MALAGASY MINERALS LIMITED
ABN 84 121 700 105

21st November 2013 – ASX Announcement

# MAJOR GRAPHITE FIELD CONFIRMED AT MANIRY PROJECT

***100% owned Maniry Project – Southern Madagascar***

## HIGHLIGHTS

- Malagasy Minerals has confirmed that the Maniry Project in Southern Madagascar is host to a major graphite field.
- Systematic traverse surface sampling has identified at least 12 major lenses of high-grade graphite mineralisation with widths ranging from 75 metres to 250 metres and average grades from 5% graphitic carbon to 12.13% graphitic carbon. Traverse rock chip results include:
  - **Lens B 150 metres @ 8.28%C**
  - **Lens D 175 metres @ 11.75%C**
  - **Lens E 250 metres @ 8.67%C**
  - **Lens J 90 metres @ 12.13%C**
  - **Lens K 100 metres @ 9.80%C**
  - **Lens L 150 metres @ 10.18%C**
  - **Lens M 175 metres @ 7.26%C**

**BACKGROUND**

Malagasy Minerals Ltd (ASX Code: MGY / "Malagasy") has established a large exploration project in Southern Madagascar (Figure 1.) that is prospective for both mafic-ultramafic intrusive related magmatic nickel-copper-platinum group metals (PGM) deposits and high-grade, high-quality graphite deposits.

The graphite prospectivity of the region has been established by the discovery of the large, high-quality Molo Graphite Deposit by Energizer Resources Inc. ("Energizer"). Malagasy recently announced (25th October 2013) that it had made the decision to sell the company's 25% interest in the project in order to crystallise significant value and to increase its focus on the company's highly prospective 100% owned ground. The transaction is set to deliver a low-risk immediate return to Malagasy in the form of initial cash and share payments, whilst maintaining leveraged exposure through future benchmark cash and share payments.

Malagasy has been working to a strategy to define the potential of the 100% held ground to host additional high-grade graphite deposits that would have the potential to either enhance, or be enhanced by, the development of the Molo Graphite Deposit by Energizer. Malagasy is targeting a high-grade resource base with a particular focus on identifying near surface, low mining cost deposits that can be assessed quickly and at modest cost, potentially working off the benefits of the Molo development.

**GRAPHITE EXPLORATION – MANIRY PROJECT**

The Maniry Project is located in the southern part of the company's Ampanihy Project (Figure 2.) and has been identified as being highly prospective for not only high-grade, high-quality graphite deposits but also for large-scale intrusive related nickel-copper-PGM deposits and molybdenum-selenium-REE deposits.

An earlier program of graphite exploration at Maniry (ASX announcement 26th August 2013) identified a series of large, high-grade outcrops of graphite mineralisation within a broader graphite trend covering an area of approximately 8km x 4km.

To determine the continuity of grade across the width of these graphite lenses a series of the outcrops were selected for more detailed sampling. The sampling consisted of systematic rock chip samples across the

interpreted strike of the graphite lenses with rock chip samples collected as a composite to represent an approximate 25 metre interval. The samples were then transported to Australia and analysed by Genalysis-Intertek Laboratories (Perth) using the analytical method CSA (Total Carbon and Sulphur by CS analyser) and applying a detection limit of 0.01% - 50%C. The results were then averaged out for the entire traverse width.

This program of work to date has now identified at least 12 graphite lenses that have the potential to host a significant deposit of graphite mineralisation (Figure 3). The traverse results are reported below in Table (1).

**Table (1) – Graphite Lense Summary**

| LENS | No. of Composite Samples | Traverse Length (m) | Grade (%C) | Sample Grade | Sample No. | Easting | Northing |
|---|---|---|---|---|---|---|---|
| A | 5 | 125 | 6.18 | 6.4 | MD09195 | 487,780 | 7,285,150 |
| | | | | 4.4 | MD09196 | 487,755 | 7,285,150 |
| | | | | 5.6 | MD09197 | 487,730 | 7,285,150 |
| | | | | 5.7 | MD09198 | 487,705 | 7,285,150 |
| | | | | 8.8 | MD09199 | 487,680 | 7,285,150 |
| B | 6 | 150 | 8.28 | 9.2 | MD09200 | 488,850 | 7,284,200 |
| | | | | 8.2 | MD09201 | 488,825 | 7,284,200 |
| | | | | 8.3 | MD09202 | 488,800 | 7,284,200 |
| | | | | 6.9 | MD09203 | 488,775 | 7,284,200 |
| | | | | 7.8 | MD09204 | 488,750 | 7,284,200 |
| | | | | 9.3 | MD09205 | 488,725 | 7,284,200 |
| C | 3 | 75 | 6.50 | 8.9 | MD09206 | 487,985 | 7,283,860 |
| | | | | 5.4 | MD09207 | 487,960 | 7,283,860 |
| | | | | 5.2 | MD09208 | 487,935 | 7,283,860 |
| D | 7 | 175 | 11.75 | 29.0 | MD09209 | 487,740 | 7,284,077 |
| | | | | 8.7 | MD09210 | 487,715 | 7,284,077 |
| | | | | 6.1 | MD09211 | 487,690 | 7,284,077 |
| | | | | 6.9 | MD09212 | 487,665 | 7,284,077 |
| | | | | 6.0 | MD09213 | 487,640 | 7,284,077 |
| | | | | 18 | MD09214 | 487,615 | 7,284,077 |
| | | | | 7.6 | MD09215 | 487,590 | 7,284,077 |
| E | 9 | 250 | 8.67 | 8.8 | MD09216 | 486,600 | 7,284,410 |
| | | | | 10.5 | MD09217 | 486,625 | 7,284,410 |
| | | | | 7.0 | MD09218 | 486,650 | 7,284,410 |
| | | | | 9.6 | MD09219 | 486,675 | 7,284,410 |
| | | | | 9.2 | MD09220 | 486,700 | 7,284,410 |
| | | | | 6.5 | MD09221 | 486,725 | 7,284,410 |
| | | | | 9.1 | MD09222 | 486,750 | 7,284,410 |
| | | | | 8.6 | MD09223 | 486,800 | 7,284,410 |
| | | | | 8.8 | MD09224 | 486,825 | 7,284,410 |
| F | 6 | 150 | 6.42 | 6.7 | MD09230 | 488,060 | 7,283,122 |
| | | | | 4.9 | MD09231 | 488,085 | 7,283,122 |
| | | | | 6.6 | MD09232 | 488,110 | 7,283,122 |
| | | | | 8.5 | MD09233 | 488,135 | 7,283,122 |
| | | | | 5.2 | MD09234 | 488,160 | 7,283,122 |
| | | | | 6.6 | MD09235 | 488,185 | 7,283,122 |
| G | 5 | 125 | 7.96 | 8.1 | MD09236 | 487,175 | 7,283,388 |
| | | | | 5.1 | MD09237 | 487,150 | 7,283,388 |
| | | | | 10.4 | MD09238 | 487,125 | 7,283,388 |
| | | | | 6.2 | MD09239 | 487,100 | 7,283,388 |
| | | | | 10.0 | MD09240 | 487,075 | 7,283,388 |
| | 11 | 275 | 7.34 | 13.2 | MD09404 | 486,974 | 7,282,412 |
| | | | | 11.5 | MD09405 | 486,946 | 7,282,424 |
| | | | | 8.9 | MD09406 | 486,919 | 7,282,408 |
| | | | | 5.5 | MD09407 | 486,896 | 7,282,410 |
| | | | | 3.6 | MD09408 | 486,876 | 7,282,413 |
| | | | | 5.3 | MD09409 | 486,852 | 7,282,419 |
| | | | | 7.9 | MD09410 | 486,841 | 7,282,423 |
| | | | | 6.2 | MD09411 | 486,802 | 7,282,425 |
| | | | | 6.5 | MD09412 | 486,775 | 7,282,424 |
| | | | | 5.4 | MD09413 | 486,754 | 7,282,423 |
| | | | | 6.7 | MD09414 | 486,731 | 7,282,427 |
| I | 7 | 150 | 4.46 | 5.6 | MD09397 | 486,359 | 7,281,653 |
| | | | | 3.5 | MD09398 | 486,373 | 7,281,667 |
| | | | | 5.1 | MD09399 | 486,397 | 7,281,667 |
| | | | | 3.2 | MD09400 | 486,444 | 7,281,658 |
| | | | | 4.4 | MD09401 | 486,444 | 7,281,666 |
| | | | | 4.7 | MD09402 | 486,476 | 7,281,676 |
| | | | | 4.7 | MD09403 | 486,491 | 7,281,676 |
| J | 4 | 90 | 12.13 | 10.2 | MD09361 | 488,122 | 7,285,764 |
| | | | | 10.7 | MD09362 | 488,100 | 7,285,766 |
| | | | | 15.9 | MD09363 | 488,072 | 7,285,762 |
| | | | | 11.7 | MD09364 | 488,056 | 7,285,761 |
| K | 4 | 100 | 9.80 | 9.9 | MD09357 | 486,944 | 7,285,340 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | 15.4 | MD09358 | 486,901 | 7,285,336 |
| | | | | 5.7 | MD09359 | 486,868 | 7,285,343 |
| | | | | 8.2 | MD09360 | 486,831 | 7,285,351 |
| L | 6 | 150 | 10.18 | 9.6 | MD09351 | 486,871 | 7,286,054 |
| | | | | 9.6 | MD09352 | 486,828 | 7,286,070 |
| | | | | 7.1 | MD09353 | 486,801 | 7,286,075 |
| | | | | 12.0 | MD09354 | 486,788 | 7,286,069 |
| | | | | 11.4 | MD09355 | 486,753 | 7,286,069 |
| | | | | 11.4 | MD09356 | 486,739 | 7,286,059 |
| M | 8 | 175 | 7.26 | 13.4 | MD09386 | 487,273 | 7,282,025 |
| | | | | 6.6 | MD09387 | 487,259 | 7,282,025 |
| | | | | 4.8 | MD09388 | 487,230 | 7,282,028 |
| | | | | 4.4 | MD09389 | 487,206 | 7,282,028 |
| | | | | 4.8 | MD09390 | 487,186 | 7,282,026 |
| | | | | 8.3 | MD09391 | 487,162 | 7,282,027 |
| | | | | 7.4 | MD09392 | 487,135 | 7,282,014 |
| | | | | 8.4 | MD09393 | 487,107 | 7,282,010 |
| N | 3 | 75 | 7.6 | 7.4 | MD09365 | 487,809 | 7,280,656 |
| | | | | 8.2 | MD09366 | 487,834 | 7,280,656 |
| | | | | 7.2 | MD09367 | 487,858 | 7,280,656 |
| O | 3 | 75 | 7.5 | 7.3 | MD09377 | 487,927 | 7,281,584 |
| | | | | 9.5 | MD09378 | 487,906 | 7,281,582 |
| | | | | 5.7 | MD09379 | 487,876 | 7,281,603 |
| | 6 | 150 | 6.17 | 6.9 | MD09368 | 487,610 | 7,280,758 |
| | | | | 5.8 | MD09369 | 487,576 | 7,280,748 |
| | | | | 5.3 | MD09370 | 487,557 | 7,280,751 |
| | | | | 5.1 | MD09371 | 487,525 | 7,280,748 |
| | | | | 6.6 | MD09372 | 487,507 | 7,280,752 |
| | | | | 7.3 | MD09373 | 487,483 | 7,280,753 |
| | 3 | 75 | 4.87 | 4.8 | MD09374 | 487,126 | 7,280,183 |
| | | | | 4.7 | MD09375 | 487,158 | 7,280,184 |
| | | | | 5.1 | MD09376 | 487,173 | 7,280,185 |
| P | 4 | 100 | 6.75 | 6.0 | MD09241 | 487,065 | 7,283,666 |
| | | | | 6.2 | MD09242 | 487,090 | 7,283,666 |
| | | | | 8.5 | MD09243 | 487,115 | 7,283,666 |
| | | | | 6.3 | MD09244 | 487,127 | 7,283,666 |

***Analysis completed by Genalysis-Intertek Laboratories (Perth). The analytical method was CSA (Total Carbon and Sulphur by CS analyser) detection limit of 0.01% - 50%C.***

This program of work has delineated substantial widths of graphite mineralisation at remarkably consistent grades and clearly demonstrates that potential exists at the Maniry Project for a significant graphite deposit(s) to be defined.

**FUTURE EXPLORATION AND ASSESSMENT**

Now that the potential of the Maniry project has been confirmed the next phase of assessment will involve:

- Mineralogical evaluation to determine flake size and high level quality characteristics;
- Determination of potential upgrade purity levels; and
- If the above work justifies, a program of additional traverse sampling and trench-costean sampling will be undertaken when the 2014 field season commences.

This work can be completed at a modest cost and will provide enough information to determine the full potential of the Maniry Project and to gain an understanding as to whether these deposits have the same quality ("Jumbo" flake size / purity) attributes that are now apparent at Molo.

Signed on behalf of the Board

***Peter Langworthy***
***Technical 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. Peter Langworthy, Consulting Geologist, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Peter Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

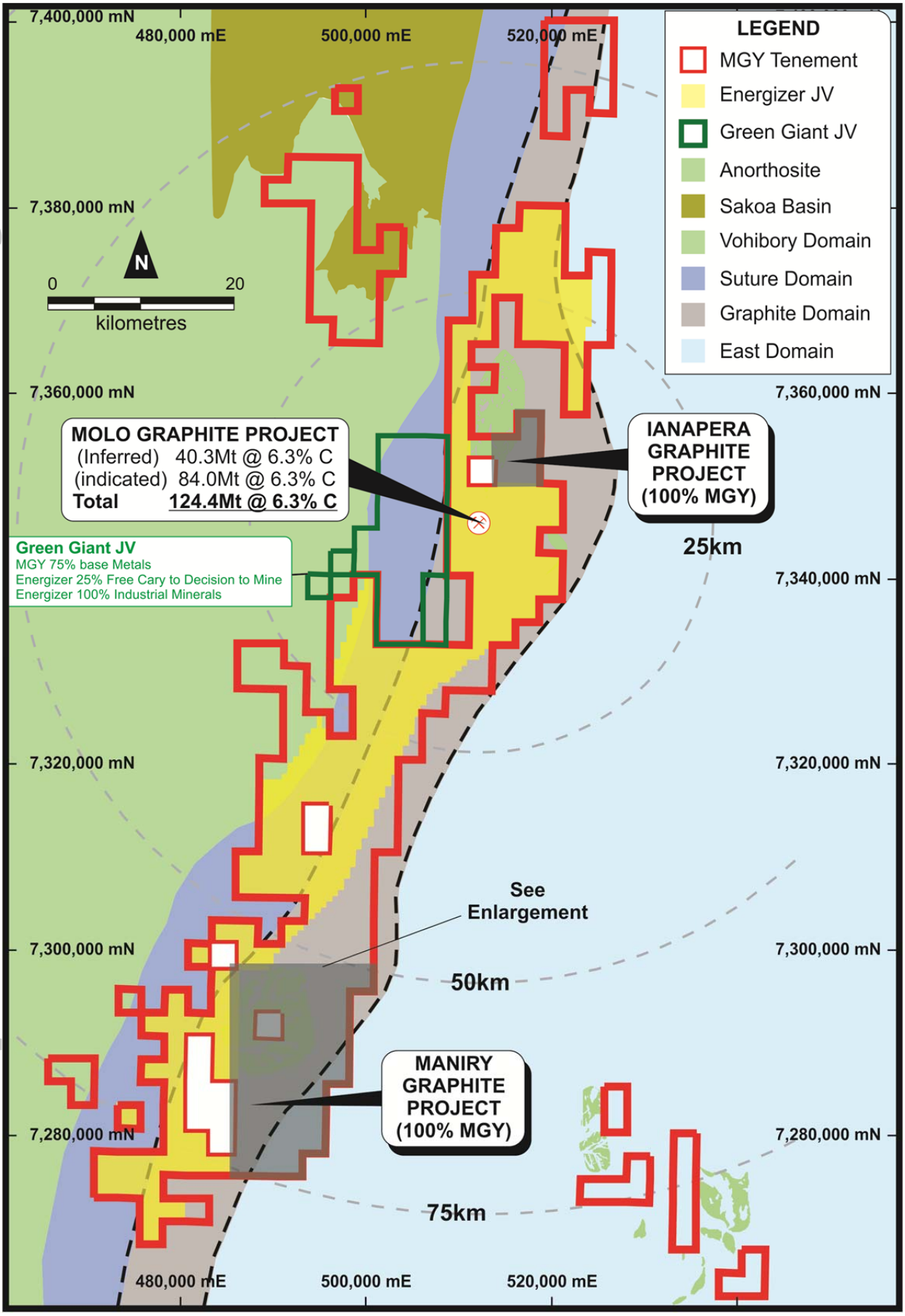


**Figure (1) – Project Location Plan**

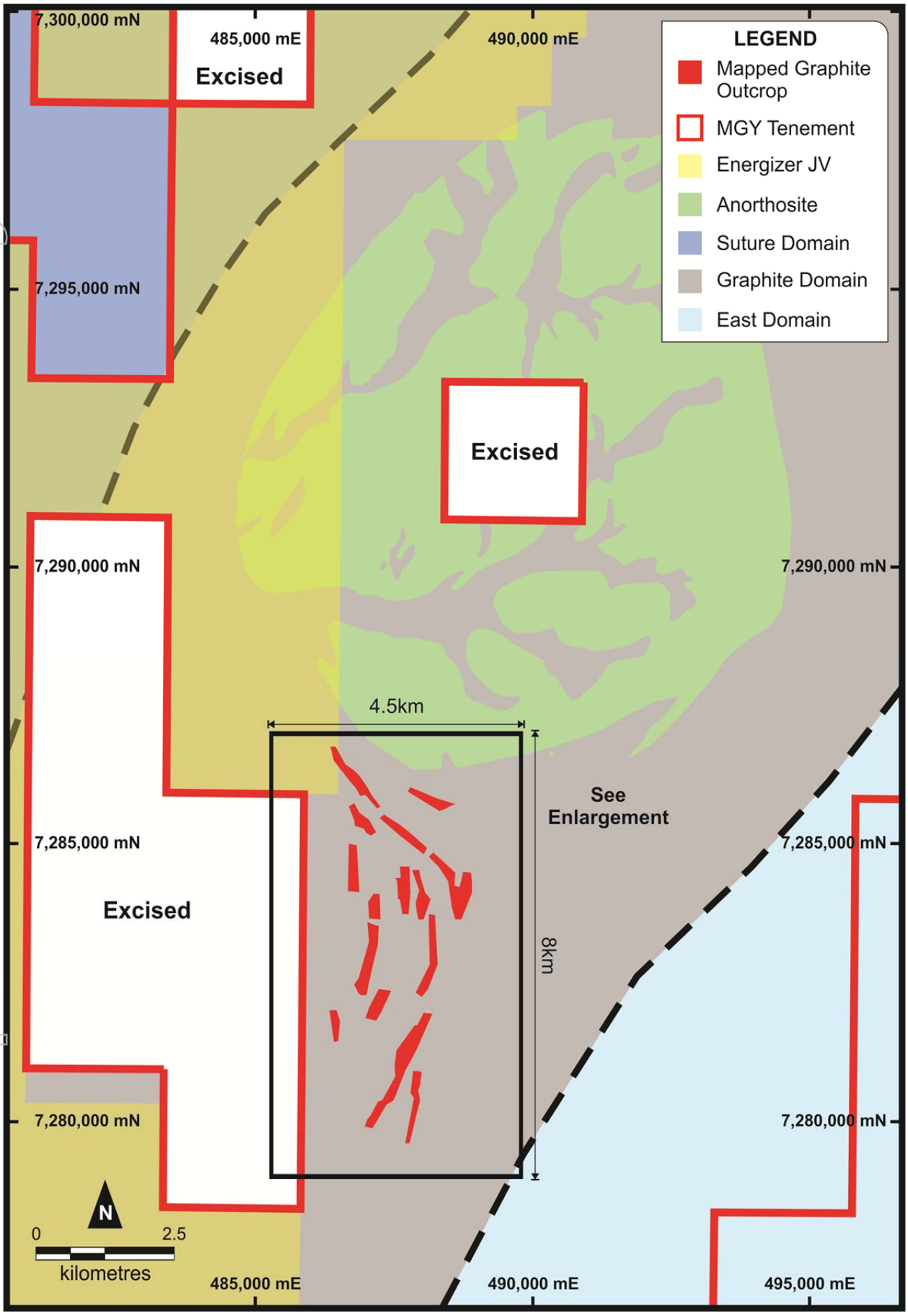


**Figure (2) – Maniry Project Location Plan**

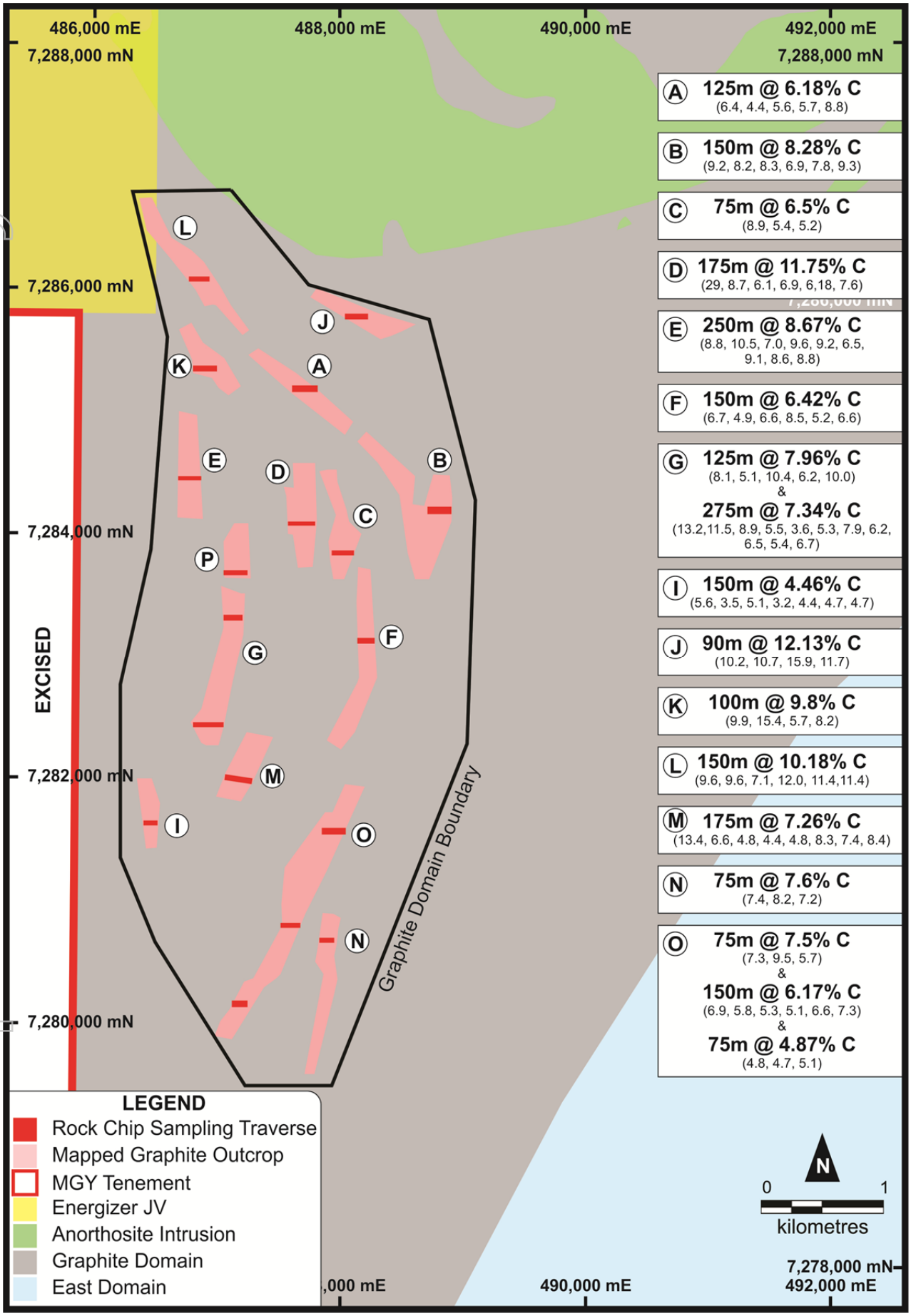


**Figure (3) – Graphite Rock Chip Results on VTEM**