

December 1, 2009

ASX Announcement

ASX: MGY

MALAGASY IDENTIFIES 6.5KM LONG VANADIUM ZONE

- **Results of soil and rock chip sampling have confirmed +300ppm vanadium (maximum 3,745ppm V) mineralisation over 6.5 strike km within MML tenements.** Multiple sub-parallel +150ppm V zones delineated;
- **Coincident copper responses and significant sulphides in host lithologies** encouraging for potential base metal sulphide mineralisation;
- **Preparations advanced to undertake costeaning of selected target zones during December 2009.** Excavator arrived on-site to commence 3rd December;
- **IKONOS satellite imagery acquired over main zone and southern extensions** to facilitate geological follow-up of defined mineralisation;
- **35km contiguous strike of prospective host lithology** held 100% by MML. Regional soil geochem planned for early 2010 following wet season;
- **Innov-X50 XRF analyzer recalibrated for vanadium** and returned to site to allow in-house assaying of vanadium samples.

AMPANIHY – CENTRAL / FOTADREVO (V-NI-CU-MN)

Follow-up sampling at the AMP-C project area was undertaken in early October. Previously identified mineralized trends were targeted for infill soil sampling and detailed along-trend prospecting. A total of 76 infill soil samples and 58 rock chip samples were collected over a three (3) day programme. The infill samples were targeted over the two (2) vanadium-bearing trends identified during the initial programme in July 2009, during which 531 soil sample and 19 rock chip samples were collected. Initial sample spacing was 200m x 200m, with infill sampling reducing this to 100m x 200m. Figure 1 overleaf summarises samples collected and results received to date.

The mineralized 'Jaky' trend has now been traced for some 6.5 kilometers into MML permits. The 607 soil samples and 58 rock chip samples were sent to Intertek-Genalysis to be analysed respectively for Ni / Cu / Mg / Zn / Au / Ag / Pt / Pd / Li / P / V (i.e. soils) and Ni / Cu / Co / Cr / Fe / Mn / Mg / Pb / Zn / As / Mo / Au / Ag / Pt / Pd / U / Li / P / V / Cd (i.e. rock chips).

Results have confirmed the presence of vanadium mineralisation within MML tenements to an equivalent degree as that defined within adjacent URST tenements (e.g. 'Jaky' zone). In addition to the clear Copper (~180ppm) and Uranium (~14ppm) association evident with the vanadium, the highest vanadium responses also exhibit elevated Platinum and Palladium (max. 61ppb Pt).

The green micaceous and glassy minerals have been confirmed respectively as roscoelite (secondary ore of vanadium) and savorite, a vanadian variety of grossular garnet (refer photos below). Additional investigations will be undertaken in the early part of 2010 to further determine the host mineral assemblage.

Additionally, the elevated copper and nickel-cobalt-PGE responses associated with the strongest vanadium responses, combined with the degree of sulphide development in the metasediments, may provide the basis for a possible delineation of base metals mineralisation. MML tenements enjoy extensive coverage of the prospective mineralized horizon for some 30km south from the current exploration area (refer Figure 2 below). Follow-up exploration of this trend utilizing broad-spaced surface geochemistry and geological mapping is planned for early 2010, immediately following the wet season.



Plans for immediate follow-up of the main 6.5km trend are in place, with the mobilization to site of an excavator and sampling team to undertake approximately five (5) planned costeans over selected areas of defined mineralisation. Proposed costean locations are shown as heavy dashed east-west lines in Figure 1 below.

Assaying costs associated with both the upcoming costeaning and regional extension programmes will be significantly reduced with the recent recalibration of the company's bench top Innov X-50 XRF analyzer unit to allow vanadium detection.

Recently acquired IKONOS satellite imagery will greatly facilitate planned geological mapping and prospecting programmes, as well as the interpretation of strike extensions of defined mineralized areas.

Vanadium Information

Vanadium, belonging to the class and Tantalum and Niobium, is an important metal used primarily as an alloy in specialty steels and titanium compounds, as well as electronic applications such as batteries. Recent advances in battery technology have been achieved utilizing vanadium as a significant component and this in turn suggests that significant potential exists for a several-fold increase in global demand for the metal above the current 70,000 – 100,000 tonnes consumed annually.

Additionally, Russian and Chinese steel manufacturers have tied up nearly three quarters of current world vanadium production, resulting in an increased potential for upward price pressure.

Vanadium currently sells for around USD10.00 to 11.00 per pound; generally as vanadium pentoxide concentrate (i.e. V_2O_5 – where 1% V_2O_5 is equivalent to 22 pounds of contained vanadium metal - vanadium results can be converted to V_2O_5 equivalent by multiplying by a factor of 1.7852).

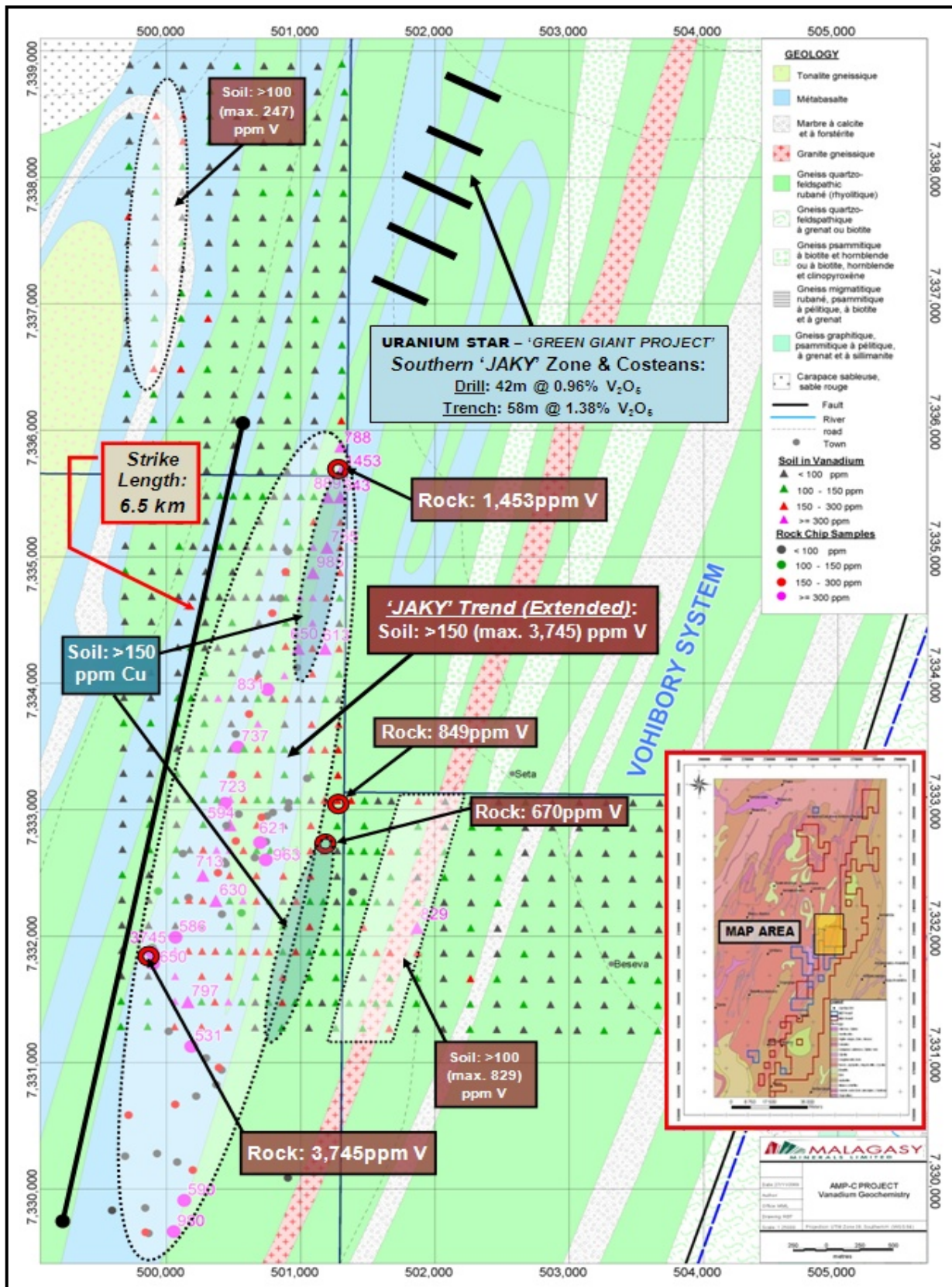


Figure 1: Summary of rock chip and soil geochem sampling to date within MML tenements adjacent to Uranium Star 'Green Giant' vanadium project. Note the presence of multiple anomalous trends and coincident anomalous copper geochemistry. Horizontal dashed lines indicate the location of five (5) proposed costeans planned for completion in December 2009.

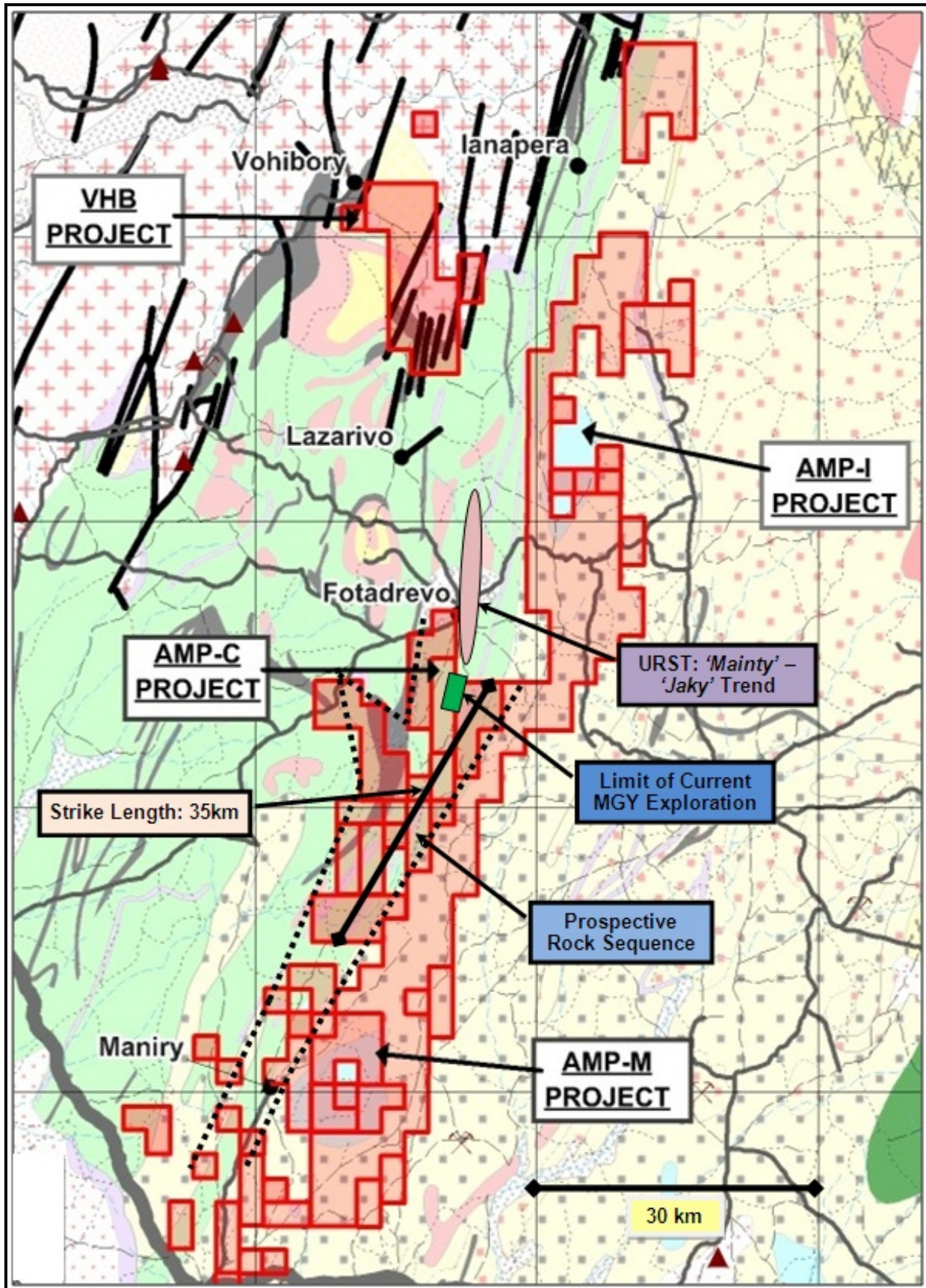


Figure 2: Current MML exploration at Fotadrevo vanadium project (green rectangle) in the context of MML tenement holdings of prospective host rock sequences. Follow-up regional geochemistry and mapping / prospecting along the initial 30km adjacent to the south of the existing area using IKONOS satellite imagery is planned for early 2010.



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.