

29 May 2012

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

By Facsimile (08) 9221 2020

Attention: Ms Elizabeth Harris

Dear Elizabeth,

MALAGASY MINERALS LIMITED - RESPONSE TO "AWARE QUERY"

Further to your letter dated 29 May 2012 concerning the "aware query" we advise the following:

1. Does the Company consider the information in the Announcement to be material to the Company pursuant to listing rule 3.1?

Yes

2. When did the Company become aware of the information in the Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the information in the Announcement.

The information was contained in an email from the Company's joint venture partner, Energizer Resources Inc based in Toronto. The Company's officers first became aware of the information upon returning to the office after approximately 2-50pm (Perth time) on Thursday 24 May 2012, after considering the data, a ASX release was drafted for release to the market before opening on Friday 25 May 2012, lodged with ASX approximately 11-00pm Thursday evening 24 May 2012, following release by Energizer on the TSX on the evening of 24 May 2012.

3. If the answer to any part of question 1 is "yes" and the Company became aware of the information in the Announcement (or any part of it) prior to the release of the Announcement, please advise the following:

- 3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time?

Neither the Company nor any of its officers was aware of the information prior to the opening of the Energizer email and the subsequent release of the Announcement on the afternoon/evening of 24 May 2012.

- 3.2 Why was the information in the Announcement not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1.

As noted above, neither the Company nor any of its officers was aware of the information prior to the opening of the Energizer email and subsequent release of the Announcement on the afternoon/evening of 24 May 2012.

4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the information in the Announcement to be material.

N/A

5. Please confirm that the Company is in compliance with listing rule 3.1

Yes the Company is in compliance with listing rule 3.1.

For and on behalf of Malagasy Minerals Ltd



Max Cozijn
Chairman – Acting CEO



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29 May 2012

Max Cozijn
Company Secretary
Malagasy Minerals Limited
Suite 7 11 Colin Grove
WEST PERTH WA 6005

Dear Max

Malagasy Minerals Limited ("the Company")

We refer to:

- the change in the price of the Company's securities from a closing price of \$0.085 on Wednesday 23 May 2012 to an intra-day high of \$0.115 on Thursday 24 May 2012. There was also an increase in the volume of trading in the Company's shares on 24 May 2012.
- the Company's announcement released to ASX on 25 May 2012 at 08:27am (EST) titled "Drilling returns high-grade graphite over large widths at Madagascar JV" ("Announcement")

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- “3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret.”*

Finally, we would like to draw your attention to ASX's policy position on the concept of “confidentiality” which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

“‘Confidential’ in this context has the sense of ‘secret’.

...

Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts' reports”.

Having regard to the Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A:

1. Does the Company consider the information in the Announcement to be material to the Company pursuant to listing rule 3.1?
2. When did the Company become aware of the information in the Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the information in the Announcement.
3. If the answer to any part of question 1 is “yes” and the Company became aware of the information in the Announcement (or any part of it) prior to the release of the Announcement, please advise the following:
 - 3.1. Please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time?
 - 3.2. Why was the information in the Announcement not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1.

4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the information in the Announcement to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **4:00pm (WST) on Tuesday 29 May 2012**.

Your response should be sent to ASX by facsimile on **facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me.

Yours sincerely,

[sent electronically without signature]

Elizabeth Harris
Principal Adviser, Listings (Perth)