

June 30th 2010

ASX Announcement

ASX: MGY

MALAGASY DISCOVERS MULTIPLE NICKEL-COPPER BEARING MASSIVE SULPHIDE GOSSANS IN MADAGASCAR

DRILLING PLANNED AT AMPANIHY PROJECT FOLLOWING MODELLING OF VTEM CONDUCTORS

International minerals company Malagasy Minerals Ltd (ASX Code: **MGY**) is pleased to announce the discovery of **11 new massive sulphide gossans** containing **anomalous nickel and copper** at the Company's 100%-owned **Ampanihy Project** in southern Madagascar.

The gossans are located at the lanapera anorthosite in the northern part of Malagasy's tenement holding. The Ampanihy Project contains a large mafic-ultramafic system with the potential to host Voiseys Bay-style nickel-copper-PGE deposits.

The gossans are located within pyroxenite ultramafic units along the south-eastern margin of the anorthosite body and are associated with **VTEM conductors** identified previously by Malagasy during exploration conducted in 2008. They occur in two parallel, semi-contiguous zones **totalling eight strike kilometers** (see *Figure 1 below*) – termed the 'West Gossan Zone' and 'East Gossan Zone'. These are separated by approximately one kilometre.

Their discovery is regarded as significant because of their size and continuity and extent, as well as their association with strong VTEM conductors.

The gossans were identified during a site visit undertaking by Malagasy's in-country geological team, together with consulting nickel sulphide expert, Dr. Martin Gole, who initially identified the presence of both the gossans and the massive sulphide textures contained therein. Dr Gole is a leading global expert in nickel exploration who has been contracted by Malagasy to review the Ampanihy Project.



Left: Consulting geologist Dr. Martin Gole examines the gossan at AMC-15 in the West Gossan Zone. Right: Close-up of the gossan showing the typical weathering habit characteristic of massive sulphide gossans.

The cluster of VTEM conductors in this area was prioritized for follow-up due to their association with elevated nickel-copper-cobalt surface geochemistry in both historical stream sediment and recent soil samples (see Figure 1).

The gossans vary in size from 2m to in excess of 130m in length. The two largest gossans, AMC-50 and AMC-47-north (see Figure 1), outcrop over a strike of **93m** and **132m** respectively. The consistent occurrence of all gossans at the northern end of their associated VTEM conductors has been interpreted as indication of the possible presence of southerly plunging shoots.

Initial testing of the gossan samples using the Company's Innov-X XRF analyzer have returned results up to **0.43% nickel** and **0.20% copper** with associated chromium up to **1,040ppm**. The gossans display heavy leaching, with average values across both trends of 0.12% nickel and 0.07% copper.

A total of 34 rock chip samples were collected from both zones and have been submitted to Intertek-Genalysis in Madagascar for analysis.



*Left: Company geologists examining a gossan at Ampanihy. The gossan can be seen extending into the left background.
Right: Malagasy Minerals' in-country geological team on site at the 'discovery' AMC-48 gossan.*

The Company plans to begin an aggressive follow-up campaign of these targets immediately, initially through detailed modelling of the applicable VTEM conductor targets prior to drill testing. Final drill hole targeting will be subject to the receipt of laboratory assays which are expected by mid-July 2010.

Costeaning and additional detailed mapping and prospecting of the area is also warranted as an immediate priority due the strong likelihood of additional gossans being identified.

Additionally, these discoveries are located in close proximity to an existing Labradorite quarrying operation in the Ianapera area. This facility has an established camp, including camp and messing, heavy equipment, a fully-equipped workshop and an airstrip; located less than 2 kilometers from the northernmost targets (Figure 1).

The Company currently stores drilling and field equipment at this site and Company field personnel periodically use the accommodation facilities. It is anticipated that these excellent logistical support facilities may be utilized to facilitate follow-up exploration of these gossans.

The Company will provide additional information on an ongoing basis as it continues to develop this exciting new discovery.

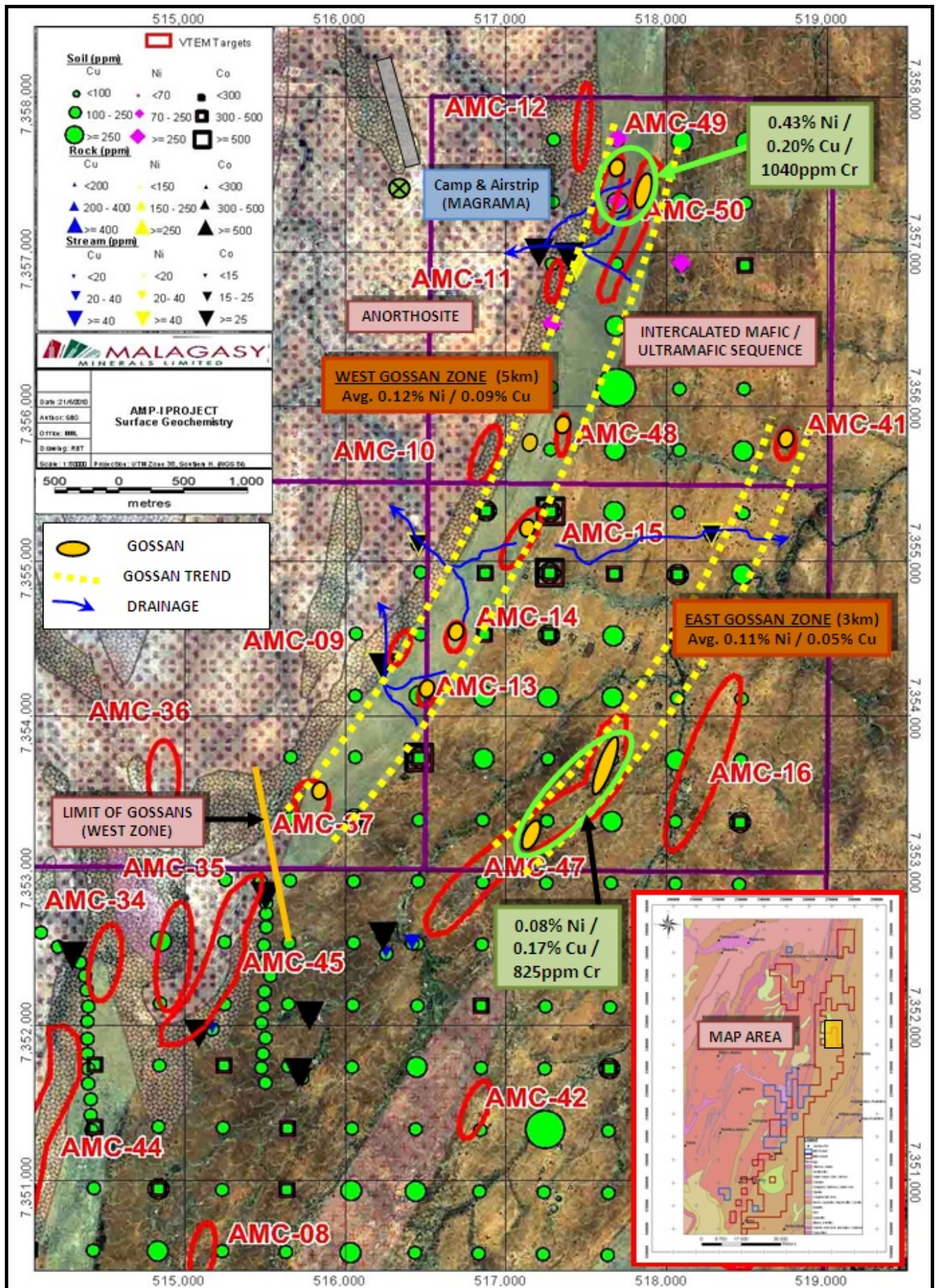


Figure 1: Summary plan of massive sulphide gossans in the West and East Gossan Zones at the northern Ampanihy (AMP-I) project area. The largest outcropping gossans at AMC-50 and AMC-47 (north) are respectively 93 metres and 132 metres in length. These will be prioritized for follow-up.



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.