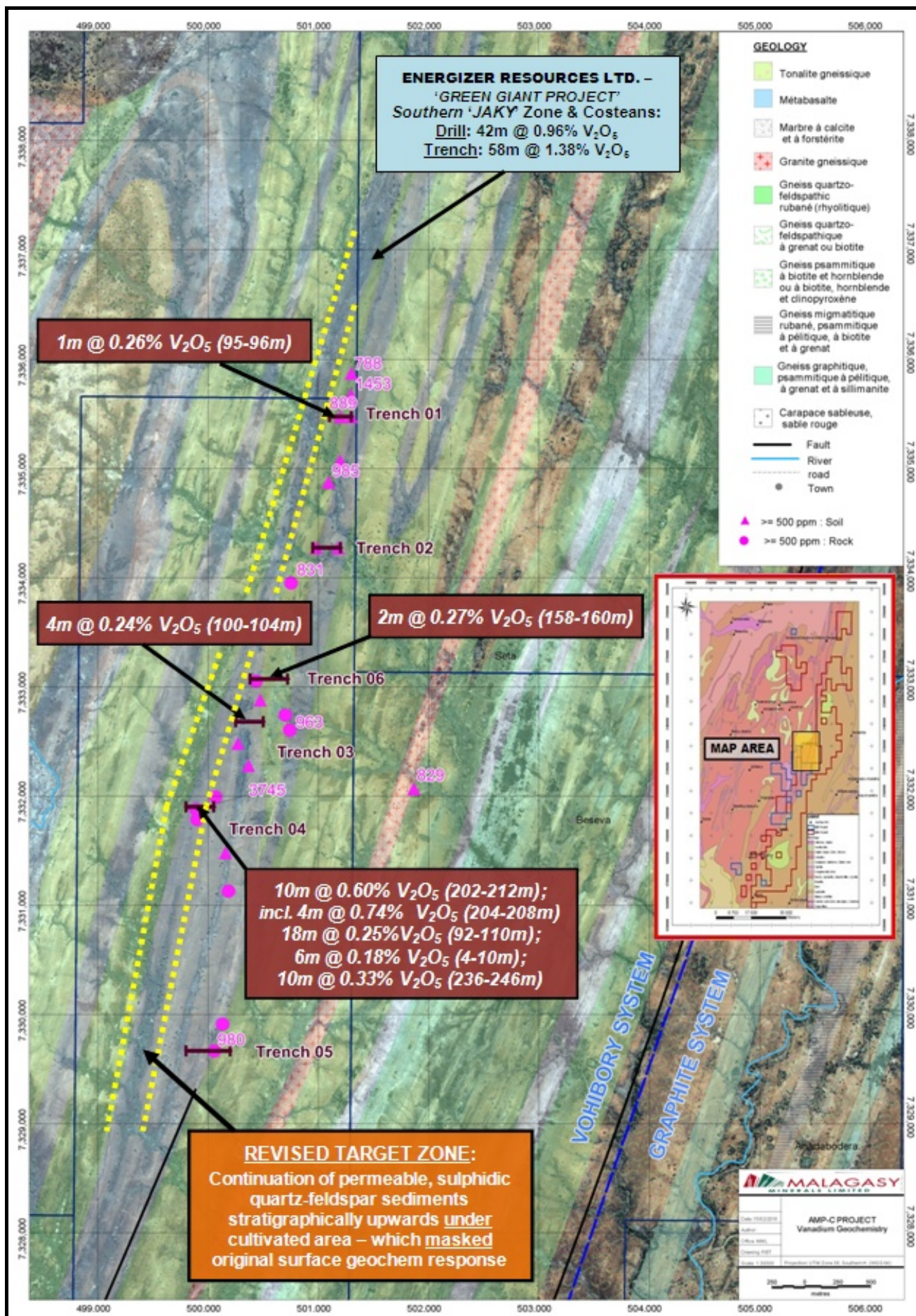


Figure 1: Summary of results from costeaning completed by MML in December 2009. Results indicate that main mineralisation is likely adjacent to the west in a belt of cultivation, this feature likely masking the response from surface geochemical programmes used as a basis for targeting Phase I costeans



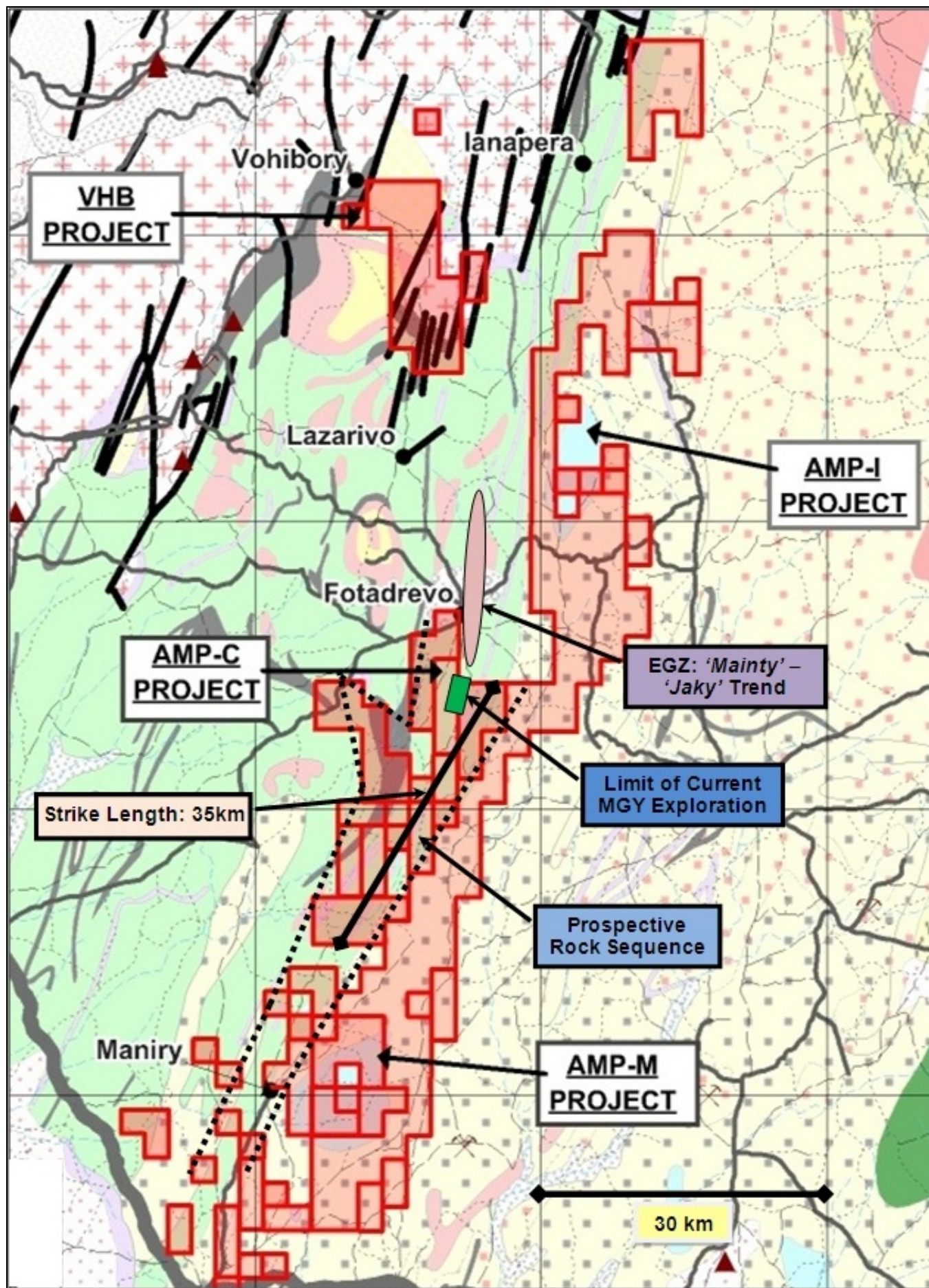


Figure 2: Tenement holding of MML over vanadium-prospective sequences to the south and west of the current exploration area. MML will initially be assessing this area with surface geochemistry as a means of determining the presence of vanadium or other mineralisation types during the 2010 field season.



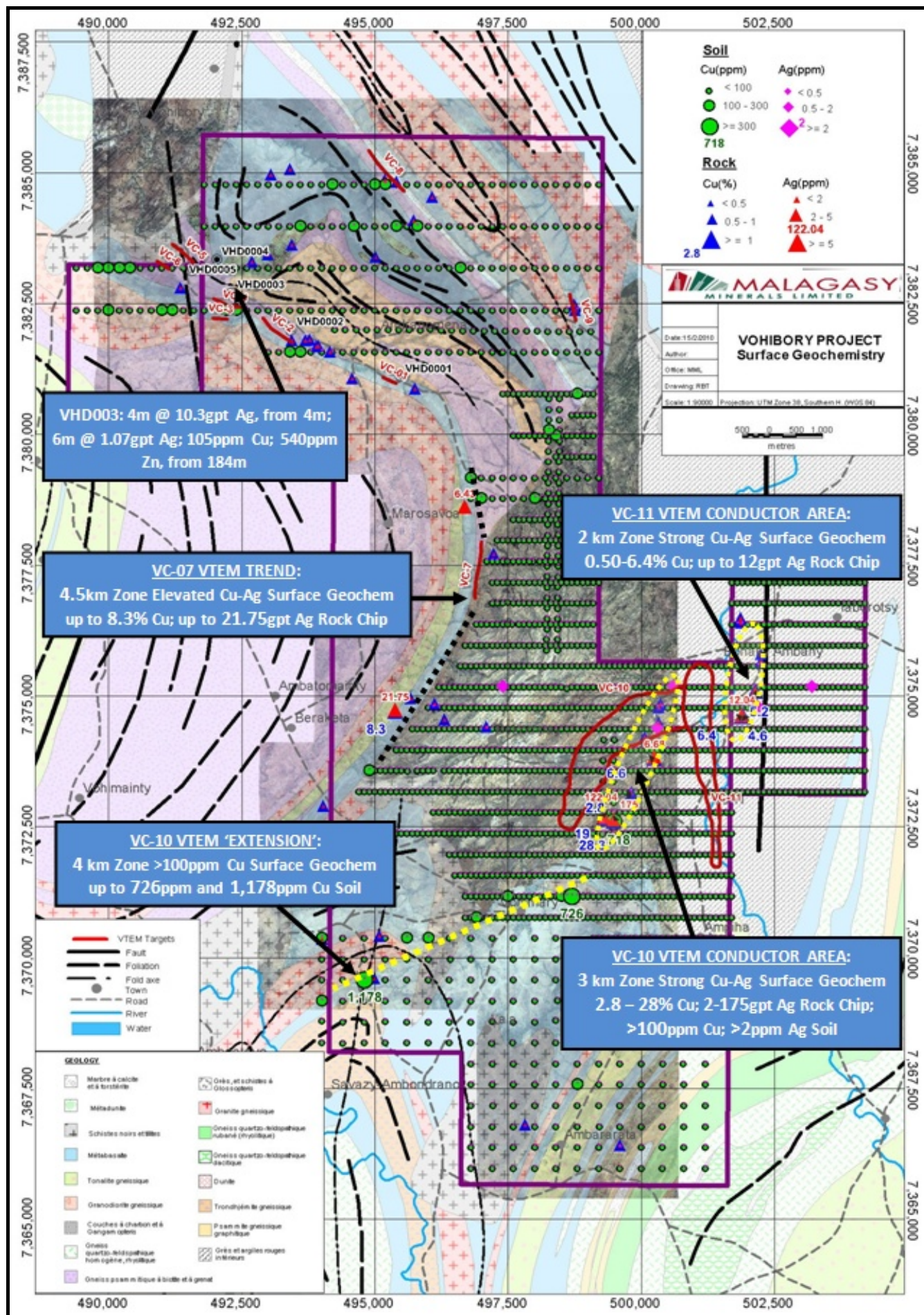


Figure 3: Summary of historical and recent exploration results from the 2009 field season at Vohibory. Additional prospecting and soil geochem has defined / refined additional areas of interest associated with currently untested VTEM conductors.

## VOHIBORY PROJECT (CU-ZN-AU-AG)

Analytical results have been returned for VHD003; these have shown encouragement; returning 4m grading 10.3g/t silver from surface and 6m grading 1.07g/t silver; 105ppm copper; 540ppm zinc; and 27ppm molybdenum from 184m - hosted in a series of silicified sulphide stringers. The latter intercept is associated with the targeted conductor VC-03.

An additional 90 samples from VHD002, VHD004 and VHD005 have been collected and submitted to Intertek – Genalysis Madagascar ('IGM') to be analysed for Ni / Cu / Co / Cr / Fe / Mn / Mg / Pb / Zn / As / Mo / Au / Ag / Pt / Pd / U / Li / P / V & Cd, with results expected in mid-March 2009.

Additionally, analysis of soil samples collected from the southern portion of the project has been completed via in-house XRF; returning results up to 1,178ppm copper. Additionally, results from 45 rock chip samples collected during detailed 1:10,000 scale project mapping, combined with a detailed review and incorporation of historical dataset have defined several areas of coincident copper-silver anomalism associated with untested VTEM conductors. The rock chip samples were submitted to IGM to be analysed for Ni / Cu / Co / Cr / Fe / Mn / Mg / Pb / Zn / As / Mo / Au / Ag / Pt / Pd / U / Li / P / V & Cd.

The strongest of these anomalies - a three (3) km zone associated with the large VC-10 conductor in the central-east of the project - has returned results of 2% to 28% copper and 2gpt to 122gpt silver from rock chips within an anomalous >100ppm copper / >2ppm silver soil zone. This zone comprises the central component of an eight (8) km semi-contiguous zone of copper +/- silver anomalism extending from the extreme central-east of the property to the southwest corner. These zones, along with other exploration results, are marked as yellow-dashed outlines on Figure 3 above.

Of particular interest is that the southern zone is overlain by 5 to 30 m of Mesozoic cover that disconformably overlies the host lithologies of the Proterozoic basement sequences. This is a priority drilling target for the 2010 field season.



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**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.*