

September 17th 2010

ASX Announcement

ASX: MGY

MASSIVE SULPHIDES INTERSECTED IN FIRST DRILL HOLE AT IANAPERA NICKEL-COPPER PROJECT IN MADAGASCAR

Highlights:

- 22.5m of massive and disseminated sulphides intersected beneath first gossan to be drill tested – *assays awaited*
- Second drill hole in progress targeting extensions of this zone beneath an adjacent gossan
- Initial programme comprises 15 holes (1,840m) to test 11 recently discovered magmatic massive sulphide nickel-copper gossans in two parallel zones over an 8km strike length

International minerals company Malagasy Minerals Ltd (ASX Code: **MGY**) is pleased to report that it has intersected a **zone of massive and disseminated sulphides** in the first diamond drill hole to be completed at its recently discovered **Ianapera Nickel-Copper Project**, located in southern Madagascar.

Drilling commenced recently to test up to 11 massive sulphide gossans containing anomalous nickel and copper which were discovered at Ianapera, located in the northern part of Malagasy's 100%-owned Ampanihy Project, earlier this year.

The Ampanihy Project contains a complex lithological assemblage incorporating two large anorthosite bodies with the potential to host Voisey's Bay-style nickel-copper-PGE deposits.

Drill hole IPC0001, which was sited to test Gossan AMC-50, (see *Figure 1 attached*) **intersected 2.5 metres of massive sulphide mineralisation** from 135m followed by **20 metres of disseminated (5% to 15%) sulphides in basal ultramafic cumulates** with chromite. Observed sulphide minerals are pyrite, pyrrhotite (+/- pentlandite) and chalcopyrite.



Massive sulphides in IPC0001 at the Ampanihy-Ianapera Project – an adjacent underlying 20m zone of disseminated (i.e. 5% to 15%) sulphides with chromite was also intersected

Drilling of the second hole, IPC0006, is currently in progress to test for extensions of the zone intersected in IPC0001 beneath an adjacent gossan, AMC-49.

Drill cores from IPC0001 are being dispatched to Madagascar's capital, Antananarivo, this week for preparation for assay by Intertek-Genalysis. Additionally, detailed petrography will be undertaken in Australia on selected intervals to determine the precise mineralogical characteristics of the intersected mineralisation.



Close-up of massive sulphides in IPC0001 core

The gossans are located at the lanapera anorthosite, gabbroic igneous rock of approximately 75 sqkm area, in the northern part of the Ampanihy tenement holdings. They are located within pyroxenite ultramafic units within a metamorphosed greenstone sequence along the south-eastern margin of the anorthosite body and are associated with VTEM conductors identified previously by Malagasy during exploration conducted in 2008.

The gossans occur in two parallel, semi-contiguous zones extending over a strike length of approximately 8km, referred to as the "West Gossan Zone" and "East Gossan Zone" (see Figure 1 below). These are separated by approximately 1km.

A total of 15 holes for 1,840 metres are planned as part of the Phase 1 programme to test the gossan system. Of these, eight (8) holes (*IPC0001 to IPC0008 on Figure 1 below*) are considered high priority targets. Malagasy currently undertakes its exploration drilling programmes using its own drilling rigs – resulting in significant cost savings for first-pass drilling exploration.

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

Steven Goertz
Managing Director

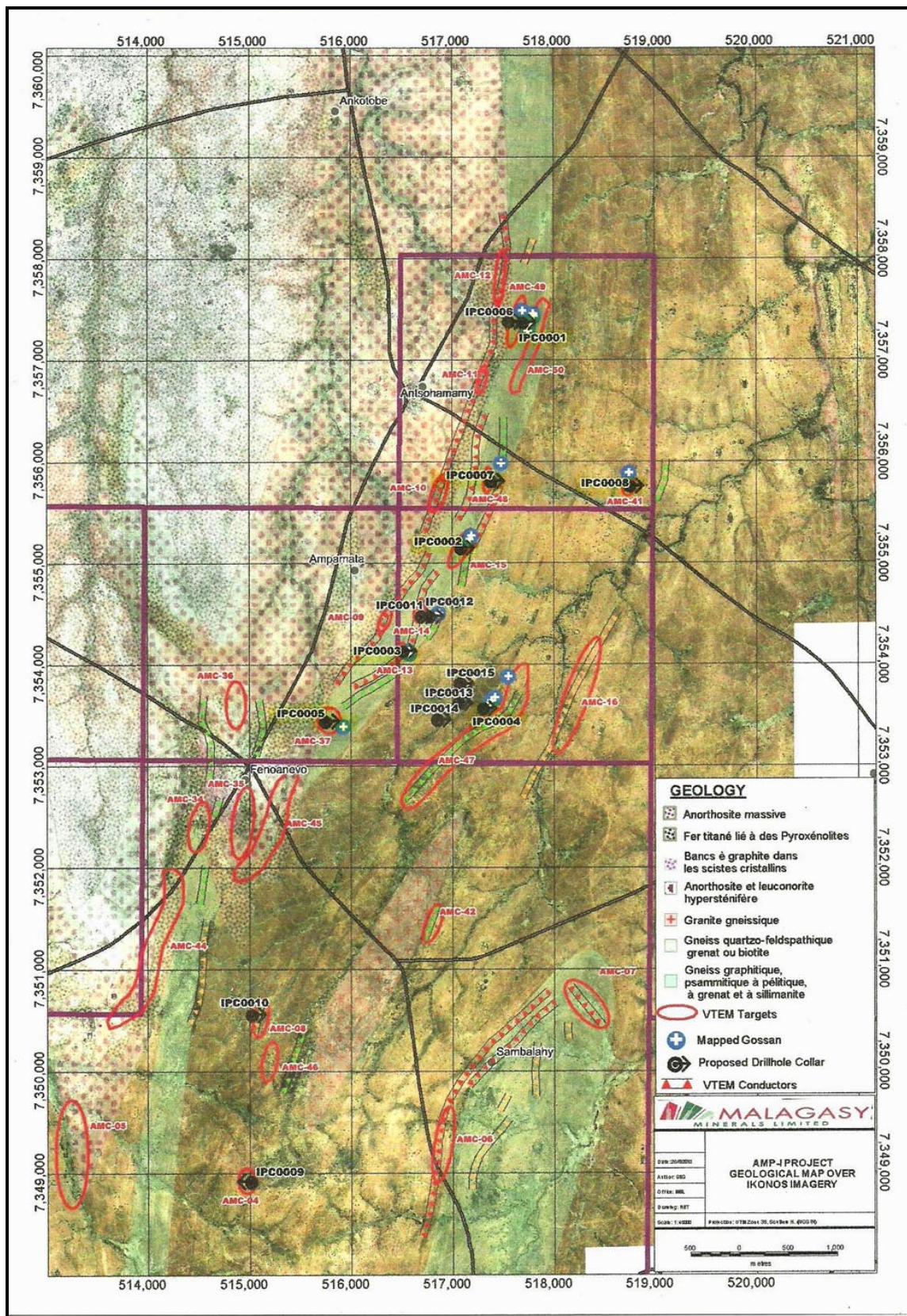


Figure 1: Location of Phase 1 drill holes and Malagasy Minerals' 100%-owned Ampanihy-Ianapera Project in southern Madagascar. A total of 15 holes for 1,840 metres are planned, of which eight (8) holes for 1,070 metres (IPC0001 to IPC0008 above) are high priority.

Competent Persons Statement

*The information in this report that relates to MGY **Exploration Results or Mineral Resources** is based on information compiled, reviewed or prepared by **Mr. Steven Goertz**, Managing Director of Malagasy Minerals Limited, who is a Member of the Australasian Institute of Mining & Metallurgy and of the Australian Institute of Geoscientists, and who is a "qualified person" as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mr. Goertz has sufficient experience, which is relevant to the style of mineralization 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" (the JORC Code). Mr. Goertz consents to the inclusion in this report of the matters based on this information, in the form and context in which they appear*