
MALAGASY MINERALS LIMITED

ACN 121 700 105

NOTICE OF ANNUAL GENERAL MEETING

TIME: 4:00 pm WST

DATE: Wednesday
27th November 2013

PLACE: The Celtic Club
48 Ord Street
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9286 1219.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 4:00 pm WST on 27th November 2013 at:

The Celtic Club
48 Ord Street
West Perth WA 6005

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00 pm WST on 25th November 2013.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance

with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting;
 - o the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2013.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR PETER WOODS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clauses 6.3(b) and 6.3(c) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Dr Peter Woods, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR PETER LANGWORTHY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.3(j) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Peter Langworthy, a Director appointed on 24th July 2013, retires in accordance with the Constitution, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 327B of the Corporations Act and for all other purposes, William Buck Audit (WA) Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting.”

7. RESOLUTION 6 – ISSUE OF SHARES TO RELATED PARTY – MR MAX COZIJN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 511,543 Shares to Mr Max Cozijn (or his nominee) in lieu of \$14,376 of remuneration owed to him by the Company on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Max Cozijn (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF SHARES TO RELATED PARTY – MR GUY LECLEZIO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 761,860 Shares to Mr Guy LeClezio (or his nominee) in lieu of \$21,825 of remuneration owed to him by the Company on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Guy LeClezio (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – ISSUE OF SHARES TO RELATED PARTY – DR PETER WOODS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 761,860 Shares to Dr Peter Woods (or his nominee) in lieu of \$21,825 of remuneration owed to him by the Company on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Dr Peter Woods (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 15 OCTOBER 2013

BY ORDER OF THE BOARD



**GRAEME BODEN
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.malagasyminerals.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the

company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR PETER WOODS

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 6.3(b) of the Constitution provides that a Director must retire from office no later than the longer of:

- (a) the third annual general meeting of the Company; or
- (b) 3 years,

following that Director's last election or appointment.

Further, clause 6.3(c) of the Constitution provides that if the Company has 3 or more Directors, one third of the Directors (rounded down to the nearest whole number) must retire at each AGM.

Clause 6.3(e) of the Constitution provides that the Directors to retire under clause 6.3(b) or 6.3(c) of the Constitution are:

- (c) those who have held their office as Director the longest period of time since their last election or appointment to that office; and
- (d) if two or more Directors have held office for the same period of time, those Directors determined by lot, unless those Directors agree otherwise;

Clause 6.3(f) of the Constitution provides that a Director who retires under clause 6.3(b) or 6.3(c) of the Constitution is eligible for re-election.

The Company currently has 4 Directors and accordingly one must retire.

Dr Peter Woods, the Director longest in office since his last election and this Meeting being the third annual general meeting since his last election, retires by rotation and seeks re-election.

The members of the Board, other than Dr Woods, unanimously recommend the re-election of Dr Peter Woods as a Director.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR PETER LANGWORTHY

Clause 6.2(b) of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Clauses 6.3(i) and 6.3(j) of the Constitution provide that any Director so appointed who has not retired at a previous general meeting must retire at the next annual general meeting and is then eligible for re-election.

Mr Peter Langworthy was appointed as an additional director of the Company on 24th July 2013 will retire at the Meeting in accordance with clause 6.3(j) of the Constitution and ASX Listing Rule 14.4 and, being eligible, seeks re-election.

The members of the Board, other than Mr Langworthy, unanimously recommend the re-election of Mr Peter Langworthy as a Director.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at an annual general meeting to allow it to issue quoted Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 4, the number of quoted Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 5.2 below).

The effect of Resolution 4 will be to allow the Company to issue quoted Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

5.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue quoted Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$4,129,125 based on the Shares on issue at the date of this Notice and the last trading price of Shares on ASX immediately prior to the date of this Notice of \$0.026.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being the Shares (ASX Code: MGY).

The exact number of quoted Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;

- (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
- (iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 2:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 5.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10%

Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2) incorporating the assumptions listed below the table.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable A in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	\$0.013 (50% decrease in current issue price)	\$0.026 (Current issue price)	\$0.039 (50% increase in current issue price)
159,347,767 (Current)	Shares issued	15,934,776 Shares	15,934,776 Shares	15,934,776 Shares
	Funds Raised	\$207,152.09	\$414,304.18	\$621,456.26
239,021,650 (50% increase)*	Shares issued	23,902,165 Shares	23,902,165 Shares	23,902,165 Shares
	Funds Raised	\$310,728.15	\$621,456.29	\$932,184.44
318,695,534 (100% increase)*	Shares issued	31,869,553 Shares	31,869,553 Shares	31,869,553 Shares
	Funds Raised	\$414,304.19	\$828,608.38	\$1,242,912.57

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

- The number of Shares on issue, being Variable A, comprises:
 - 158,812,504 Shares as at the date of this Notice;
 - plus 2,035,263 Shares will be issued if Resolutions 6 to 8 are passed by the requisite majority; and
 - less 1,500,000 Shares issued in the previous 12 months without approval of holders of Shares under ASX Listing Rules 7.1 or 7.4 and not within an exception in ASX Listing Rule 7.2.
- The issue price set out above is the last trading price of Shares on ASX immediately prior to the date of this Notice, being \$0.026 on 14 October 2013.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- Other than issues of Equity Securities set out in Schedule 1, the Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

5. It is assumed that no Options are exercised into Shares before the date of issue of any Shares pursuant to ASX Listing Rule 7.1A.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

- (i) the market price for Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) Previous Approval under ASX Listing Rule 7.1A

The Company previously obtained approval from its Shareholders under ASX Listing Rule 7.1A at its annual general meeting held on 15th November 2012 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 27 November 2012, the Company otherwise issued a total of 1,500,000 Shares and 1,250,000 Options which represents approximately 1.57% of the total diluted number of Equity Securities on issue in the Company on 27 November 2012, which was 175,691,104.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

5.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

6. RESOLUTION 5 – APPOINTMENT OF AUDITOR

Crowe Horwarth Perth has been the auditor of the Malagasy Minerals group. Directors have been concerned for some time at the level of fees, which for the last two years have been \$42,354 and \$44,600 which the directors consider to be out proportion to the Company's level of activity.

Quantum Holdings Pty Ltd, a shareholder in the Company, has proposed the appointment of William Buck Audit (WA) Pty Ltd as auditor of the Company. The quotation provided by this firm for the 2014 financial year will lead to a significant reduction in audit fees.

A copy of the letter nominating William Buck Audit (WA) Pty Ltd is enclosed with this notice of meeting as Appendix 1, pursuant to the requirements of the Corporations Act.

7. RESOLUTIONS 6 - 8 – ISSUE OF SHARES TO RELATED PARTIES

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue Shares to each of Mr Max Cozijn, Mr Guy LeClezio and Dr Peter Woods (or their

respective nominees) (together **the Related Parties**) in lieu of remuneration owing to each of them by the Company on the terms and conditions set out below.

Resolutions 6 to 8 seeks Shareholder approval for the issue of these Shares to the Related Parties.

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares to the Related Parties constitutes giving a financial benefit and Mr Guy LeClezio and Dr Peter Woods are each a related party of the Company by virtue of being a Director and Mr Max Cozijn is also a related party of the Company by virtue of being a director of the Company in the 6 months prior to the proposed date of issue of the Shares.

The Directors (other than Mr Guy LeClezio and Dr Peter Woods who have a material personal interest in Resolution 7 and 8 respectively) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares pursuant to Resolutions 6 to 8 because the issue of Shares is in satisfaction of unpaid remuneration owed by the Company to each of the Related Parties with the rate of remuneration of each Related Party being considered reasonable in the circumstances of the Company and each of the Related Parties taking into account the responsibilities to the Company of each of the Related Parties.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of Shares contemplated by Resolutions 6 to 8 involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6 to 8:

- (a) the Shares will be issued to:

- (i) Mr Max Cozijn (or his nominee) in respect of Resolution 6;
 - (ii) Mr Guy LeClezio (or his nominee) in respect of Resolution 7; and
 - (iii) Dr Peter Woods (or his nominee) in respect of Resolution 8;
- (b) the number of Shares to be issued is:
- (i) 511,543 in respect of Resolution 6;
 - (ii) 761,860 in respect of Resolution 7; and
 - (iii) 761,860 in respect of Resolution 8;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Shares will occur on the same date;
- (d) the deemed issue price of the Shares is set out in the tables below. No funds will be raised from the issue of these Shares as the Shares are being issued in lieu of remuneration owing to each of the Related Parties:

Period: 1 April 2013 to 30 June 2013

Related Party	Issue Price¹	Amount owing	Shares²
Mr Max Cozijn	\$0.0345	\$6,359	184,319
Mr Guy LeClezio	\$0.0345	\$10,900	315,942
Dr Peter Woods	\$0.0345	\$10,900	315,942

¹ The deemed issue price is equal to the simple average of the closing price of Shares traded on ASX on the first and last trading days of the period (being \$0.05 and \$0.019 respectively).

² Fractional entitlements have been rounded to the nearest whole number of Shares.

Period: 1 July 2013 to 30 September 2013

Related Party	Deemed Issue Price¹	Amount owing	Shares²
Mr Max Cozijn	\$0.0245	\$8,017	327,224
Mr Guy LeClezio	\$0.0245	\$10,925	445,918
Dr Peter Woods	\$0.0245	\$10,925	445,918

¹ The deemed issue price is equal to the simple average of the closing price of Shares traded on ASX on the first and last trading days of the period (being \$0.019 and \$0.03 respectively).

² Fractional entitlements have been rounded to the nearest whole number of Shares.

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares pursuant to Resolutions 6 to 8 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (f) a spouse or child of the member;
- (g) a child of the member's spouse;
- (h) a dependent of the member or the member's spouse;
- (i) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (j) a company the member controls; or
- (k) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Malagasy Minerals Limited (ACN 121 700 105).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 27 NOVEMBER 2012

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 8 April 2013 Appendix 3B – 9 April 2013	1,500,000	Shares ²	Exploration Consultants	No issue price (non-cash consideration) Discount not applicable	Consideration: Services provided pursuant to an exploration management contract. Current value ⁴ = \$39,000
Issue – 8 April 2013 Appendix 3B – 9 April 2013	750,000	Unquoted Options ³	Exploration Consultants	No issue price (non-cash consideration) Discount not applicable	Consideration: Services provided pursuant to an exploration management contract. Current value ⁴ = \$1,301
Issue – 2 August 2013 Appendix 3B – 2 August 2013	500,000	Unquoted Options ³	Employees	No issue price (non-cash consideration) Discount not applicable	Consideration: Services provided by employee. Current value ⁴ = \$3,885

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: MGY (terms are set out in the Constitution).
3. Unquoted Options:
 - (i) Issued 8 April 2013: 375,000 exercisable at \$0.40 each, on or before 31 December 2015.
 - (ii) Issued 8 April 2013: 375,000 exercisable at \$0.50 each, on or before 31 March 2016..
 - (iii) Issued 2 August 2013: 500,000 exercisable at \$0.15 each, on or before 30 November 2016.
4. In respect of Shares the value is based on the closing price of the Shares on ASX on the trading day prior to the date of this Notice, being \$0.026 on 14 October 2013. In respect of Unquoted Options the value is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share, zero dividend payment and the risk free interest rate for the term of the Option.

SCHEDULE 2 – NOMINATION OF AUDITOR

Quantum Holdings Pty Ltd
17 Hawkstone Street
Cottesloe WA 6011

10th October 2013

The Directors
Malagasy Minerals Limited
15 Lovegrove Close
Mount Claremont WA 6010

Dear Sirs

NOMINATION OF WILLIAM BUCK AUDIT (WA) PTY LTD AS AUDITOR

Pursuant to section 328B(1) of the *Corporations Act 2001 (Cth)*, We, Quantum Holdings Pty Ltd, being a member of Malagasy Minerals Ltd ACN 121 700 105 ("Company"), hereby nominate William Buck Audit (WA) Pty Ltd, of Level 3, 15 Labouchere Road, South Perth, Western Australia 6151, for appointment as auditor of the Company at the next annual general meeting of shareholders of the Company convened for 27th November 2013.

This nomination is conditional upon the requirement of the Corporations Act being met in relation to the resignation of Crowe Horwarth as auditor of the Company, thereby making the office of auditor vacant.

Please distribute copies of this notice as required by section 328B(3) of the *Corporations Act 2001 (Cth)*.

Yours faithfully
Quantum Holdings Pty Ltd

Peter J Woods
Sole Director

PROXY FORM

APPOINTMENT OF PROXY
MALAGASY MINERALS LIMITED
ACN 121 700 105

ANNUAL GENERAL MEETING

I/We

of

being a Shareholder entitled to attend and vote at the Meeting, hereby

appoint

Name of proxy

OR

☐

the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 4:00 pm WST, on 27th November 2013 at The Celtic Club, 48 Ord Street, West Perth WA 6005, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting

Resolution 1 – Remuneration Report
Resolution 2 – Re-election of Director - P Woods
Resolution 3 – Re-election of Director - P Langworthy
Resolution 4 – Additional 10% placement capacity
Resolution 5 – Appointment of auditor - William Buck Audit (WA) Pty Ltd
Resolution 6 – Issue of Shares to Related Party – M Cozijn
Resolution 7 – Issue of Shares to Related Party – G LeClezio
Resolution 8 – Issue of Shares to Related Party – P Woods

FOR **AGAINST** **ABSTAIN**

☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Important for Resolutions 1 and 7

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1 and 7 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1 and 7 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 1 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolution 7 and that votes cast by the Chair for Resolution 7, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 and 7 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 7.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____ %

Signature of Shareholder(s):

Date: _____

Individual or Shareholder 1

Shareholder 2

Shareholder 3

**Sole
Secretary**

Director/Company

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by :
 - (b) post to Malagasy Minerals Limited, 15 Lovegrove Close, Mount Claremont WA 6010; or
 - (c) facsimile to the Company on facsimile number +61 (0)8 9284 3801; or
 - (d) email to the Company at natasha.forde@malagasyminerals.com,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.
