MALAGASY MINERALS LIMITED

ABN 84 121 700 105

AND CONTROLLED ENTITIES

ANNUAL REPORT

30TH JUNE 2015

Corporate Directory

Directors

Guy LeClezio – Non-Executive Chairman
Peter Woods – Non-Executive Director
Graeme Boden – Non-Executive Director
Peter Langworthy – Non-Executive Director

Country Manager Madagascar

Jean Luc Marquetoux

Company Secretaries

Graeme Boden
Natasha Forde

Registered and Corporate Office

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MADAGASCAR
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Stock Exchange Listing

Australian Securities Exchange
ASX Code: MGY

Share Registry

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Auditor

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Solicitors to the Company

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Solicitors (Madagascar)

Lexel Juridique & Fiscal
Zone Tana Water Front
Ambodivona
ANTANANARIVO 101
MADAGASCAR

Annual General Meeting

The Annual General Meeting of Malagasy Minerals Limited will be held in the President's Room, The Celtic Club, 1st Floor, 48 Ord Street, West Perth Australia at 10-30 am on Thursday 26th November 2015.

Web Site

Visit our website at:
www.malagasyminerals.com

Registered under the Corporations Act 2001 in the State of Western Australia on 22nd September 2006

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OPERATIONS REVIEW

HIGHLIGHTS

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

Key outcomes from corporate activity and exploration programmes during the year were:

- The ongoing funding solution for the company's activities via the generation of $225,899 cash from the sale of shares held in Energizer Resources Inc (EGZ), the receipt of a second payment for the sale of the Molo graphite deposit and the sale or lease of two labradorite tenements. It is now 4.5 years since Malagasy has raised capital for its exploration activities.
- Completion of a maiden diamond drilling program at the Razafy Prospect has continued to demonstrate the potential for the Maniry Graphite Project to host significant deposits of high grade, high quality graphite mineralisation.
- Nickel-copper exploration has now been focused in 3 key areas that will allow a significant rationalisation of the company's tenement holdings.

EXPLORATION PROJECTS

Malagasy has consolidated a large exploration project in Southern Madagascar over an area of approximately 1,858 km^2 (Figure 1). The tenements have demonstrated to be prospective for high-grade, high-quality graphite deposits, and have also been targeted for mafic-ultramafic intrusive related nickel-copper deposits.

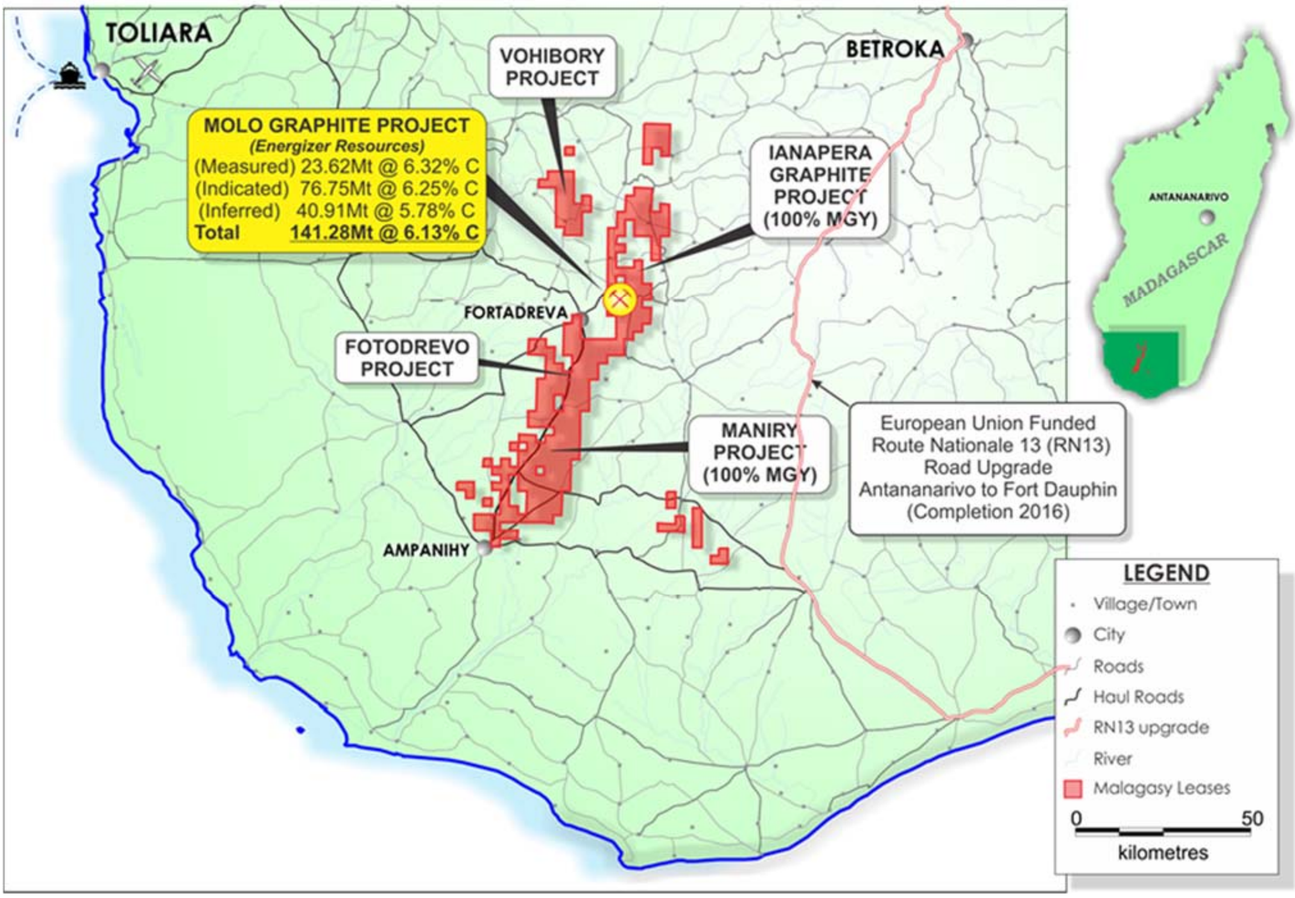

Figure (1) – Project Location Plan

GRAPHITE EXPLORATION (100% MALAGASY MINERALS LIMITED)

The discovery and delineation of the Molo Graphite Deposit by Energizer Resources demonstrated the potential of Malagasy's wider project holdings to host significant deposits of high-grade, high-quality graphite mineralisation. The decision to divest the company's interest in the Molo Graphite JV has provided the opportunity and funding to focus on the company's 100% owned assets.

As such Malagasy has pursued the strategy to define the potential of the company's 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 JV Deposit.

Malagasy aims at the Maniry Project are:

- Define a major new, high-quality graphite province in Southern Madagascar;
- Develop a pathway to become a major producer of premium quality "jumbo flake" graphite;
- Quickly delineate the size and quality of the large-scale Maniry Graphite Project; and
- Build a strategic relationship with key players within the established graphite industry.

Malagasy is targeting a high-grade resource base of >5,000,000 tonnes at a graphite grade of +15%C, with a particular focus on identifying near surface deposits that can be assessed quickly and at modest cost. Graphite exploration over the past 12 months has focused on the Maniry area (Figure 2).

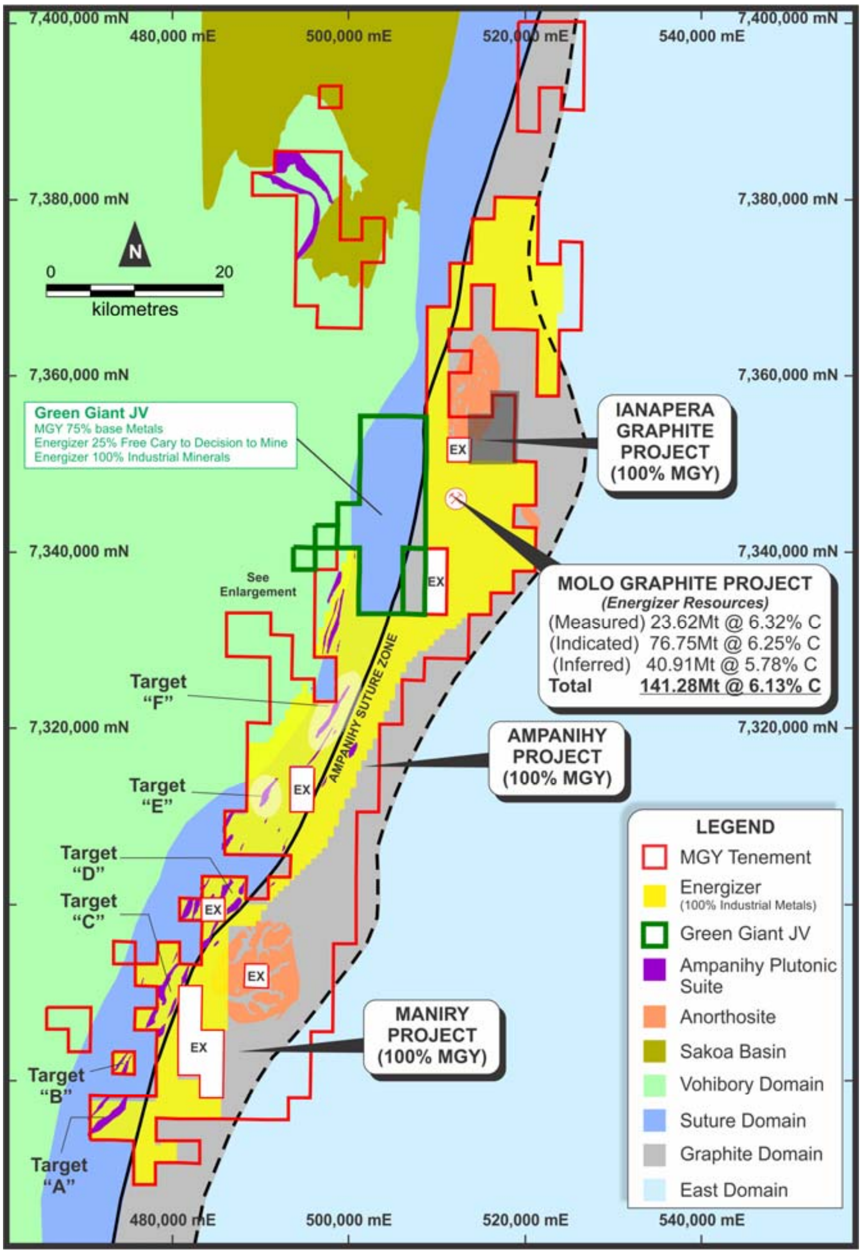

Figure (2) – Project Ownership and Prospect Location Plan

DEVELOPMENT OF THE MOLO GRAPHITE PROJECT

Malagasy retains an interest in the Energizer Resources Inc's Molo Graphite Project in the form of a cash payment on commencement to mine ($CAN 1,000,000) and an ongoing 1.5% Net Smelter Return over the life of the project.

The commencement of mining at the Molo Graphite project [(1)] and payment of the Net Smelter Return would provide a substantial and long-term cash flow source for Malagasy Minerals.

On the 6th February 2015 Energizer announced the positive results of its Feasibility Study with a target to commence production by 2017. Key metrics (as reported by EGZ) of the Molo Graphite Project include:

Table (1) – MOLO GRAPHITE PROJECT – FEASIBILITY STUDY SUMMARY ($CAN)	
Proved & Probable Reserve	22,537,000 tonnes @ 7%C (graphitic carbon)
Annual Production	53,017 tonnes carbon
Life of Mine	26 years
Capex	$188.2 (all inclusive)
Post-tax NPV (10% discounts rate)	$390 million
Post-tax IRR	31.2%

Table (2) – Metallurgical Data – Flake Size Distribution and Product Grade			
Product Size	**Description**	**% Distribution**	**Product Grade (%C)**
>50 mesh	Jumbo	23.6	96.9
-50 to +80 mesh	Coarse – Large	22.7	97.1
-80 to +100 mesh	Medium	6.9	97.2
-100 mesh	Medium - Fine	48.8	97.6

Note:

(1) Future payments: the nature of these payments means that they are not guaranteed and are linked to the future commencement of mining at the Molo Graphite Project.

MANIRY GRAPHITE 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.

Exploration at Maniry has identified a series of large, high-grade outcrops of graphite mineralisation within a broader graphite trend covering an area of approximately 8km x 4km. This initial work was followed by more detailed systematic rock chip sampling across the interpreted strike of the graphite lenses to determine the continuity of grade across the width of these graphite lenses.

The diamond drilling program completed during the year at Maniry was the culmination of systematic exploration that achieved the following outcomes:

- Definition of at least 34 large-scale zones (Figure 3) of prominently outcropping graphite mineralisation over an area of 6.5km x 2.5km. Additional targets have been identified and will be advanced at an appropriate time;
- Individual lenses have strike extensions of up to 1.8km and can attain widths of up to 350m;
- Rock chip sampling program has returned individual results up to 50.78%C; and
- Field assessment of the graphite flake size has highlighted it is generally of coarse nature. Previously completed petrological analysis of selected samples has confirmed the high quality nature of the graphite. The graphite flake size is generally >0.7mm with some material as coarse as several millimetres. The graphite is largely free from inclusions of other minerals.

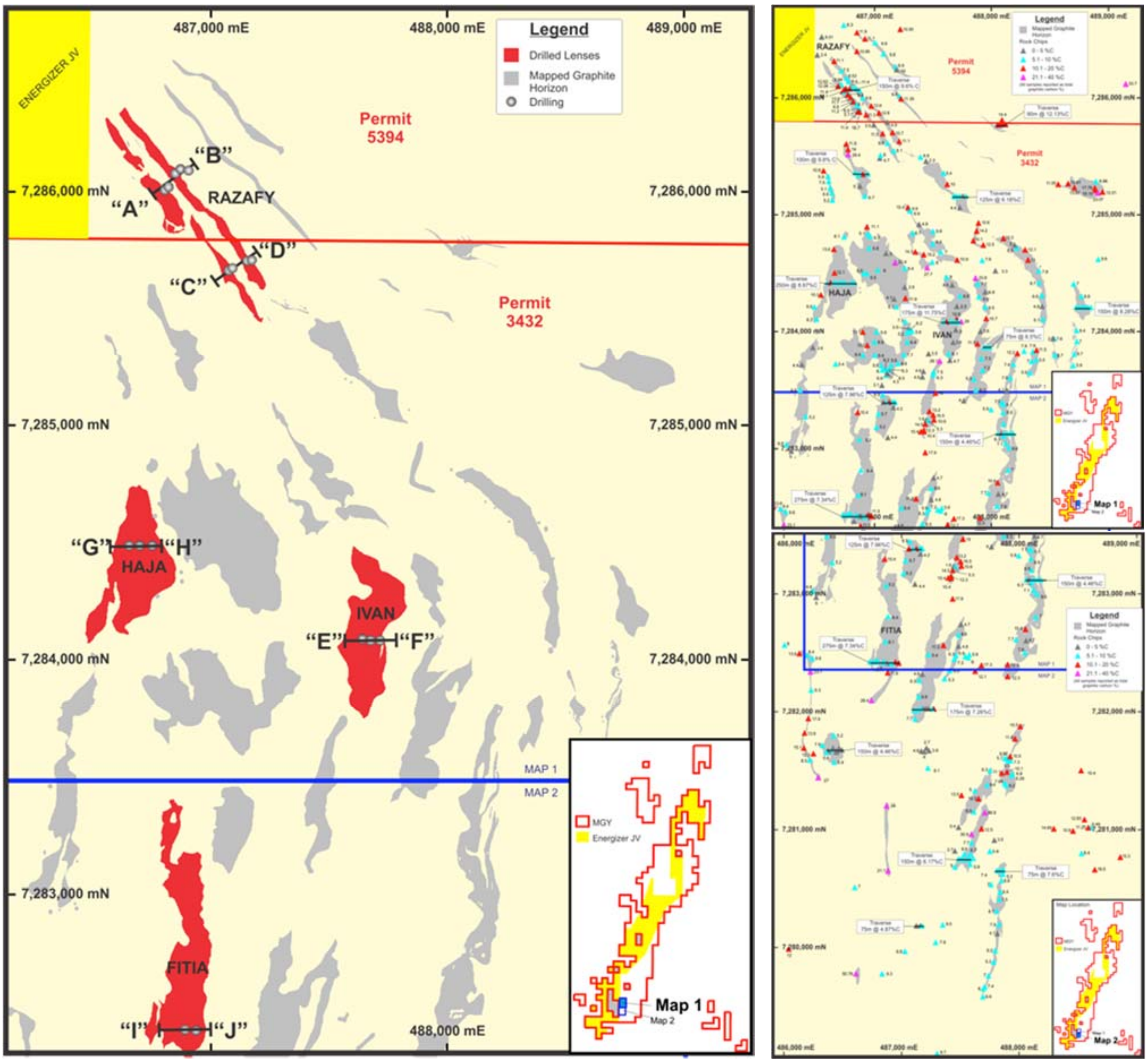

Figure (3) – Maniry Graphite Field: Target Locations and Surface Sampling Results

Razafy Target:

Two traverses of drilling (9 holes – see Table 3) were completed approximately 500 metres apart to provide an initial test of the central portion of the ~1.6km long Razafy Target. The drilling focused on the two central lenses of mineralisation (Figure 4) - the remaining four parallel lenses remain untested.

The key outcomes of the drilling include:

- Confirmation of consistent, thick outcropping, high-grade graphite horizons hosted by felsic gneissic rocks (Figure 5a and 5b);
- Field assessment confirms the course grained nature of the graphite mineralisation;
- The carbon grade within the horizons are generally consistent from hole to hole and from section to section;
- Surface sampling has provided an accurate guide as to the expected grades in the sub-surface and;
- Diamond drilling is a cost effective way (approximately A$50/metre) of drill testing the targets.

Table (3) – Razafy Graphite Target Drilling Results	
Hole ID	**Results**
MNDD001	26 metres @ 7.3%C from 2 metres (Includes 10 metres @ 10.2%C) 14 metres @ 5.1%C from 52 metres
MNDD002	32 metres @ 7.0%C from 18 metres (Includes 8 metres @ 9.7%C) 16 metres @ 5.1%C from 72 metres
MNDD003	26 metres @ 6.8%C from 0 metres (Includes 8 metres @ 8.8%C) 16 metres @ 6.1%C from 94 metres
MNDD004	34 metres @ 8.5%C from 14 metres (Includes 12 metres @ 11.6%C)
MNDD010	34 metres @ 6.4%C from 0 metres (Includes 10 metres @ 8.1%C)
MNDD011	44 metres @ 6.4%C from 10 metres (Includes 10 metres @ 9.2%C)
MNDD012	24 metres @ 7.0%C from 0 metres (Includes 10 metres @ 8.4%C)
MNDD013	50 metres @ 6.9%C from 2 metres (Includes 26 metres @ 9.1%C)
MNDD017	38 metres @ 8.3%C from 34 metres (Includes 14 metres @ 11.3%C)

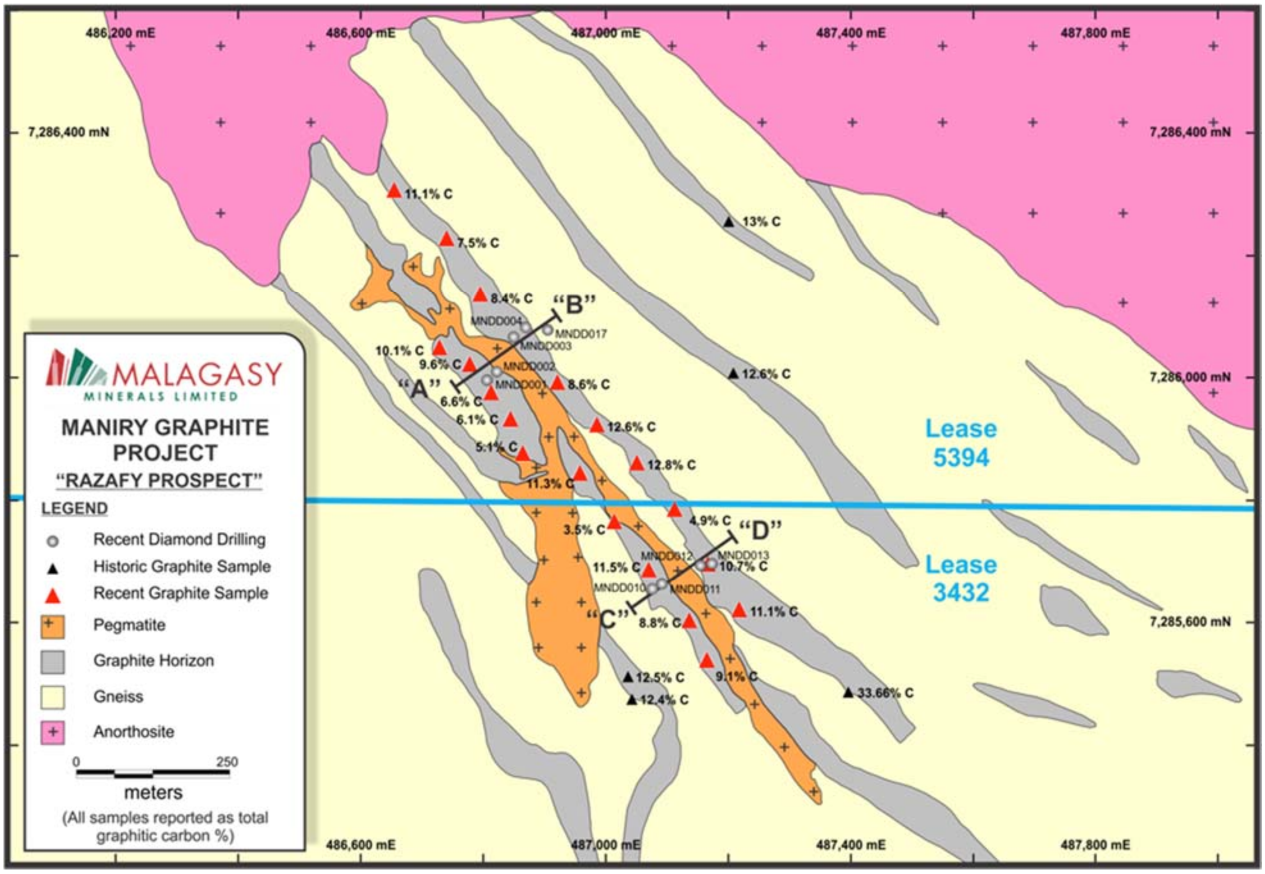

Figure (4) – Razafy Target: Drill sections and Surface Sampling Results

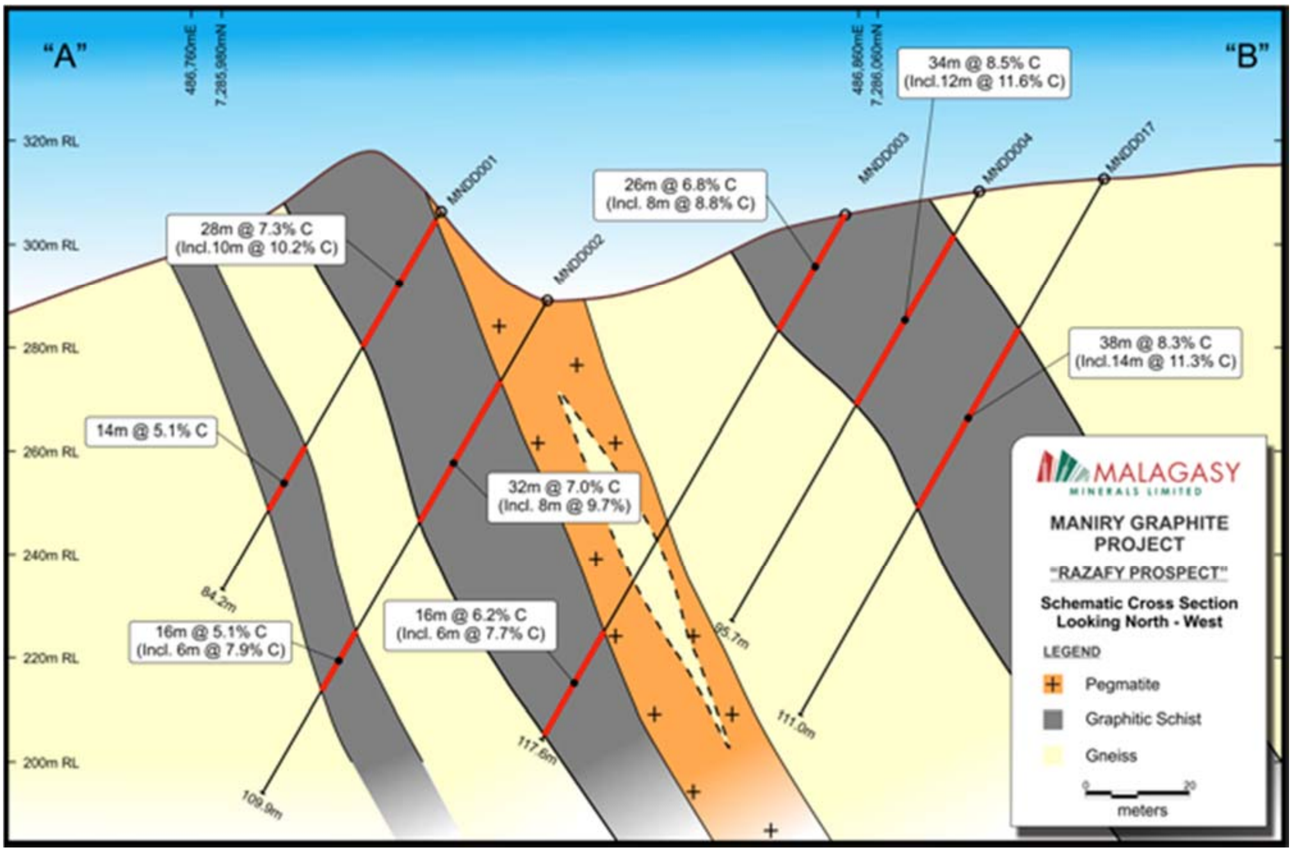

Figure (5a) – Razafy Target: Northern Drill Section

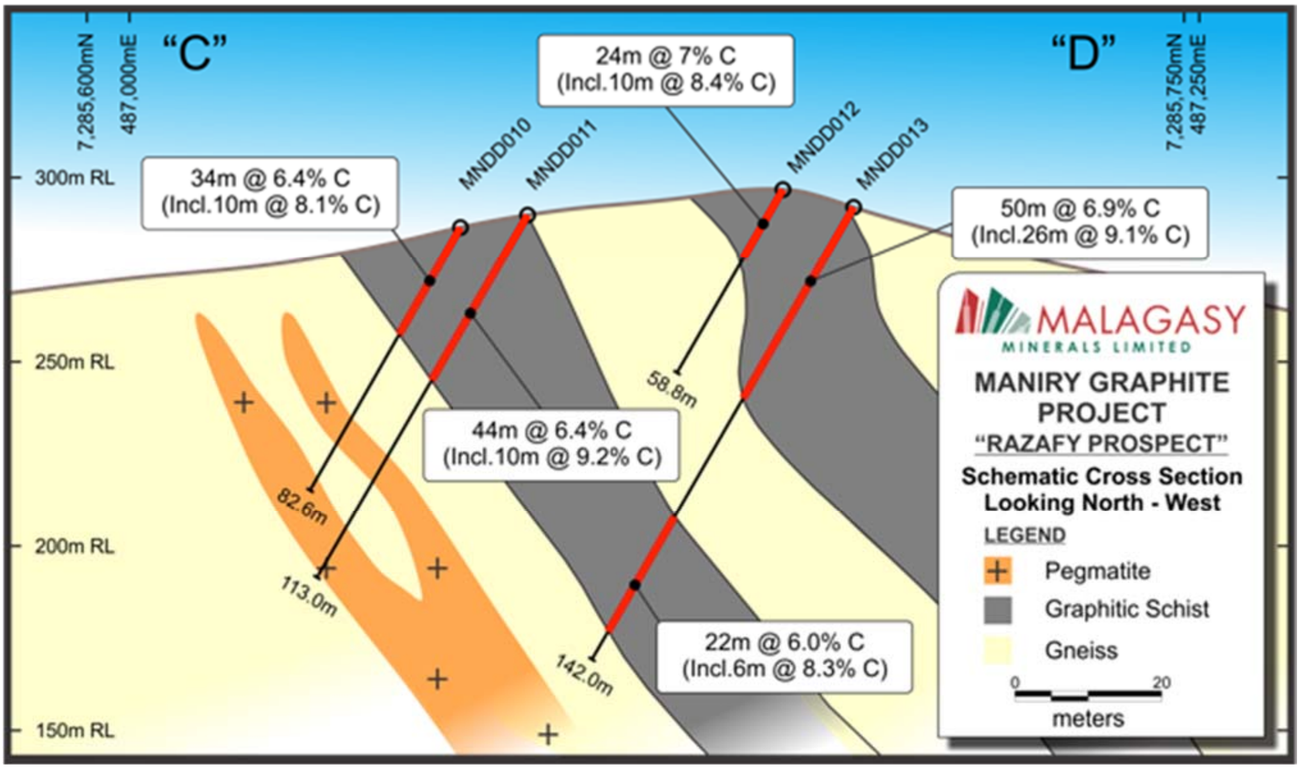

Figure (5b) – Razafy Target: Southern Drill Section

<u>Haja Target:</u>

The Haja Target is located approximately 2.0 kilometres to the immediate south of Razafy. The graphite deposit has a mapped width of up to 350 metres and a strike of 600 metres and is located on a prominent hill (Figure 6). Three diamond holes were completed on a single traverse to provide an initial test of the target.

The key outcomes of the drilling include:

- The intersection of consistently thick high-grade graphite mineralisation (Figure 7);
- The mineralisation in this position outcrops over a width of approximately 220 metres; and
- Potential exists to extend this mineralisation over a large area based on mapping and rock chip sampling results.

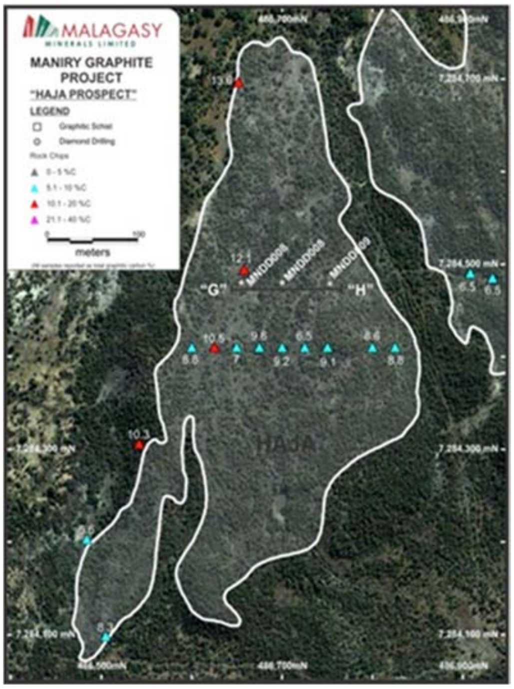

Figure (6) – Haja Target: Drill sections and Surface Sampling Results

Table (4) – Haja Target Drilling Results	
Hole ID	**Results**
MNDD008	50 metres @ 6.0%C from 0 metres (Includes 8 metres @ 7.8%C)
MNDD009	70 metres @ 5.3%C from 2 metres (Includes 6 metres @ 9.2%C)
MNDD016	18 metres @ 6.0%C from 0 metres

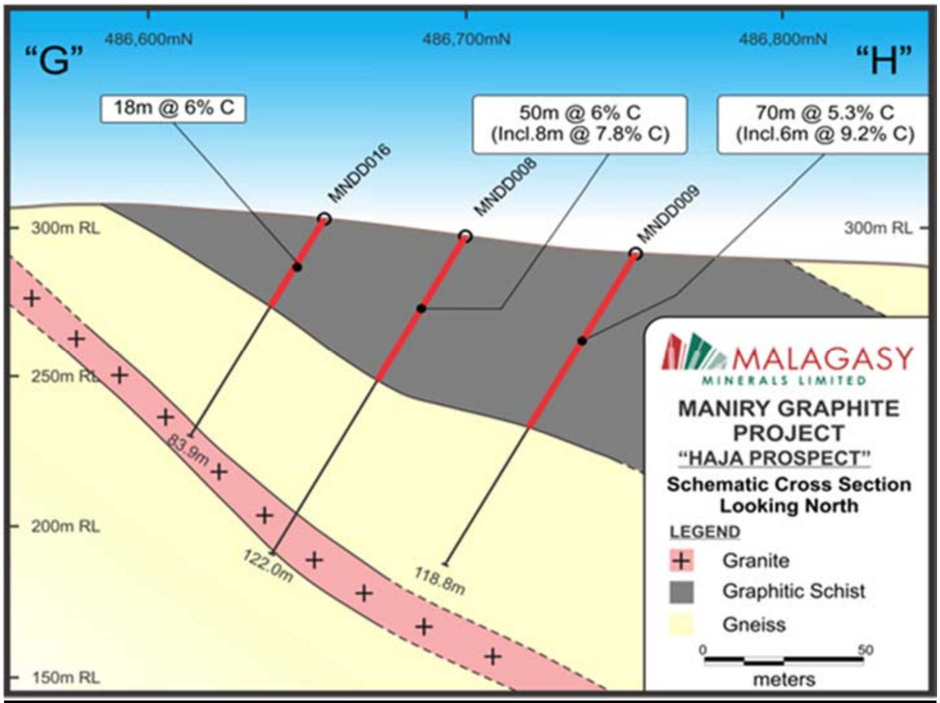

Figure (7) – Haja Target: Drill Section

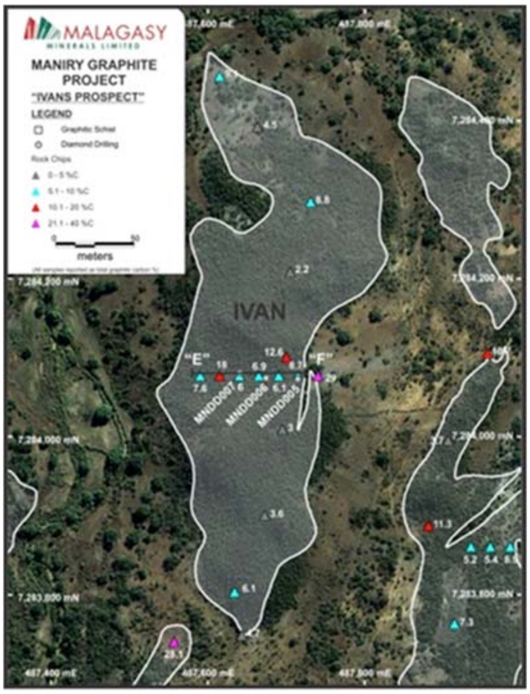

Figure (8) – Ivan Target: Drill sections and Surface Sampling Results

Ivan Target:

The Ivan Target is located approximately 1.5 kilometres to the immediate south of Razafy. The graphite deposit has a mapped width of up to 200 metres and a strike of 600 metres and is located on a prominent hill (Figure 8). Three diamond holes were completed on a single traverse to provide and an initial test of the target.

The key outcomes of the drilling include (Figure 9):

- The intersection of extensive flat lying graphite mineralisation that has the potential to extend over a large area based on mapping and rock chip sampling; and
- The potential to delineate a large area of outcropping graphite mineralisation at very low cost.

Table (5) – Ivan Target Drilling Results	
Hole ID	**Results**
MNDD005	2 metres @ 5.9%C from 2 metres
MNDD006	20 metres @ 7.0%C from 0 metres (Includes 8 metres @ 7.9%C)
MNDD007	16 metres @ 6.0%C from 0 metres (Includes 4 metres @ 8.1%C)

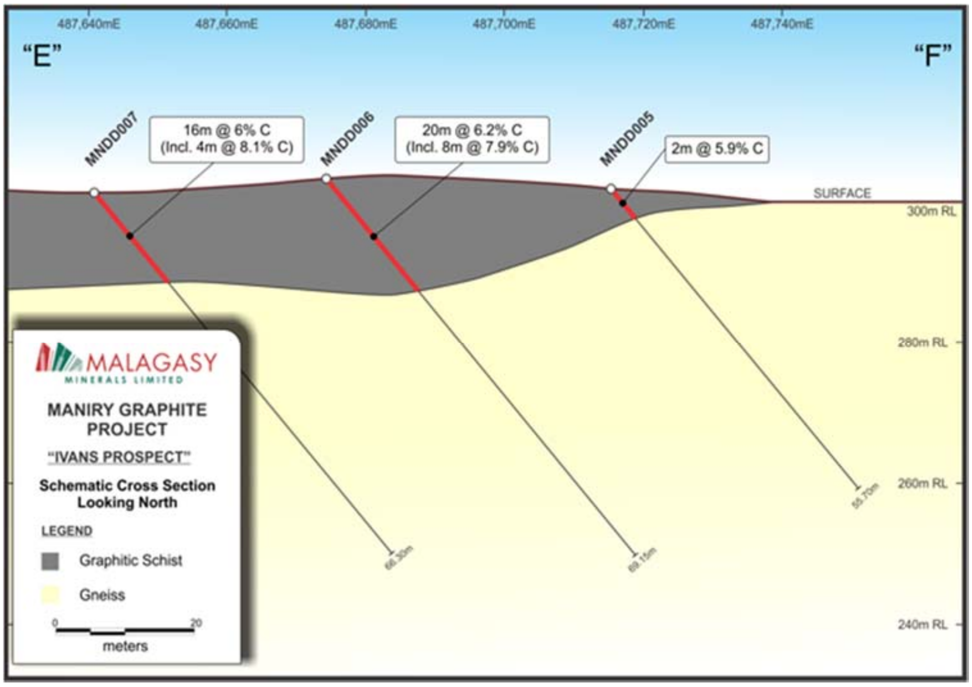

Figure (9) – Ivan Target: Drill Section

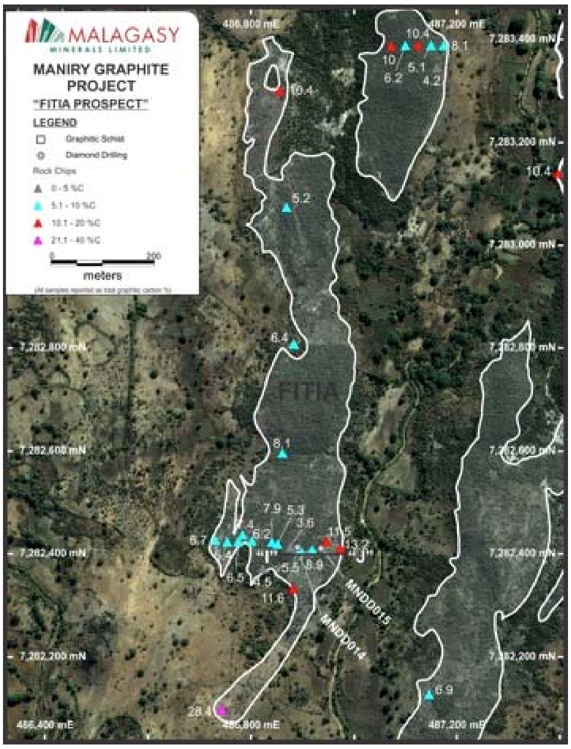

Figure (10) – Fitia Target: Drill sections and Surface Sampling Results

<u>Fitia Target</u>:

The Fitia Target is located approximately 3.5 kilometres to the immediate south of Razafy. The graphite deposit has been defined by mapping and rock chip sampling over a strike of approximately 1.2 kilometres and up to a width of 150 metres (Figure 10).
Two diamond holes were completed on the eastern margin of the outcropping graphite mineralisation as an initial test.

The key outcomes of the drilling include (Figure 11):

- The intersection of consistent and increasingly thick mineralisation to the west; and
- Initial indications of large outcropping exposures of graphite with significant opportunity to expand into a large-scale deposit of graphite mineralisation.

Table (6) – Fitia Target Drilling Results	
Hole ID	**Results**
MNDD014	16 metres @ 6.1%C from 0 metres
MNDD015	18 metres @ 6.0%C from 0 metres

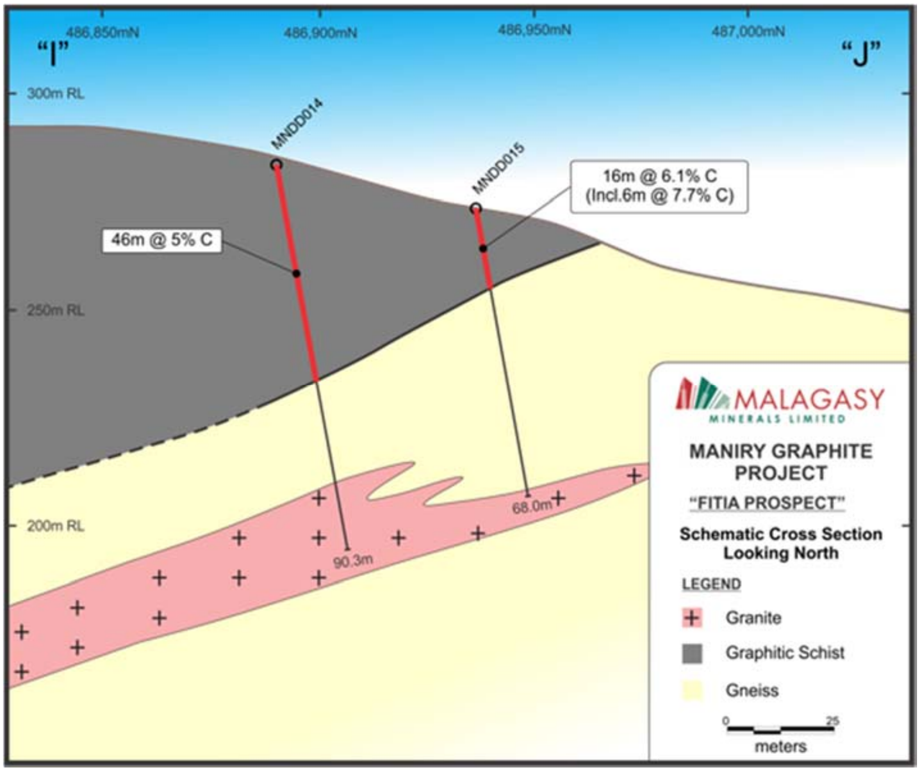

Figure (11) – Fitia Target: Drill Section

Conclusions:

The highly successful drilling program has delivered results that confirm the potential for Malagasy Minerals 100% owned Maniry Graphite Project to host large-scale, high-grade and easily accessible graphite deposits within a very localized area. The four key targets of this drilling programme provide an insight into the wider possibility of the project area with a further 30 graphite targets already identified.

The widths and near-surface outcropping nature of the graphite mineralisation provides the potential to delineate large positions quickly and in a high-quality manner by utilizing high-value in-house diamond drilling resources. The Razafy Target in particular could be assessed for an initial JORC compliant resource within a short period of time (post the current annual wet season).

The wide, near surface nature of the mineralisation would, in concept, be highly amenable to shallow open pit mining of any future identified JORC compliant mining reserve.

Beyond the potential confirmed by this initial assessment work, the Maniry Project is ready to move on to a scoping study stage. As is typical with graphite deposits the key parameter will be the metallurgical characteristics and the quality of the graphite mineralisation. Attaining this necessary and sufficient metallurgical information will inform the requirements for resource definition drilling and subsequent mining and processing studies. Malagasy will be examining the best means to fund and advance this next stage of work.

APPENDIX (I) – DRILLING DETAILS

Hole_ID	Prospect	Depth (m)	Easting	Northing	RL (m)	Azimuth	Dip
MNDD001	Razafy	84.80	486806	7285996	306	233	-60
MNDD002	Razafy	109.90	486822	7286009	289	233	-60
MNDD003	Razafy	117.60	486850	7286066	306	233	-60
MNDD004	Razafy	95.70	486870	7286082	310	233	-60
MNDD005	Ivan	55.70	487715	7284073	302	93	-50
MNDD006	Ivan	69.15	487674	7284074	303	93	-50
MNDD007	Ivan	66.30	487641	7284081	301	93	-50
MNDD008	Haja	122.00	486700	7284480	297	270	-60
MNDD009	Haja	118.80	486753	7284479	291	270	-60
MNDD010	Razafy	82.60	487076	7285654	287	240	-60
MNDD011	Razafy	113.00	487092	7285663	290	240	-60
MNDD012	Razafy	58.80	487155	7285693	298	240	-60
MNDD013	Razafy	142.00	487174	7285698	293	240	-60
MNDD014	Fitia	90.30	486890	7282413	283	90	-80
MNDD015	Fitia	68.00	486936	7282411	273	90	-80
MNDD016	Haja	82.95	486655	7284480	302	270	-60
MNDD017	Razafy	111.00	486905	7286078	304	233	-60

IANAPERA GRAPHITE PROJECT

The ***Ianapera Graphite Project*** is located within 10 kilometres of the Molo Graphite Deposit (Figure 2) and consists of a series of high-grade outcrops of graphite mineralisation within a broader graphite trend. These high-grade near surface exposures of graphite mineralisation have the potential to collectively meet the stated resource target. Importantly, these high-grade graphite exposures can be demonstrated to lie over the top of a large conductive body as defined in the airborne electromagnetic data (VTEM) (Figure 12). Graphite is highly conductive and this may indicate the presence of a large graphitic mineralized system.

Previous exploration consisting of geophysical interpretation, detailed mapping and outcrop sampling has identified three target areas that have currently delineated dimensions up to 800 metres long by 30 metres wide. Rock chip results over 15%C have been consistently collected across these positions.

Key attributes of the project are:

- Strategic position to potentially provide higher grade to feed to the Molo Graphite Project (5-15km haulage);
- Consistently high-grade sampling results up to 37.8%C; and
- Geophysical evidence indicates a larger concealed system beneath the known mapped extent of the mineralisation.

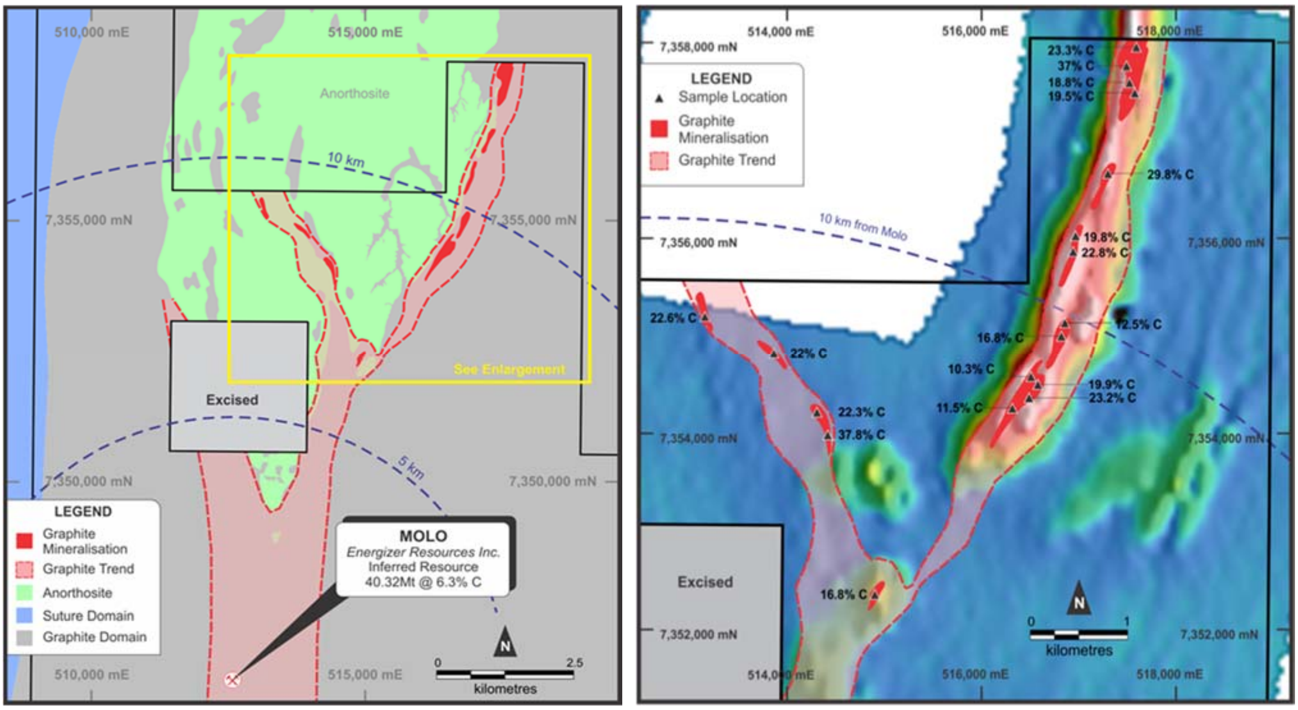

Figure (12) – Ianapera Project High-Grade Graphite Mapped Outcrops

NICKEL-COPPER-PLATINUM GROUP METAL EXPLORATION (100% MALAGASY MINERALS LIMITED)

Malagasy Minerals owns 100% of the rights to explore for base and precious metal deposits across the Ampanihy Project. The Company is exploring for World-Class mafic-ultramafic intrusive related magmatic nickel-copper-platinum group metal deposits with similarities to the Voisey's Bay Deposit, Canada.

AMPANIHY PROJECT

The main Ampanihy Project covers approximately 110km of a Proterozoic aged major tectono-structural corridor that is highly prospective for mafic-ultramafic intrusive related magmatic nickel-copper-platinum group metals ("PGM") deposits and high-grade, high quality graphite deposits. The project is sub-divided into 3 key projects; Ianapera (North), Fotadrevo (Central) and Maniry (South).

Exploration has established the following:

- Confirmation that the Ampanihy Project is host to a major suite of mafic-ultramafic intrusive rocks that are considered highly prospective to host magmatic nickel-copper-platinum group metal deposits;

- Identification of a suite of interpreted sills and/or dykes consisting of gabbro (troctolite), pyroxenite and peridotite rock that have been mapped within Malagasy's tenement holdings (Figure 2);
- Confirmation of the presence of magmatic sulphides (low-tenor Fe-Ni-Cu) associated with intrusive mafic-ultramafic rocks at a number of locations. The presence of these sulphides indicates that the critical process of sulphur saturation has occurred and that potential exists for the formation of magmatic nickel-copper-PGM deposits; and

Evaluation during the year has identified 3 areas that will become the focus of exploration.

VOHIBORY PROJECT

The Vohibory Project is located 20km to the north west of the Ampanihy Project (Figure 2) and has been identified as being highly prospective for mafic-ultramafic hosted nickel-copper-PGM Deposits

An evaluation exploration program including reconnaissance field work has identified the presence of a large mafic-ultramafic intrusion with anomalous nickel and copper geochemistry. A series of previously modelled VTEM conductors have been re-assessed. Previous attempts to drill these target conductors has proved to be incomplete and the conductors remain to be tested.

FINANCIAL REVIEW

BUSINESS STRATEGY

Malagasy Minerals is a mineral exploration company with granted tenements all located in south-west Madagascar.

The company strategy is to try to fund at least the standing costs associated with its Madagascar exploration effort through revenue generated in Madagascar. There are four components to this strategy:

- Commercial rental of parts of the Antanarivo complex not required by the group (Figure 13).
- Royalty receipts from the quarrying of labradorite from the group's tenements.
- Third party contracts from the group's services subsidiary.
- Contributions to tenement rentals from labradorite quarries and joint venture partnering, sub-lease or sale.

FINANCIAL POSITION

The consolidated loss for the year was $602,532 (2014: Profit $229,752). The current year loss includes a milestone receipt of $A821,969 in relation to the Molo graphite project.

The change in the cash position for the year was an outflow of $344,893. Inflows which helped reduce the size of the deficit, were the cash component of the Molo milestone payment ($717,659), sale of shares in Energizer Resources Inc ($225,899) and sale of a labradorite tenement ($219,968).

During the year, Malagasy operations required parent company funding of $0.3 million, representing a shortfall in self-funding strategy (2014 requirement: $0.2 million).

The cash balance of the Group at 30 June 2015 was $0.7 million.

CORPORATE TRANSACTIONS

Energizer Resources Inc (EGZ):

The Company received cash of CAN 0.7 million and 1,000,000 shares in Energizer Resources Inc ("EGZ") as a milestone payment upon completion of a bankable feasibility study.

The Company sold 1,000,000 EGZ shares which were tradable. A further 2,500,000 million shares became tradable during June 2015 and 1,000,000 more will be released from escrow during May 2016. The Company held 3,500,000 EGZ shares at 30 June 2015.

The Company withdrew from the Green Giant exploration joint venture with EGZ as part of a tenement rationalisation review.

MANAGEMENT

The Company's only management in Perth is the four non-executive directors, with exploration management provided by Mr Langworthy in conjunction with staff from his associated company Omni GeoX Pty Ltd, and finance and administration services provided by Boden Corporate Services Pty Ltd whose employees include Natasha Forde who acts as group accountant and joint company secretary.

The Malagasy activities continue to be managed by the Country Manager (Gerant) and CFO, Jean Luc Marquetoux, with exploration activities managed from Perth, by Omni GeoX, in conjunction with local geological staff.

FUTURE PROSPECTS

The group's cash balance at 30 June 2015 plus proceeds from the sale of EGZ shares will be sufficient to see the group through the 2015-16 year, albeit with a small exploration programme.

The planned programme is set out in the operations report above and will focus on the Ampanihy graphite prospect.

POLITICAL SITUATION

The political situation in Madagascar progressed through democratic elections for the President and the parliament, resulting in the induction of a president, prime minster and government ministers. The international community subsequently began a process of re-engagement with Madagascar, with the prospect of trade and aid relationships being resumed. International funding for large development projects has not yet commenced and the political situation remains confused.

Notwithstanding these somewhat encouraging developments the Bureau du Cadastre Minier de Madagascar (BCMM), responsible for the regulation and administration of the country's mining tenements, has not begun to deal with the backlog of transactions which has built up over five years. Malagasy has tenement applications, tenement renewals, the registration of additional minerals on the permits and the registration of sub-leases to EGZ with the BCMM for processing.

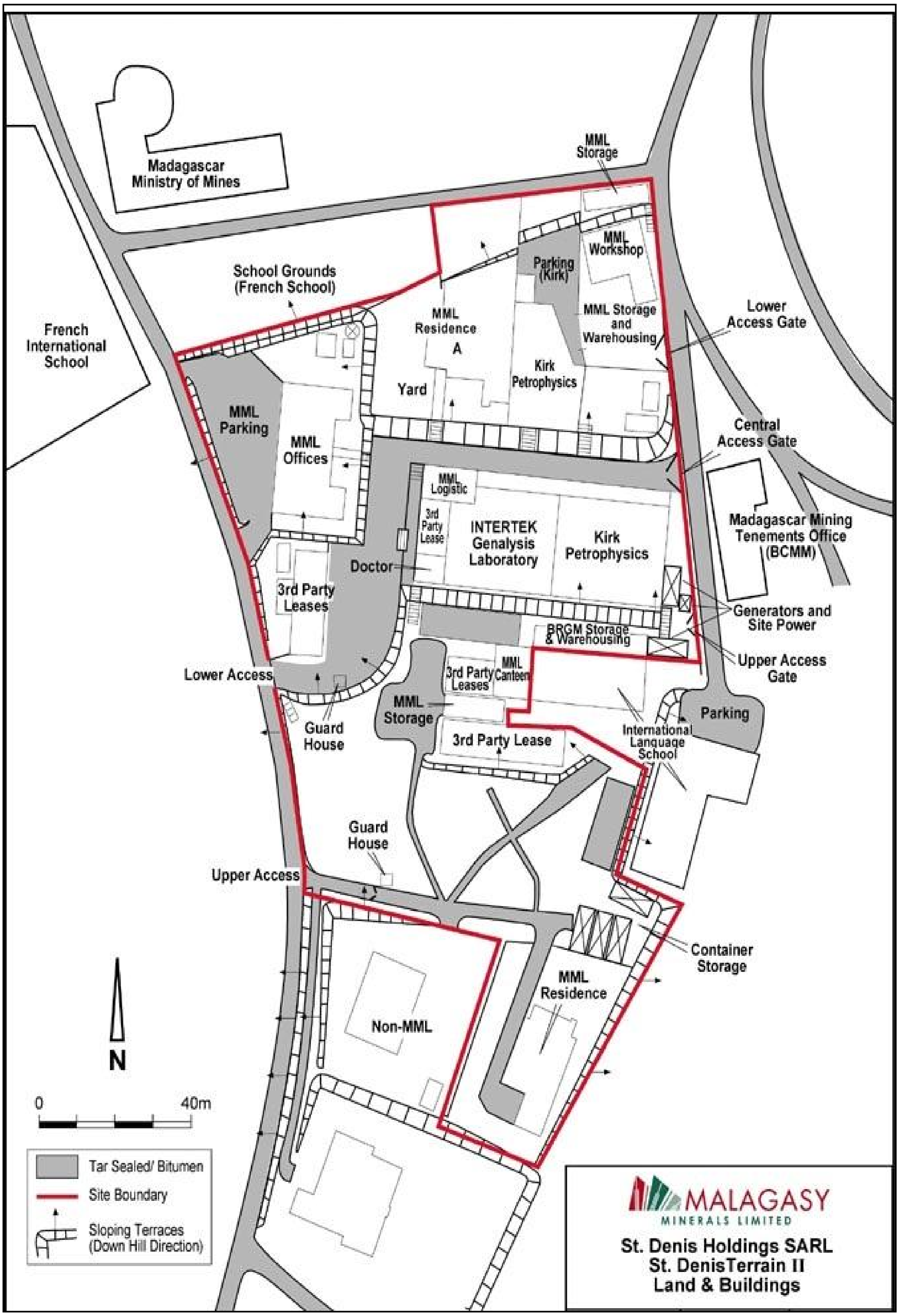

Figure (13) – Plan of St. Denis Terrain Showing Location & Extent of Building Infrastructure

Directors' Report

The directors present their report on the Economic Entity, comprising Malagasy Minerals Limited (referred to in these financial statements as "the Economic Entity" or "Malagasy") and its wholly owned subsidiaries, together with the financial report for the year ended 30 June, 2015 and the audit report thereon.

1. DIRECTORS

The Directors of the company at any time during or since the end of the year are set out below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Mr Guy Francois Marie LE CLEZIO, BA – Non-Executive Chairman (Age: 59)

Mr Le Clezio holds a Bachelor of Arts from the University of Western Australia. He has had 20 years' experience in the mining and exploration industry and was an Executive Director of Eyres Reed Ltd and Canadian Imperial Bank of Commerce who were leading Western Australian stockbrokers specialising in the mining industry. He was a founding director of World Titanium Resources Ltd and a former director of ASX listed Windy Knob Resources Ltd.

Mr LeClezio's special responsibilities are in the areas of corporate matters, including transactions, capital markets and liaison in Madagascar.

During the past three years Mr Le Clezio has not held any other listed company directorships.

Dr Peter James WOODS, BSc(Hons), PhD(Geol), MAIG – Non-Executive Director (Age: 68)

Dr. Woods holds a Bachelor of Science (Honours) and a Doctorate of Philosophy (Geology) from the University of Western Australia. He has had over 20 years' experience in the mining and exploration industry specialising in base metals, gold and industrial minerals, and as a consulting environmental scientist. He has worked in Madagascar since 1994 and in that time discovered the 710 million tonne Ranobe mineral sand deposit currently held by World Titanium Resources Ltd. He was a founding director of World Titanium Resources Ltd and a Member of the Australian Institute of Geoscientists.

Dr Woods is the lead independent director.

During the past three years Dr Woods has not held any other listed company directorships.

Mr Graeme Raymond BODEN, B Ec(Hons), FAICD – Non-Executive Director & Company Secretary (Age: 66)

He is an experienced business executive with more than 35 years in senior corporate or financial roles, particularly in the planning and evaluation function of the resources industry and in the finance and administration function of a range of industries, including resources. He has 30 years' experience as a Director or Secretary of ASX listed companies. He is the principal of Boden Corporate Services, whose clients include listed companies World Titanium Resources Ltd, Spectrum Rare Earths Limited and Phylogica Limited, as well as Malagasy.

Mr Boden's special responsibilities are as Chief Financial Officer.

During the past three years Mr Boden has not held any other listed company directorships.

Mr Peter LANGWORTHY, BSc(Hons), MAusIMM – Non-Executive Director (Age: 51)

Mr Langworthy is a geologist with a career spanning 26 years in mineral exploration and project development in Australia and Indonesia. He has specific expertise in building successful teams that have been responsible for significant mineral discoveries and in integrating technically sound exploration and resource development strategies into corporate planning. His industry experience includes 12 years in senior management roles with WMC Resources, four years with PacMin Mining as Exploration Manager, five years with Jubilee Mines where he built the team responsible for numerous discoveries at the Cosmos Nickel Mine and the Sinclair nickel project, and three years with Talisman Mining as Technical Director. At Jubilee he was part of the corporate team responsible for the growth of the company until it was taken over by Xstrata for $23/share. Mr Langworthy is a non-executive chairman of Syndicated Metals Limited (March 2012 to present).

Mr Langworthy's special responsibilities are for direction of the exploration programme.

During the past three years Mr Langworthy has held the following other listed company directorship:

- Chairman - Syndicated Metals Limited.

2. COMPANY SECRETARIES

Graeme Boden and Natasha Forde were appointed as joint Company Secretaries on 30 September 2012.

Ms Forde has 8 years' experience, as an employee of Boden Corporate Services Pty Ltd, providing company secretarial and accounting services to a range of ASX listed and unlisted companies.

3. MEETINGS OF DIRECTORS

During the financial year, the directors' attendance at meetings of directors and committees of directors were as follows:

	Directors' Meetings		Committee Meetings					
			Audit		Remuneration		Nomination	
Director	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
G Le Clezio	7	7	1	-	-	-	-	-
P Langworthy	7	7	1	-	-	-	-	-
P Woods	7	5	1	1	-	-	-	-
G Boden	7	7	1	1	-	-	-	-

A = Number eligible to attend
B = Number attended

The Full Board sits as the Audit, Remuneration and Nomination Committees when those responsibilities are required to be fulfilled.

4. PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial year were mineral exploration and project evaluation. No significant change in the nature of these activities occurred during the financial year.

5. OPERATING RESULTS

The consolidated loss of the economic entity after providing for income tax amounted to $602,532 (2014: Profit $229,752).

6. DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended to be paid during the financial year (2014: Nil).

7. REVIEW OF OPERATIONS

A review of the economic entity's operations during the year and the results of those operations are contained in the Operating and Financial Review section of this Annual Report from page 2.

8. FINANCIAL POSITION

The net assets of the economic entity have decreased by $543,092 to $6,832,028 during the financial year.

Exploration activities and administrative costs have only been offset in part by proceeds from "available for sale assets".

The directors believe the group is in a financial position to progress its objectives and strategies.

9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as set out elsewhere in the report, there were no significant changes in the state of affairs.

10. SUBSEQUENT EVENTS

There were no material events arising subsequent to 30 June 2015 to the date of this report which may significantly affect the operations of the economic entity, the results of those operations and the state of affairs of the economic entity in the future, other than:

- The deregistration of the Mauritian subsidiary, Ampanihy Exploration Limited

11. FUTURE DEVELOPMENTS

Likely future developments in the operations of the economic entity are referred to in the Operating and Financial Review section of this Annual Report.

12. ENVIRONMENTAL ISSUES

Mining and exploration operations in Madagascar are subject to environmental regulation under the Laws of Madagascar. The economic entity's current activities generally involve low level disturbance only associated with geochemical and geophysical surveys and exploration drilling programmes. There have been no breaches of the Group's obligations under environmental laws.

13. DIRECTORS INTERESTS

As at the date of this report, the interests of the Directors in shares and options of the Company were:

Director	No. of Shares	No. of Unlisted Options
G LeClezio	14,347,591	2,000,000
P Woods	3,507,078	2,000,000
G Boden	-	750,000
P Langworthy	3,008,218	900,000

14. CORPORATE GOVERNANCE

The Company's corporate governance statement can be found at the following URL: http://www.malagasyminerals.com/images/files/141110_MGY_Corporate_Governance_Statement.pdf

15. REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Key Management Personnel of Malagasy Minerals Limited.

The remuneration policy was approved by the Board. Executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits as relevant or appropriate to their position. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is reviewed annually, by the remuneration committee, with revised remuneration packages generally taking effect from the 1st of July of that year.

Executives may be granted unlisted share options from time to time, as determined by the Board.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain executives to manage the economic entity. It will also provide executives with the necessary incentives to work towards sustainable growth in shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Details of Remuneration for Year Ended 30 June 2015:

During the year there was one key management person who served as a full time executive for the Company. The Country Manager and CFO in Madagascar held that position for the full year.

The Directors have fulfilled the management roles in the Company on a non-executive basis, with no changes in the fees which they would have been paid as directors, other than as set out below.

Mr Leclezio, Dr Woods and Mr Langworthy agreed to take their fees as equity, subject to shareholder approval, for the entire financial year.

Mr Boden has not been paid a fee for his services as a director since mid-2012, when Boden Corporate Services Pty Ltd, of which he is a director, began receiving fees for services provided by its employees on an hourly basis at rates charged to all of its clients.

Mr Langworthy is a director and shareholder of Omni GeoX Pty Ltd, which is paid for the exploration services provided by its employees at hourly rates charged to all its clients. From 1 January 2014, Mr Langworthy agreed to take his directors fees as equity on the same basis as the other non-executive directors.

(a) Remuneration for Key Management Personnel of the economic entity during the year was as follows:

2015 Key Management Personnel:	**Director Fees $**	**Other Services Fees $**	**Super Contributions $**	**Share Based Expense $**	**Total $**	**Performance related %**
Directors:						
P Woods	43,800	-	-	-	43,800	-
G LeClezio	43,800	-	-	-	43,800	-
G Boden(1)	-	72,999	-	-	72,999	-
P Langworthy(2)	43,800	171,476	-	-	215,276	-
	131,400	244,475	-	-	375,875	-
Executives:						
J L Marquetoux	157,624	-	-	-	157,624	-
						-
	289,024	**244,475**	**-**	**-**	**533,499**	**-**

2014 Key Management Personnel:	**Director Fees $**	**Other Services Fees $**	**Super Contributions $**	**Share Based Expense $**	**Total $**	**Performance related %**
Directors:						
P Woods	40,000	-	3,700	7,040	50,740	-
G LeClezio	40,000	-	3,700	7,040	50,740	-
G Boden	-	93,710	-	2,640	96,350	-
P Langworthy(2)	20,000	104,565	1,850	-	126,415	-
M Cozijn(3)	7,339	-	678	7,040	15,057	-
	107,339	198,275	9,928	23,760	339,302	-
Executives:						
J L Marquetoux	169,714	-	-	2,210	171,924	-
						-
	277,053	**198,275**	**9,928**	**25,970**	**511,226**	**-**

Notes:

(1) Payments made to G Boden through Boden Corporate Services Pty Ltd (BCS) include time spent on company activities, including accounting and administration by G Boden and other employees of BCS, including N Forde as Company Secretary.

(2) Payments made to Mr Langworthy, through Omni GeoX Pty Ltd (Omni) include time spent on managing and executing the exploration programme by P Langworthy and other employees of Omni.

(3) M Cozijn resigned as a director on 8 August 2013.

The aggregate amount of remuneration payable to all non-executive directors was set by shareholders at $200,000 per annum.

There were no bonuses paid to any Key Management Personnel during the year.

(b) Equity issued as part of remuneration:

<u>Options:</u>

During 2014, 250,000 options were issued to key management personnel giving rise to $2,210 share based compensation benefits being recorded. The options are exercisable at $0.15 on or before 30th November 2016 and all options vested on the date of issue, 2 August 2013.

During 2013, 6,750,000 unlisted options exercisable at $0.15 on or before 30th November 2016 were issued to Key Management Personnel giving rise to $154,440 share based payment compensation benefits being recorded in that year, and $23,760 being recorded in the 2014 year. Half of the options vested on date of issue, 21 November 2012 and the remaining half vested on 30th November 2013.

The following table sets out options on issue as at the date of this report, previously granted as compensation and their terms & conditions.

Key Management Person	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date	Exercise Price	Allotment Date	Expiry Date
Directors:							
M Cozijn[(1)]	2,000,000	2,000,000	16/11/12	$0.02	$0.15	21/11/12	30/11/16
G LeClezio	2,000,000	2,000,000	16/11/12	$0.02	$0.15	21/11/12	30/11/16
P Woods	2,000,000	2,000,000	16/11/12	$0.02	$0.15	21/11/12	30/11/16
G Boden	750,000	750,000	16/11/12	$0.02	$0.15	21/11/12	30/11/16
	6,750,000	6,750,000					
Executives:							
JL Marquetoux	250,000	250,000	22/05/13	$0.01	$0.15	02/08/13	30/11/16

Notes:
(1) M Cozijn resigned as a director on 8 August 2013.

Shares:

As set out in previous annual reports, from 1 April 2013, some directors agreed to take compensation in shares rather than cash, provided that shareholders give approval for the shares to be issued.

At the annual general meeting held on 25 November 2014, shareholders approved the issue of 4,498,654 shares to directors in place of director fees as set out in the following table.

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.

Director	Period	Fees Accrued $	Issue Price $	Shares Issued as Compensation No.
G LeClezio	1 October 2013 to 31 December 2013	10,925	$0.0250	437,000
	1 January 2014 to 31 March 2014	10,925	$0.0235	464,894
	1 April 2014 to 30 June 2014	10,925	$0.0265	412,264
	1 July 2014 to 30 September 2014	10,925	$0.0330	331,060
P Woods	1 October 2013 to 31 December 2013	10,925	$0.0250	437,000
	1 January 2014 to 31 March 2014	10,925	$0.0235	464,894
	1 April 2014 to 30 June 2014	10,925	$0.0265	412,264
	1 July 2014 to 30 September 2014	10,925	$0.0330	331,060
P Langworthy	1 January 2014 to 31 March 2014	10,925	$0.0235	464,894
	1 April 2014 to 30 June 2014	10,925	$0.0265	412,264
	1 July 2014 to 30 September 2014	10,925	$0.0330	331,060
		$120,175		**4,498,654**

At 30 June 2015 there is a balance of $98,625 in accrued director's fees. The number of shares which would potentially be issued to clear this debt, after shareholder approval is 4,234,432 shares, as set out in the following table.

Director	Period	Fees Accrued $	Issue Price $	Shares Potentially to be Issued as Compensation No.
G LeClezio	1 October 2014 to 31 December 2014	10,975	$0.020	548,750
	1 January 2015 to 31 March 2015	10,950	$0.022	497,727
	1 April 2015 to 30 June 2015	10,950	$0.030	365,000
P Woods	1 October 2014 to 31 December 2014	10,975	$0.020	548,750
	1 January 2015 to 31 March 2015	10,950	$0.022	497,727
	1 April 2015 to 30 June 2015	10,950	$0.030	365,000
P Langworthy	1 October 2014 to 31 December 2014	10,975	$0.020	548,750
	1 January 2015 to 31 March 2015	10,950	$0.022	497,727
	1 April 2015 to 30 June 2015	10,950	$0.030	365,000
		98,625		**4,234,431**

(c) Movements in share and options holdings, held by key management personnel:

Movements in options over equity instruments:

The movement during the reporting period in the number of options over ordinary shares in the Entity held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

	Balance 1 July 2014	Granted as Remuneration	Expired	Balance 30 June 2015	Vested During the Year	Vested & Exercisable 30 June 2015
Directors:						
G LeClezio	2,000,000	-	-	2,000,000	-	2,000,000
P Woods	2,000,000	-	-	2,000,000	-	2,000,000
G Boden	750,000	-	-	750,000	-	750,000
P Langworthy	900,000	-	-	900,000	-	900,000
	5,650,000	-	-	5,650,000	-	5,650,000
Executives:						
JL Marquetoux	250,000			250,000	-	250,000
N Forde	250,000			250,000	-	250,000

	Balance 1 July 2013	Granted as Remuneration	Expired	Balance 30 June 2014	Vested During the Year	Vested & Exercisable 30 June 2014
Directors:						
M Cozijn(1)	3,000,000	-	-	n/a	n/a	n/a
G LeClezio	2,500,000	-	(500,000)	2,000,000	1,000,000	2,000,000
P Woods	2,500,000	-	(500,000)	2,000,000	1,000,000	2,000,000
G Boden	750,000	-	-	750,000	375,000	750,000
P Langworthy(2)	n/a	-	-	900,000	-	900,000
	8,750,000	-	(1,000,000)	5,650,000	2,375,000	5,650,000
Executives:						
JL Marquetoux	-	250,000	-	250,000	250,000	250,000
N Forde	250,000	-	-	250,000	125,000	250,000

Notes:

(1) M Cozijn resigned as a director on 8 August 2013.

(2) P Langworthy was appointed a director on 24 July 2013.

Movements in Share Holdings:

The movement during the reporting period in the number of ordinary shares in the Entity held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance 1 July 2014	Acquired	Options Exercised	Disposed	Balance 30 June 2015
Directors:					
G LeClezio	12,702,373	1,645,218	-	-	14,347,591
P Woods	1,861,860	1,645,218	-	-	3,507,078
G Boden	-	-	-	-	-
P Langworthy	1,800,000	1,208,218	-	-	3,008,218
	16,364,233	4,498,654	-	-	20,862,887
Executives:					
JL Marquetoux	-	-	-	-	-
	-	-	-	-	-
	16,363,373	4,498,654	-	-	20,862,887

	Balance 1 July 2013	Acquired	Options Exercised	Disposed	Balance 30 June 2014
Directors:					
M Cozijn(1)	7,012,501	-	-	-	n/a
G LeClezio	11,940,513	761,860 (3)	-	-	12,702,373
P Woods	1,100,000	761,860 (3)	-	-	1,861,000
G Boden	-	-	-	-	-
P Langworthy(2)	n/a	-	-	-	1,800,000
	20,053,014	1,523,720	-	-	16,363,373
Executives:					
JL Marquetoux	-	-	-	-	-
	-	-	-	-	-
	20,053,014	1,523,720	-	-	16,363,373

Notes:

(1) M Cozijn resigned as a director on 8 August 2013.

(2) P Langworthy was appointed a director on 24 July 2013.

(3) The shares acquired by Dr Woods, Mr P Langworthy and Mr LeClezio were allotted as compensation for accrued directors fees after approval by shareholders at the annual general meeting held 27 November 2014.

Related Party Transactions with Key Management Personnel:

Apart from details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Transactions between related parties are on usual commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The aggregate amounts recognised during the year relating to key management personnel and their related parties are as follows:

		ECONOMIC ENTITY	
Key Management Person	**Transaction**	**2015 $**	**2014 $**
Mr P Langworthy(1)(2)	Exploration programme management	171,456	104,565
Mr G Boden(3)	Corporate services	73,037	93,710
		244,493	198,275

(1) Mr P Langworthy became a key management person on his appointment as a director on 23 July 2014.

(2) Omni GeoX Pty Ltd, of which Mr P Langworthy is the Managing Director, provides services in relation to the management and execution of the exploration programme, for which fees were billed on hourly rates the same as for other clients, as were due and payable under normal terms. The agreement may be terminated by one months' notice.

(3) Boden Corporate Services Pty Ltd, of which Mr G Boden is a director, provides services in company secretarial, accounting and administration roles for which service fees were billed based on normal market rates, and were due and payable under normal terms. Boden Corporate commenced providing these services from 1 October 2013. The agreement may be terminated by three months' notice.

Amounts payable to key management personnel at the reporting date arising from these contact services were as set out below:

	ECONOMIC ENTITY	
	2015 $	**2014 $**
Current payables:		
Trade and other payables	12,975	19,854
	12,975	19,854

Company Performance

The following table shows the gross revenue, profits, dividends and share price at the end of financial year for the past five financial years ending 30 June:

Economic Entity	**2011**	**2012**	**2013**	**2014**	**2015**
Revenue	850,032	4,160,826	664,831	1,831,271	1,431,541
Net Profit/(Loss)	(1,839,989)	2,718,046	(3,262,572)	229,752	(602,534)
Share Price at Year End	3.9c	8.5c	1.9c	2.8c	1.8c
Dividends Paid	-	-	-	-	-

The Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of key management personnel.

END OF AUDITED REMUNERATION REPORT

16. NON-AUDIT SERVICES

No fees were paid or payable to William Buck Audit (WA) Pty Ltd for non-audit services during the year ended 30 June 2015 (2014: Nil).

17. INDEMNIFYING OFFICERS AND AUDITORS

The Company has established an insurance policy insuring Directors and officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to insurers will not be disclosed. This is permitted under S300(9) of the *Corporation Act 2001*.

No indemnity has been obtained for the auditor of the group.

18. SHARE OPTIONS

At the date of this report, the unissued ordinary shares of Malagasy Minerals Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	No. Under Option
16 November 2012	30 November 2015	$0.15	7,000,000
22 May 2013	30 November 2015	$0.15	500,000
30 September 2012	30 September 2015	$0.30	375,000
31 December 2012	31 December 2015	$0.40	375,000
31 March 2013	31 March 2016	$0.50	375,000
			8,625,000

No options were exercised during the year ended 30 June 2015.

19. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

20. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 24 of the annual report.

Signed in accordance with a resolution of the Board of Directors.

G R Boden
Director

Perth, Western Australia
30th September 2015

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MALAGASY MINERALS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit WA Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director

Dated this 30th day of September, 2015

Consolidated Statement of Profit or Loss and Comprehensive Income

For the year ended 30 June 2015

	Note	ECONOMIC ENTITY 2015 $	2014 $
Revenue	2	1,431,541	1,831,271
Fair value gain/ (loss) on financial assets	3	(177,757)	20,287
Employee benefits expense		(563,517)	(586,635)
Depreciation expense	4	(61,706)	(81,954)
Administration costs		(462,101)	(537,088)
Exploration expenditure	4	(447,244)	(383,590)
Foreign exchange movements		22,361	2,711
Provision for impairment of receivable		(338,650)	-
Share-based payments		-	(29,060)
Profit / (Loss) before income tax expense		(597,073)	235,942
Income tax benefit / (expense)	5	(5,459)	(6,190)
Net (loss) / profit attributable to members of the parent entity		(602,532)	229,752
Other Comprehensive Income:			
Items that may be re-classified to profit or loss:			
Adjustment from translation of foreign controlled entities		(60,735)	(61,880)
Income tax relating to components of other comprehensive income		-	-
Total Comprehensive (Loss) / Income for the year attributable to members of the parent entity.		(663,267)	167,872
Overall Operations:			
Basic and dilutive earnings/(loss) per share			
- cents per share	18	(0.37)	0.14

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	ECONOMIC ENTITY 2015 $	2014 $
Current Assets			
Cash and Cash Equivalents	6	778,206	1,125,108
Other Receivables	8	63,835	158,894
Other Current Assets	7	125,922	88,745
Other Financial Assets	3	644,822	837,702
Total Current Assets		1,612,785	2,210,449
Non-Current Assets			
Other Receivables	8	-	313,630
Property, Plant & Equipment	9	2,665,519	2,715,925
Investment in Joint Venture		1	1
Deferred Exploration and Evaluation costs	11	3,289,216	3,289,216
Total Non-Current Assets		5,954,736	6,318,772
TOTAL ASSETS		7,567,521	8,529,221
Current Liabilities			
Trade and Other Payables	12	296,026	670,278
Short-term Provisions	13	16,893	16,771
Total Current Liabilities		312,919	687,049
Non-Current Liabilities			
Trade and Other Payables	14	422,574	467,052
Total Non-Current Liabilities		422,574	467,052
TOTAL LIABILITIES		735,493	1,154,101
NET ASSETS		6,832,028	7,375,120
EQUITY			
Issued Capital	15	14,733,538	14,613,363
Reserves	16	(553,681)	(492,946)
Accumulated Losses	17	(7,347,829)	(6,745,297)
TOTAL EQUITY		6,832,028	7,375,120

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

ECONOMIC ENTITY	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Total $
Balance at 30 June 2013	14,555,337	(7,235,952)	(631,419)	432,196	7,120,162
Shares issued during the year	58,026	-	-	-	58,026
Transfer from Option Reserve	-	260,903	-	(260,903)	-
Movement in Share Option Reserve	-	-	-	29,060	29,060
Profit/ (Loss) attributable to members of parent entity	-	229,752	-	-	229,752
Other Comprehensive Income	-	-	(61,880)	-	(61,880)
Balance at 30 June 2014	14,613,363	(6,745,297)	(693,299)	200,353	7,375,120
Shares issued during the year	120,175	-		-	120,175
Profit/ (Loss) attributable to members of parent entity	-	(602,532)		-	(602,532)
Other Comprehensive Income	-	-	(60,735)	-	(60,735)
Balance at 30 June 2015	14,733,538	(7,347,829)	(754,034)	200,353	6,832,028

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	ECONOMIC ENTITY 2015 $	2014 $
Cash flows from Operating Activities			
Payments to suppliers and employees		(904,121)	(779,794)
Payments for exploration expenditure		(842,905)	(216,737)
Interest received		14,627	15,479
Receipts from customers		279,758	396,834
Net cash used in operating activities	20	(1,452,641)	(584,218)
Cash flows from Investing Activities			
Payments for property, plant and equipment		(11,300)	(10,927)
Proceeds on sale of fixed assets		-	3,000
Proceeds on sale of financial assets		225,899	1,038,663
Proceeds on sale of exploration permits		219,968	-
Proceeds on sale of Joint Venture Interest		717,659	379,740
Net cash provided by investing activities		1,152,226	1,410,476
Cash flows from Financing Activities			
Share Purchase Agreement Instalment Payments		(44,478)	(57,867)
Net cash flows used in financing activities		(44,478)	(57,867)
Net (decrease)/ increase in cash held		(344,893)	768,391
Cash and cash equivalent at the beginning of the financial year	6	1,125,108	409,811
Effect of exchange rates on cash holdings in foreign currencies		(2,009)	(53,094)
Cash and cash equivalent at the end of the financial year	6	778,206	1,125,108

The accompanying notes form part of these financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements were authorised for issue on 30th September 2015 by the Directors of the Company.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The consolidated financial statements of Malagasy Minerals Limited as at the year ended 30 June 2015 comprises the company and its subsidiaries (together referred to as the 'Group' or 'Economic Entity'). Malagasy Minerals Limited is a listed public company, incorporated and domiciled in Australia. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The separate financial statements of the parent entity, Malagasy Minerals Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

Basis of Preparation:

Going Concern Basis

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2015 the Company has made a loss of $602,532 (2014: profit of $229,752) and at year end the Company had working capital of $1,299,866, (2014: $1,523,400) including a cash and cash equivalents balance of $778,206 (2014: $1,125,108). Cash used in operating activities in 2015 was $1,452,641 (2014: $584,216).

These conditions indicate a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern.

The Directors believe it is appropriate to prepare the financial statements on a going concern basis after consideration of the following matters:

- The consolidated entity continues to receive income from the following revenue streams; royalties, rental income and interest received.
- The consolidated entity has 2,500,000 saleable shares held in Energizer Resources Inc, a Toronto Securities Exchange listed entity and a further 1,000,000 shares which will be released from Escrow in May 2016.
- The directors have agreed to offset payment of their fees for additional shares for the total amount of $98,625 outstanding at 30 June 2015 and for director's fees for the subsequent 12 months which is being accrued as a loan subordinate to all other debts of the company. The directors will not request the loan be repaid in cash up to 12 months from the date of signing this report.
- There is capacity for the consolidated entity to reduce its operating cost structure and related cash flows to ensure the consolidated entity can continue to operate as a going concern 12 months from the date of signing this report.

The ability of the Consolidated Entity to execute additional exploration activities requires the Consolidated Entity to secure additional funds within the next 12 months.

Should the Consolidated Entity be unable achieve the matters as set out above, there is uncertainty whether the Consolidated Entity would continue as a going concern and therefore, whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets amounts or to the amounts or classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Reporting Basis and Conventions

Except for the cash flow information the financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies:

(a) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Consolidated Entity and Entities (including special purpose entities) controlled by the Consolidated Entity (its subsidiaries). The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in note 26.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group.

Unrealised gains or transactions between the group and its associates are eliminated to the extent of the group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report, to the extent that they are considered material.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit and loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and Buildings are measured on the cost basis less accumulated depreciation in accordance with a 99 year lease. The carrying amount is reviewed annually by the Directors and independent valuations will be commissioned as and when required.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Land and Buildings	1%
Plant and Equipment	7.5% - 50%
Motor vehicles	20%
Field equipment	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(d) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost on the statement of profit or loss and other comprehensive income.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial Instruments

Recognition and measurement

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in the statement of profit or loss and other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid process for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(f) Impairment of Debtors

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Interests in Joint Ventures

The Groups interests in the joint venture entity is recorded using the equity method of accounting in the consolidated financial statements. Details of the Groups interest is provided in Note 10.

(i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period, when the average rate approximates the rate at the date of the transaction; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed of.

(j) Employee Benefits

Short-term employee benefits:

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits:

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation benefits:

All employees of the Group, located in Australia receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.50% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Equity-settled compensation:

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(m) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue from Royalties are recognised upon delivery of goods to customers or to the minimum monthly contractual amount.

Rental income is recognised on a straight line basis over the period of the lease term so as to reflect a constant periodic return on the property.

Revenue is measured at fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be measured reliably.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates:

Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment of investments in subsidiaries arises where the carrying value of the asset exceeds the net asset position of the subsidiaries and impairment is recognised to the value of the deficit. Impairment of Intangible assets is recognised upon managements' best estimate that the carrying value exceeds the fair value of the asset considering future cash flows and profits arising from the asset.

No impairment has been recognised in respect of costs carried forward as exploration assets. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

Key Judgements:

Exploration and Evaluation Expenditure

Tenement acquisition costs are initially capitalised and then amortised with other exploration and evaluation expenditure written off as incurred. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. The Directors believe that the capitalised exploration expenditure should not be written off at reporting date as the tenements areas have been reviewed for impairment indicators and Directors believe no indicators of impairment exist.

Non-Current Receivables

Non-Current Receivables includes the tax (TVA) recoverable from the Madagascan tax authority. The Directors believe the full amount to be non-recoverable at 30 June 2015 and therefore a provision for impairment has been made.

Accrued Expenses

Accrued expenses are amounts in respect of the Share Sale Agreement with WTR Holdings Pty Ltd (formerly Madagascar Resources NL). The liability is only repayable from 70% of the labradorite royalty cash receipts by MADA-Aust SARL and is split between current and non-current portions. The directors believe the royalty generating operations will continue at a rate which will pay the liability in accordance with the agreement and have not identified any factors indicating impairment. The current portion of the liability is based on the estimate of the next financial year's cash receipts with the remaining balance not expected to be settled in the next financial year treated as non-current.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Other receivables

Other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(s) Other payables

Other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(t) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised pronouncements which became mandatory for annual reporting periods beginning on or after 1 July 2014.

AASB 1031 Materiality

The revised standard is an interim standard that cross references to other standards and the framework that contains guidance on materiality. Reference to AASB 1031 are progressively being removed from other standards and once completed this standard will also be withdrawn.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that recoverable amount is based on fair value less costs of disposal. These amendments arose as part of the development of IFRS 13.

AASB 2013-9 (Part B) Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments - Part B Materiality

Part B amends certain Australian Accounting Standards to remove references to AASB 1031 as part of the AASB’s decision to withdraw the Australian specific guidance.

AASB 2014-1 (Part A) Amendments to Australian Accounting Standards

Part A of this Standard makes various amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle, including:

- AASB 1 – clarification in the basis of conclusion.
- AASB 2 – amendments to certain definitions contained within the standard.
- AASB 3 – clarification that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date and clarification that AASB 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- AASB 8 – amendments to disclosures.
- AASB 13 – clarification regarding the measurement of short-term receivables and payables and clarification that the scope of the portfolio exception in paragraph 52 of AASB 13 includes all contracts accounted for within the scope of AASB 139 or AASB 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in AASB132.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- AASB 116 and AASB 138 – clarification that when an item of property, plant and equipment or intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- AASB 124 – clarification that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

AASB 2014-1 (Part C) Amendments to Australian Accounting Standards

This standard makes amendments to particular Australian accounting standards to delete references to AASB 1031.

(u) New Accounting Standards for Application in the Future

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. The adoption of these new standards is not expected to have a material impact.

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation applicable from 1 July 2016

AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

AASB 2015-1 Annual Improvements 2012-2014 cycle applicable from 1 July 2016

The subjects of the principal amendments to the Standards are set out below:

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations:
  - Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.
- AASB 134 Interim Financial Reporting:
  - Disclosure of information ‘elsewhere in the interim financial report’ -amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative applicable from 1 July 2016

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality applicable from 1 July 2016

The Standard completes the AASB’s project to remove Australian guidance on materiality from Australian Accounting Standards.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2 – REVENUE	**ECONOMIC ENTITY 2015 $**	**2014 $**
Operating Activities:		
- royalties	120,988	90,632
- rental	140,045	155,651
- drilling services	-	125,030
- other	17,559	38,575
- tenement sales (1)	219,968	-
Non-operating activities:		
- net Interest received	14,113	15,480
- EGZ consideration (2)	821,969	1,145,320
- sale of other financial assets	96,899	260,583
Total Revenue	1,431,541	1,831,271

(1) On 27 November 2014, Mada-Aust SARL, a wholly owned subsidiary, agreed to sell Labradorite permit number 19933.
(2) See note 10 regarding details on the consideration received from Energizer Resources Inc. (EGZ).

NOTE 3 – OTHER FINANCIAL ASSETS	**ECONOMIC ENTITY 2015 $**	**ECONOMIC ENTITY 2014 $**
Listed Shares in Energizer Resources [1]	402,937	452,702
Warrants in Energizer Resources [2]	241,885	385,000
	644,822	837,702

	2015 Number	**2015 $**	**2014 Number**	**2014 $**
(1) Listed shares in Energizer Resources:				
At 1 July	3,500,000	452,702	7,500,000	839,800
Fair value increase/ (decrease)	-	(34,641)	-	20,287
Shares received as consideration	1,000,000	113,876	2,500,000	370,695
Shares sold	(1,000,000)	(129,000)	(6,500,000)	(778,080)
At 30 June	3,500,000	402,937	3,500,000	452,702

Financial assets, revalued at fair value through the profit and loss represent 3,500,000 (30 June 2014: 3,500,000) fully paid ordinary shares in Canadian company Energizer Resources Inc.

During the year the company has sold 1,000,000 Energizer shares to raise $225,899 for working capital purposes (2014: sold 6,500,000 to raise $1,038,663).

(2) Warrants in Energizer Resources – at fair value:	**ECONOMIC ENTITY 2015 $**	**ECONOMIC ENTITY 2014 $**
At 1 July	385,000	-
Warrants issued as consideration	-	385,000
Fair value increase/ (decrease)	(143,115)	-
At 30 June	241,885	385,000

During 2014, the Company was issued 3,500,000 Warrants in Energizer Resources Inc as part consideration for the sale of a joint venture interest (see note 10). The Warrants are convertible at USD $0.14 per warrant and expire 25 March 2019.

NOTE 4 – (LOSS)/ PROFIT FOR THE YEAR	**ECONOMIC ENTITY 2015 $**	**ECONOMIC ENTITY 2014 $**
Expenses		
Depreciation of non-current assets		
- Plant & Equipment	26,695	40,653
- Field equipment	15,404	16,702
- Motor vehicles	2,801	6,022
- Land and Buildings	16,806	18,577
Total depreciation	61,706	81,954
Exploration expenditure	447,244	383,590

NOTE 5 - INCOME TAX	ECONOMIC ENTITY 2015 $	2014 $
(a) Income Tax Expense		
The prima facie tax expense / (benefit) on Profit / (Loss) from ordinary activities is reconciled as follows:		
The Components of tax expense comprise:		
- Current Tax	4,079	4,028
- Deferred Tax – temporary differences	1,380	2,162
- Prior year adjustment	-	-
	5,459	6,190
The Prima facie tax on (Loss) / Profit before income tax at 30% (2014: 30%)	(179,122)	70,783
Add/(subtract) the tax effect of:		
- Prior year adjustments	-	-
- Tax attributable to foreign subsidiary	5,459	6,190
- Other assessable income not included as accounting income	21,244	8,427
- Non-deductible expenses	154,828	98,437
- Accounting income not included as assessable income	(275,660)	(428,011)
- Other deductible expenses	(31,306)	(34,583)
- Deferred tax assets / (liabilities) not brought to account	130,894	284,947
Income tax expense / (benefit) attributable to entity	5,459	6,190
(b) Recognised Deferred Tax Balances		
Deferred Tax Asset	-	-
Deferred Tax Liability	-	-
	-	-
(c) Unrecognised Deferred Tax Balances		
The following deferred tax assets have not been brought to account:		
Unrecognised deferred tax assets comprise:		
- Deferred tax assets attributable to tax losses	641,810	546,508
- Transaction costs on equity issue	-	26,706
	641,810	573,214

ECONOMIC ENTITY **(d) Deferred Tax Liability**	Opening Balance $	Charged to Income $	Charged to Equity $	Closing Balance $
Deferred Tax Assets:				
Deferred tax assets attributable to tax losses	641,810	(641,810)	-	-
Balance as at 30 June 2015	641,810	(641,810)	-	-
Deferred Tax Liabilities:				
Deferred tax on fair value increase/ (decrease) of listed shares in EGZ	(24,490)	24,490	-	-
Balance as at 30 June 2015	(24,490)	24,490	-	-

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise these benefits.

NOTE 6 – CASH AND CASH EQUIVALENTS	ECONOMIC ENTITY 2015 $	2014 $
Cash on hand	-	222
Cash at bank	778,206	814,428
Deposits at call [(1)]	-	304,648
Bond	-	5,810
	778,206	1,125,108

(1) The effective interest rate on deposits at call is Nil% (2014: 3.35%).

NOTE 7 – OTHER CURRENT ASSETS

Current:		
Prepayments	122,320	87,010
Other	3,602	1,735
Total Other Current Assets	125,922	88,745

NOTE 8 – OTHER RECEIVABLES

Current:		
Other receivables	63,835	158,894
	63,835	158,894
Non-Current:		
Other receivables	-	313,630
	-	313,630

Non-current receivables relate to TVA (value added tax) paid which is estimated to be recoverable from future TVA to be incurred on revenue later than the next 12 months.

During the year the board considered the recoverability of the TVA paid and as a result have fully provided for the impairment of this receivable.

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT	ECONOMIC ENTITY 2015 $	2014 $
Plant & Equipment – At cost	340,401	330,805
Less accumulated depreciation	(175,820)	(149,125)
Total Plant & Equipment	164,581	181,680
Field Equipment – At cost	347,009	345,305
Less accumulated depreciation	(200,632)	(185,228)
Total Field Equipment	146,377	160,077
Motor Vehicles – At cost	233,450	233,450
Less accumulated depreciation	(226,663)	(223,862)
Total Motor Vehicles	6,787	9,588
Total Plant and Equipment	317,745	351,345
Land and Buildings – At cost	2,500,000	2,500,000
Less accumulated depreciation	(152,226)	(135,420)
Total Land & Buildings	2,347,774	2,364,580
TOTAL FIXED ASSETS	2,665,519	2,715,925

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Economic Entity	Land & Buildings $	Plant & Equipment $	Field Equipment $	Motor Vehicles $	Total $
Balance at 30 June 2013	2,383,157	215,297	172,890	15,610	2,786,954
Additions and reclassifications	-	7,036	3,889	-	10,925
Disposals	-	-	-	-	-
Depreciation expense	(18,577)	(40,653)	(16,702)	(6,022)	(81,954)
Currency Translation Differences	-	-	-	-	-
Carrying amount at 30 June 2014	2,364,580	181,680	160,077	9,588	2,715,925
Additions and reclassifications	-	9,596	1,704	-	11,300
Disposals	-	-	-	-	-
Depreciation expense	(16,806)	(26,695)	(15,404)	(2,801)	(61,706)
Currency Translation Differences	-	-	-	-	-
Carrying amount at 30 June 2015	2,347,774	164,581	146,377	6,787	2,665,519

NOTE 10 – INTERESTS IN JOINT VENTURES

A Joint Venture Agreement with Canadian company Energizer Resources Inc. (EGZ) was executed on 15 December 2011, resulting in a total of US$2.25M being paid to Malagasy plus 7.5M EGZ shares. The Joint Venture Company (75% EGZ; 25% MGY) was formed with the right to explore for industrial minerals including vanadium and graphite within approximately 40% of MGY's tenement holdings. Malagasy was free carried for its 25% interest until completion of a bankable feasibility study (BFS) by EGZ.

On 27th March 2014, the Company announced that it had sold its 25% shareholding in the Joint Venture Company to EGZ. The sale was completed by 30 June 2014 and the consideration included in the financial statements was:

- Cash AUD $389,625
- 2,500,000 shares escrowed for 12 months at an issue price of CAD $0.15 per share.
- 3,500,000 warrants convertible at USD $0.14 per warrant on or before 25th March 2019.
  These warrants have been valued at $A 0.10 at acquisition, using Black Scholes option pricing model and the following assumptions:

Market Price at Issue Date	$A0.148
Market Volatility	100%
Exercise Price	$A0.149
Risk Free Interest Rate	3.48% pa

During January 2015, EGZ made a Toronto Stock Exchange announcement to the effect that a BFS had been completed. Consequently, Malagasy has received:

- A cash payment of CAN 700,000; and
- 1,000,000 EGZ shares escrowed until 20 May 2016.

Additional receipts would arise in the event that EGZ commences commercial production

- Payment to Malagasy CAD $1,000,000 cash with production commencement; and
- Payment to Malagasy of a 1.5% Net Smelter Return ("NSR") on all production.

These additional receipts have not been included as contingent assets as the fair value at the date of this report is nil.

NOTE 10 – INTERESTS IN JOINT VENTURES *(Continued)*

Contemporaneously with the sale, a new joint venture was established over EGZ's Green Giant Tenements in Madagascar. Malagasy has established a Mauritian subsidiary, Ampanihy Exploration, in which it holds 75% equity and EGZ holds 25% equity and Ampanihy will have a wholly owned subsidiary in Madagascar to be named Ampex SARL, which will hold the exploration rights for non-industrial minerals on Green Giant tenements. EGZ will continue to own the tenements and the industrial mineral rights. Malagasy will fund all exploration expenditure for non-industrial minerals on the joint venture until a "decision is made to mine".

Prior to the commencement of the tenement year for calendar 2015, Malagasy withdrew from the joint venture and the winding up of the Mauritian subsidiary was completed in July 2015.

NOTE 11 – DEFERRED EXPLORATION & EVALUATION COSTS

	ECONOMIC ENTITY	
	2015	2014
	$	$
At 1 July	3,289,216	3,289,216
Additions and Reclassifications	-	-
Impairment	-	-
At 30 June	3,289,216	3,289,216

The ultimate recoupment of costs carried forward for exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 12 – CURRENT TRADE & OTHER PAYABLES

	ECONOMIC ENTITY	
	2015	2014
	$	$
Unsecured liabilities:		
Trade Payables	79,110	493,947
Accrued Payables – Operating	58,291	28,931
Accrued Payables – Directors Fees	98,625	87,400
Accrued Payables – WTR Holdings[1]	60,000	60,000
Total Current Trade & Other Payables	296,026	670,278

(1) Accrued payables include amounts in respect of the Share Purchase Agreement with WTR Holdings Pty Ltd (formerly Madagascar Resources NL) estimated to be payable within the next 12 months. The liability is only repayable from 70% of the labradorite royalty cash receipts actually received by MADA-Aust SARL from the one remaining specified lessee.

NOTE 13 – SHORT–TERM PROVISIONS

Provision for annual leave:		
Opening 1 July	16,771	19,147
Additional provisions	26,656	29,004
Amounts used	(24,906)	(29,242)
Foreign exchange adjustments	(1,628)	(2,138)
Closing 30 June	16,893	16,771
	No.	**No.**
Number of employees at year end	40	42

NOTE 14 – NON-CURRENT TRADE & OTHER PAYABLES

	$	$
Unsecured liabilities:		
Accrued Payables [1]	422,574	467,052
Total Non-Current Trade & Other Payables	422,574	467,052

NOTE 14 – NON-CURRENT TRADE & OTHER PAYABLES *(Continued)*

(1) Accrued payables are amounts in respect of the Share Purchase Agreement with WTR Holdings Pty Ltd (formerly Madagascar Resources NL). This portion of the liability is only repayable from 70% of the labradorite royalty cash receipts actually received by MADA-Aust SARL and is not expected to be settled in the next financial year.

The agreement provides that repayment is due only from amounts received in cash from royalty payers. Two of the three companies ceased operations during 2011 and have returned the tenements to the Company. The term of the remaining royalty agreement ends 2 November 2020.

	ECONOMIC ENTITY	
	2015	**2014**
NOTE 15 – ISSUED CAPITAL	**$**	**$**
165,346,241 fully paid ordinary shares (2014: 160,847,767)	14,733,538	14,613,363
	14,733,538	14,613,363

	ECONOMIC ENTITY 2015		ECONOMIC ENTITY 2014	
Ordinary shares:	**No.**	**$**	**No.**	**$**
At 1 July	160,847,767	14,613,363	158,812,504	14,555,337
Shares issued during the year:				
- 5 December 2013 [(1)]	-	-	2,035,263	58,026
- 2 December 2014 [(2)]	4,498,654	120,175	-	-
At 30 June	165,346,421	14,733,538	160,847,767	14,613,363

There are no preference shares on issue.

Notes:

(1) On 5 December 2013, 2,035,263 fully paid ordinary shares were allotted as compensation for $58,026 of accrued directors fees. (See Remuneration Report).
(2) On 2 December 2014, 4,498,654 fully paid ordinary shares were allotted as compensation for $120,175 of accrued directors fees. (See Remuneration Report).

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company does not have authorised capital or par value in respect of its shares.

Stock Exchange Listing:
Total Issued Capital is 165,346,421 (2014:160,847,767) shares, all of which are listed on the Australian Securities Exchange (ASX) at the date of this report.

Options:
- 375,000 unlisted Options with an exercise price of $0.30 and with expiry date of 30 September 2015 are on issue.
- 375,000 unlisted Options with an exercise price of $0.40 and with expiry date of 31 December 2015 are on issue.
- 375,000 unlisted Options with an exercise price of $0.50 and with expiry date of 31 March 2016 are on issue.
- 7,500,000 unlisted Options with an exercise price of $0.15 and with expiry date of 30 November 2016 are on issue.

	ECONOMIC ENTITY	
	2015	**2014**
NOTE 16 – RESERVES	**$**	**$**
Share based payment reserve:		
Opening balance 1 July	200,353	432,196
Share based payments for the period	-	29,060
Transfer to accumulated losses	-	(260,903)
Closing balance 30 June	200,353	200,353

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 19 and the Remuneration Report for further details.

Foreign currency translation reserve:		
Opening balance 1 July	(693,299)	(631,419)
Translation movement for the period	(60,735)	(61,880)
Closing balance 30 June	(754,034)	(693,299)

This reserve records exchange differences arising on translation of foreign controlled subsidiaries.

NOTE 17 – ACCUMULATED LOSSES

Opening balance 1 July	(6,745,297)	(7,235,952)
Profit / (Loss) for the period	(602,532)	229,752
Transfer from reserve	-	260,903
Closing balance 30 June	(7,347,829)	(6,745,297)

	ECONOMIC ENTITY	
	2015	**2014**
NOTE 18 – EARNINGS PER SHARE	**$**	**$**
(Loss) / Profit used in the calculation of basic and dilutive EPS	(602,532)	229,752
	Cents	**Cents**
Basic and Diluted profit / (loss) per share - cents per share	(0.37)	0.14
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS	163,436,034	159,966,749

As at 30 June 2015 there are 8,625,000 unlisted options on issue. The effect of these options is anti-dilutive on the earning per share calculation as the exercise price of the options is above the current market value.

NOTE 19 – SHARE BASED PAYMENTS

The following Share-based payment arrangements existed at 30 June 2015.

2015				2014			
Grant Date	**No. of Options**	**Exercise Price**	**Expiry Date**	**Grant Date**	**No. of Options**	**Exercise Price**	**Expiry Date**
30/09/2012	375,000	$0.30	30/09/2015	30/09/2012	375,000	$0.30	30/09/2015
21/11/2012	7,000,000	$0.15	30/11/2016	21/11/2012	7,000,000	$0.15	30/11/2016
31/12/2012	375,000	$0.40	31/12/2015	31/12/2012	375,000	$0.40	31/12/2015
31/03/2013	375,000	$0.50	31/03/2016	31/03/2013	375,000	$0.50	31/03/2016
22/05/2013	500,000	$0.15	30/11/2016	22/05/2013	500,000	$0.15	30/11/2016
	8,625,000				8,625,000		

None of the options hold voting or dividend rights.

	2015		2014	
	No of Options	**Exercise Price**	**No of Options**	**Exercise Price**
Outstanding at 1 July	8,625,000	$0.15 - $0.50	16,128,600	$0.15 - $0.50
Expired			(8,003,600)	$0.20
Granted during the period:				
- 22/05/2013	-	-	500,000	$0.15
Outstanding at 30 June	8,625,000	-	8,625,000	-
Exercisable at 30 June	8,625,000	-	8,625,000	-

Terms and conditions:

- 1,000,000 unlisted Options with an exercise price of $0.20 and an expiry date of 3 July 2013, expired unexercised on the expiry date.
- 1,000,000 unlisted Options with an exercise price of $0.20 and an expiry date of 3 July 2013, expired unexercised on the expiry date.
- 4,003,600 unlisted Options with an exercise price of $0.20 and an expiry date of 7 July 2013, expired unexercised on the expiry date.
- 2,000,000 unlisted Options with an exercise price of $0.20 and with expiry date of 1 December 2013, expired unexercised on the expiry date.
- 375,000 unlisted Options which vested on issue, with an exercise price of $0.30 and an expiry date of 30 September 2015 are on issue.
- 375,000 unlisted Options which vested on issue, with an exercise price of $0.40 and an expiry date of 31 December 2015 are on issue.
- 375,000 unlisted Options which vested on issue, with an exercise price of $0.50 and an expiry date of 31 March 2016 are on issue.
- 7,000,000 unlisted Options with an exercise price of $0.15 and with an expiry date of 30 November 2016 are on issue. 50% of the options vested immediately on issue and 50% vested on 30 November 2013.
- 500,000 unlisted Options which vested on issue, with an exercise price of $0.15 and with an expiry date of 30 November 2016 are on issue.

Fair value:

The fair value of services rendered in return for share options granted is based on the fair value of share options granted, measured using the Black-Sholes option pricing formula. No share options were granted during the year ended 30 June 2015 (2014: 500,000).

Fair Value of Options & Assumptions:	***Employees***	***Directors***	***Consultants***		
Grant date	22/05/13	22/11/12	30/09/12	31/12/12	31/3/13
Number granted	500,000	7,000,000	375,000	375,000	375,000
Fair Value at grant date (per option)	$0.011	$0.026	$0.019	$0.080	$0.097
Share Price at grant date	$0.030	$0.051	$0.062	$0.041	$0.050
Exercise price	$0.150	$0.150	$0.300	$0.400	$0.500
Expected share price volatility	100%	100%	100%	100%	100%
Expected life of option (days)	1,288	1,475	1,095	1,095	1,096
Expected dividends	-	-	-	-	-
Risk free interest rate	2.59%	2.52%	2.41%	2.67%	2.87%

NOTE 20 – CASH FLOW INFORMATION	**ECONOMIC ENTITY**	
	2015	**2014**
	$	**$**
Reconciliation of cash flow from operations, with loss after income tax:		
Profit /(Loss) after income tax	(602,532)	229,752
Non-cash flows in result:		
Depreciation	61,706	81,954
Fair value Gain/ (Loss) on Financial Assets	177,757	(20,287)
Share / Warrant consideration for sale of Joint Venture interest	(113,877)	(755,695)
Cash consideration for sale of Joint Venture interest	(717,659)	(379,740)
Foreign Currency Translation	(58,726)	(8,786)
Share Based Payment	-	29,060
Cash flows in result not classified as cash flows from operations:		
Profit on sale of fixed assets	-	(3,000)
Profit on sale of financial assets	(96,899)	(260,583)
Profit on sale of permits	(219,968)	-
Changes in assets and liabilities:		
Increase/(Decrease) in income taxes payable	1,380	3,725
(Increase)/Decrease in other current assets	372,670	122,867
Increase /(Decrease) in payables and accruals	(256,493)	376,515
Cashflow used by Operations	(1,452,641)	(584,218)

NOTE 21 – CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at 30 June 2015 (2014: Nil).

NOTE 22 – COMMITMENTS

Exploration Commitments:
The economic entity has no statutory obligations to perform minimum exploration work on its tenements; however the Company needs to maintain an active work program to retain its interests. For the 2015 calendar year tenement rents of approximately $392,000 per annum were payable to maintain ownership over the tenement areas. 30% of the tenement rents were recouped from other parties.

NOTE 23 – EVENTS SUBSEQUENT TO REPORTING DATE

There were no material events arising subsequent to 30 June 2015 to the date of this report which may significantly affect the operations of the economic entity, the results of those operations and the state of affairs of the economic entity in the future, other than:

- The deregistration of the Mauritian subsidiary, Ampanihy Exploration Limited

NOTE 24 – FINANCIAL INSTRUMENTS

(a) Capital risk management:
Management controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

NOTE 24 – FINANCIAL INSTRUMENTS *(Continued)*

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

(b) Market risk:
The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable. The Group does not speculate in the trading of derivative instruments.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(c) Foreign currency risk:
The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's functional and presentation currency.

As a result of subsidiary companies being registered in Madagascar, the Group's statement of financial position can be affected by movements in the AUD$/Ariary exchange rates. The Group do not seek to hedge this exposure.

The following table shows the foreign currency risk on the financial assets and liabilities of the Groups operations denominated in currencies other than the functional currency of the operations.

ECONOMIC ENTITY	**Net Financial Assets/(liabilities) in AUD**				
2015	**MGA**	**AUD**	**USD**	**EURO**	**Total AUD**
Cash	22,643	755,311	88	164	778,206
Receivables	63,835	-	-	-	63,835
Payables	(108,824)	(187,204)	-	-	(296,028)
Statement of Financial Position exposure	(22,346)	568,107	88	164	546,013

ECONOMIC ENTITY	**Net Financial Assets/(liabilities) in AUD**				
2014	**MGA**	**AUD**	**USD**	**EURO**	**Total AUD**
Cash	417,281	706,913	497	417	1,125,108
Receivables	148,065	10,829	-	-	158,894
Payables	(485,072)	(185,206)	-	-	(670,278)
Statement of Financial Position exposure	80,274	532,536	497	417	613,724

Foreign currency risk sensitivity:

Analysis at 30 June 2015, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Madagascan Ariary, with all other variables remaining constant is as follows:	**ECONOMIC ENTITY** **2015** **$**	**2014** **$**
Change in profit:		
- Improvement in AUD to MGA by 5%	(113)	(23,083)
- Decline in AUD to MGA by 5%	113	23,083
Change in equity:		
- Improvement in AUD to MGA by 5%	113	23,083
- Decline in AUD to MGA by 5%	(113)	(23,083)

(d) Interest rate risk:

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:		
Variable rate instruments:		
- Financial assets	778,206	1,125,108

Cash flow sensitivity analysis for variable rate instruments:
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

NOTE 24 – FINANCIAL INSTRUMENTS *(Continued)*

ECONOMIC ENTITY	2015 100 bp increase	2015 100 bp decrease	2014 100 bp increase	2014 100 bp decrease
Variable rate instruments	7,782	(7,782)	11,251	(11,251)

(e) Liquidity risk:

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate facilities are maintained.

The following are the contractual maturities of the Group's financial liabilities:	Carrying Amount $	Contractual Cash Flows $	6 Months or Less $
Trade and other payables:			
- at 30 June 2015	296,026	(296,026)	(296,028)
- at 30 June 2014	670,278	(670,278)	(670,287)

(f) Credit risk:

Credit risk is managed to ensure that customers are of sound credit worthiness and monitoring is used to recover aged debts and assess receivables for impairment. Credit terms are generally 30 days from the invoice date. The Group has no significant concentration of credit risk with any single party with the exception of the TVA receivable from the Madagascan government relating to taxes paid on the Business Sale Agreement and Long Term Lease Agreement. These taxes are recoverable long term in accordance with existing Madagascan taxation law. The Group has assessed the non-current TVA receivable as non-recoverable, and has recorded a provision for impairment of the full amount.

Risk is also minimized by investing surplus funds in financial institutions with a high credit rating.

(g) Financial Instruments Measured at Fair Value:

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The fair value hierarchy consists of the following levels:
- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets:				
- listed investments	402,937	-	-	402,937
- unlisted warrants	-	241,885	-	241,885
	402,937	241,885	-	644,822
2014				
Financial assets:				
Available-for-sale financial assets:				
- listed investments	452,702	-	-	452,702
- unlisted warrants	-	385,000	-	385,000
	452,702	385,000	-	837,702

Included within Level 1 of the hierarchy are the Energizer Resources Inc shares listed on the Toronto Stock Exchange. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

NOTE 24 – FINANCIAL INSTRUMENTS *(Continued)*

In determining the fair value of unlisted investments included in Level 2 of the hierarchy, which include unlisted warrants held in Energizer Resources Inc, the Black Scholes option pricing model has been used to calculate a fair value based on the income approach valuation and inputs as set out in Note 10.

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting period.

(h) Financial Liability and Financial Asset Maturity Analysis:

	Within 1 year		1 to 5 years		Total	
ECONOMIC ENTITY	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**	**$**	**$**
Financial Liabilities due for payment:						
Payables	154,294	539,649	-	-	154,294	539,649
Amounts payable to related parties	98,625	87,400	-	-	98,625	87,400
Amounts payable for Share Purchase Agreement	60,000	60,000	422,574	467,052	482,574	527,052
Total expected outflows	312,919	687,049	422,574	467,052	735,493	1,154,101
Financial Assets – Cash Flows Realisable:						
Cash	778,206	1,125,108	-	-	778,206	1,125,108
Assets	644,822	837,702	-	-	644,822	837,702
Receivables	63,835	158,894	-	-	63,835	158,894
Total Inflow on Financial Instruments	1,486,863	2,121,704	-	-	1,486,863	2,121,704

NOTE 25 – STATEMENT OF OPERATIONS BY SEGMENT

Identification of reportable segments:

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (as the chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of geographical location as the Group's operations inherently have different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Reportable segments are therefore disclosed as geographical segments being Australia, Madagascar and Mauritius.

Basis for accounting for purpose of reporting by operating segments:

- Accounting policies adopted:
  Unless otherwise stated, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group outlined in Note 1.

- Intersegmental transactions:
  Intersegment loans are recognised at the consideration received net of transaction costs. Intersegment loans are not adjusted to fair value based on market interest rates.

NOTE 25 – STATEMENT OF OPERATIONS BY SEGMENT *(Continued)*

Significant Customers:
In 2015 royalty revenue recorded from Labradorite Operations totalled $120,988 (2014: $90,632).

2015	Australia	Madagascar	Mauritius	Eliminations	Economic Entity
Revenue					
Other Income	500,622	930,919	-	-	1,431,541
Total Segment Revenue	500,622	930,919	-	-	1,431,541
Result					
Segment Result	118,306	(504,414)	(4,781)	(211,643)	(602,532)
Profit/(Loss) before Income tax	118,306	(498,957)	(4,781)	(211,643)	(597,075)
Assets					
Segment Assets	8,483,482	2,732,371	-	(3,648,332)	7,567,521
Segment Liabilities	(609,778)	(125,715)	-	-	(735,493)
Other					
Acquisition of non-current assets	-	11,300	-	-	11,300
Depreciation	-	61,706	-	-	61,706

2014	Australia	Madagascar	Mauritius	Eliminations	Economic Entity
Revenue					
Other Income	658,315	407,375	-	-	1,065,690
Total Segment Revenue	658,315	407,375	-	-	1,065,690
Result					
Segment Result	691,420	(955,370)	(3,455)	497,157	229,752
Profit/(Loss) before income tax	691,420	(949,180)	(3,455)	497,157	235,942
Assets					
Segment Assets	8,289,482	3,392,177	-	(3,150,438)	8,529,220
Segment Liabilities	(652,258)	(501,843)	-	-	(1,154,101)
Other					
Acquisition of non-current assets	-	10,925	-	-	10,925
Depreciation	10,748	71,206	-	-	81,954

NOTE 26 – RELATED PARTY DISCLOSURES

Key Management Personnel:
Mr G Le Clezio – Non-Executive Chairman
Mr P Langworthy – Non-Executive Director
Dr P Woods – Non-Executive Director
Mr G Boden – Non-Executive Director
Mr J.L Marquetoux – CFO & Gerant (Madagascar)

Key Management Personnel Remuneration:
Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

	ECONOMIC ENTITY	
The total remuneration paid to Key Management Personnel of the Group during the year are as follows:	**2015** **$**	**2014** **$**
Short term employee benefits	533,499	475,328
Post – employment benefits	-	9,928
Share Based Payments	-	25,970
	533,499	511,226

Controlled Entities:
The consolidated financial statements include the financial statements of Malagasy Minerals Limited and the subsidiaries set out in the following table.

Subsidiaries of Malagasy Minerals Limited:	**Country**	**Principal activity**	**% Ownership 2015**	**2014**
Mada Aust SARL	Madagascar	Exploration	100%	100%
Mazoto Minerals SARL (1)	Madagascar	Exploration	100%	100%
Energex SARL	Madagascar	Dormant	100%	100%
Mining Services SARL	Madagascar	Exploration Services	100%	100%
St Denis Holdings SARL	Madagascar	Commercial Property	100%	100%
Ampanihy Exploration Limited	Mauritius	JV Investment	75%	75%

(1) A 10% interest is held in trust for Malagasy Minerals Limited.

The subsidiaries noted above are all controlled entities and are dependent on the parent entity for financial support.

During the year $1,957,689 (2014: Nil) of loans were capitalised as investment bringing the total investment in subsidiaries to $6,875,588 (2014: $4,917,899).

Additional loans were made totalling $346,530 (2014: $433,742).

At the year end, total net loans from the parent company to these subsidiaries amount to $207,760 (2014: $1,815,138). Loans to subsidiaries total $4,753,250 (2014: $6,360,628) with a provision for impairment of $4,545,490 (2014: $4,545,490).

NOTE 27 – PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.	PARENT ENTITY 2015 $	PARENT ENTITY 2014 $
Assets:		
Current Assets	1,400,133	1,555,444
Non-Current Assets	7,083,349	6,732,038
Total Assets	8,483,482	8,287,482
Liabilities:		
Current Liabilities	187,204	185,206
Non-Current Liabilities	422,574	467,052
Total Liabilities	609,778	652,258
Shareholders' Equity:		
Issued Capital	14,733,538	14,613,363
Reserves	200,353	200,353
Accumulated Losses	(7,060,187)	(7,178,492)
Total Shareholders' Equity	7,873,704	7,635,224
Statement of Comprehensive Income:		
Net Profit attributable to members of the parent entity	118,306	691,420
Total Comprehensive Income for the period attributable to members of the parent entity	118,306	691,420

There have been no guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries. The Parent entity has not entered into any contractual commitments for the acquisition of property plant and equipment at the date of this report.

NOTE 28 – AUDITORS REMUNERATION	PARENT ENTITY 2015 $	PARENT ENTITY 2014 $
Amount payable to William Buck Audit (WA) Pty Ltd		
- Auditing or reviewing the financial report	24,050	28,110

Amounts payable to other audit firms for the audit and review of the financial reports of subsidiary companies was $5,379 (2014: $6,383)

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 25 to 53 are in accordance with the Corporations Act 2001 and:

    (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

    (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the economic entity;

2. the Chairman (CEO equivalent) Chief Financial Officer have each declared that:

    (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

    (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and

    (d) the financial statements and notes for the financial year give a true and fair view;

3. the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with the Corporations Act 2001 and the Corporations Regulations 2001.

4. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

G R Boden
Director

Perth, Western Australia
30th September 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALAGASY MINERALS LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report of Malagasy Minerals Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity) on pages 25 to 54. The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

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South Perth WA 6951

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williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALAGASY MINERALS LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a) the financial report of the consolidated entity on pages 25 to 54 is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a cash outflow from operating activities of $1,452,641 for the year ended 30 June 2015. This condition, along with other matters set forth in note 1, indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 18 to 23 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Malagasy Minerals Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Malagasy Minerals Limited for the year ended 30 June 2015 included on Malagasy Minerals Limited's web site. The company's directors are responsible for the integrity of Malagasy Minerals Limited's web site. We have not been engaged to report on the integrity of Malagasy Minerals Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck Audit WA Pty Ltd
ABN 67 125 012 124

Conley Manifis
Director

Dated this 30th day of September, 2015

1. *Listed Shares*

The shareholder information set out below was applicable as at 14 September 2015.

a) Distribution of Share Holdings

Size of Holding	No. of Shareholders	No. of Shares
1 - 1,000	27	5,451
1,001 - 5,000	32	107,654
5,001 - 10,000	84	724,381
10,001 - 100,000	342	15,354,319
100,001 and over	185	149,154,616
Total Shareholders	670	165,346,421

There are 318 Shareholders with less than a marketable parcel at a price of $0.014, totalling 4,651,017 shares.

b) Voting Rights

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

c) Twenty Largest Share Holders

Shareholder	No. of Shares	%
Running Water Limited	10,595,513	6.41
Nefco Nominees Pty Ltd	8,000,000	4.84
Harmanis Holdings Pty Ltd	7,000,000	4.23
Timmid Pty Ltd	4,800,000	2.90
Midas Consulting Limited	4,700,000	2.84
JP Morgan Nominees Australia Limited	4,447,140	2.69
Harvey Z & Chen L Q Wang	3,753,480	2.27
Rene Legoll	3,750,000	2.27
Magaurite Pty Ltd	3,750,000	2.27
Quantum Holdings Pty Ltd	3,507,078	2.12
Leet Investments Pty Ltd	3,330,000	2.01
Jules Le Clezio	3,229,001	1.95
Omni GeoX Pty Ltd	3,008,218	1.82
Robert Hastings Smythe	2,900,000	1.75
Leet Investments Pty Ltd	2,500,000	1.51
T A Watterson & C E Cross	2,265,000	1.37
Magaurite Pty Ltd	2,250,000	1.36
Neptune Design Limited	2,200,000	1.33
HSBC Custody Nominees Australia Limited	2,194,447	1.33
Guy Francois Le Clezio	2,011,860	1.22
Top Twenty Shareholders	80,191,737	48.49
Total Issued Capital	165,346,421	100.00

d) Substantial Shareholders

The names of the substantial shareholders listed in the Company's share register as at 14 September 2015 were:

Shareholder	No. of Shares	%
Guy LeClezio	14,347,591	8.68
Total	**14,347,591**	**8.68**

e) On Market Buy-Back

There is currently no on-market buy-back in place

2. Unquoted Securities - Shares

There are no unquoted ordinary shares at the date of this report.

3. Unquoted Securities – Options

The following Unlisted Options are on issue:

No. of Options	Exercise Price	Vesting Date	Expiry Date
3,500,000	$0.15	21/11/2012	30/11/2016
3,500,000	$0.15	30/11/2013	30/11/2016
375,000	$0.30	30/09/2012	30/09/2015
375,000	$0.40	31/12/2012	31/12/2015
375,000	$0.50	31/03/2013	31/03/2016
500,000	$0.15	02/08/2013	30/11/2016
8,625,000			

Tenement Schedule

Title Number	Permit Type	Grant Date	Expiry Date	Term	Project Name	Total Carres (New - 0.391km2)	Interest %	Notes
						4752		
3432	PR	18-Jun-01	17-Jun-11	**10**	Ampanihy - Central (Big 'S')	1488	403 :100% 1,085:100% - IM	1,2
5391	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Ianapera	16	100%	
5392	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Ianapera	16	100%	
5393	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Ianapera	16	100%	5
5394	**PE**	20-Nov-02	19-Nov-42	**40**	Ampanihy - Maniry	48	40 : 100% 8 :100% -IM	1, 4
13063	PR	04-Feb-05	03-Feb-15	**10**	Vohibory	336	100%	2
13064	PR	04-Feb-05	03-Feb-15	**10**	Fotadrevo	48	100% - IM	1, 2
13508	PR	04-Feb-05	03-Feb-15	**10**	Vohibory	16	100%	2
13811	PR	14-Mar-05	13-Mar-15	**10**	Ampanihy - Maniry	48	100% - IM	1, 2
13829	PR	14-Mar-05	13-Mar-15	**10**	Vohibory	32	100%	
14618	PR	26-Jan-05	25-Jan-15	**10**	Ampanihy - Ianapera	32	100% - IM	1, 2
14619	PR	26-Jan-05	25-Jan-15	**10**	Ampanihy - Maniry	16	100% - IM	1, 2
14620	PR	26-Jan-05	25-Jan-15	**10**	Fotadrevo	48	100% - IM	1, 2
14622	PR	26-Jan-05	25-Jan-15	**10**	Fotadrevo	64	100% - IM	1, 2
14623	PR	26-Jan-05	25-Jan-15	**10**	Ampanihy - Ianapera	112	39 : 100% 73 : 100%-IM	1, 2
16746	PR	09-Sep-05	08-Sep-15	**10**	Ampanihy - Ianapera	16	100%	2
16747	PR	09-Sep-05	08-Sep-15	**10**	Ampanihy - Maniry	48	100% - IM	1, 2
16753	PR	09-Sep-05	08-Sep-15	**10**	Ampanihy - Maniry	48	4 : 100% 44 :100% - IM	1, 2
19003	PR	23-Feb-06	22-Feb-16	**10**	Ampanihy - Maniry	16	100% - IM	1
19851	PR	04-Feb-05	03-Feb-15	**10**	Fotadrevo	32	100% - IM	1, 2
19932	**PE**	10-Mar-06	09-Mar-46	**40**	Ampanihy - Maniry	112	102 : 100% 10 : 100% - IM	1
19934	**PR**	26-Jan-05	25-Jan-15	**10**	Fotadrevo	16	100% - IM	1, 2
19935	**PR**	26-Jan-05	25-Jan-15	**10**	Fotadrevo	16	100% - IM	1, 2

NOTES

1) 100% - IM indicates tenements held by MDA and Industrial Minerals rights sub-leased to Energizer Resources Inc.
2) Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2015.
3) Leased to SQNY – Royalty and partial tenement fees payable to MDA.
4) Leased to Jupiter Mines and Minerals – Royalty and annual tenement fees payable to MDA.
5) Leased to Hery Lala Alain Raharinavio – Royalty on small blocks.

Tenement Schedule *(Continued)*

Title Number	Permit Type	Grant Date	Expiry Date	Term	Project Name	Total Carres (New - 0.391km2)	Interest %	Notes
21059	PR	14-Sep-07	13-Sep-12	**5**	Ampanihy - Maniry	16	100% - IM	1,2
21060	PR	30-Oct-06	29-Oct-11	**5**	Ampanihy - Maniry	16	3 : 100% 13 :100% - IM	1,2
21061	PR	30-Oct-06	29-Oct-11	**5**	Ampanihy - Maniry	16	100% - IM	1,2
21062	PR	03-Oct-07	02-Oct-12	**5**	Ampanihy-Maniry	32	4 : 100% 28 :100% -IM	1,2
21063	PR	30-Oct-06	29-Oct-11	**5**	Ampanihy - Maniry	32	100% - IM	1,2
21064	PR	30-Oct-06	29-Oct-11	**5**	Ampanihy - Maniry	16	1 : 100% 15 :100% - IM	1,2
24864	PR	08-May-07	07-May-12	**5**	Fotadrevo	48	100% - IM	1,2
25093	**PE**	18-Jan-07	17-Jan-47	**40**	Ampanihy - Ianapera	16	100%	3
25094	**PE**	18-Jan-07	17-Jan-47	**40**	Ampanihy - Ianapera	16	100%	3
25095	**PE**	18-Jan-07	17-Jan-47	**40**	Ampanihy - Maniry	48	100%	3
25605	PR	18-Jun-01	17-Jun-11	**10**	Ampanihy - Maniry	80	100% - IM	1,2
25606	PR	18-Jun-01	17-Jun-11	**10**	Ampanihy - Maniry	16	9 : 100% 7 : 100% - IM	1,2
28340	PR	08-Jan-08	07-Jan-13	**5**	Fotadrevo	48	25 : 100% 23 :100% - IM	1,2
28346	PR	08-Jan-08	07-Jan-13	**5**	Ampanihy-Maniry	16	4 : 100% 12 : 100% - IM	1,2
28347	PR	08-Jan-08	07-Jan-13	**5**	Fotadrevo	112	4 : 100% 108 : 100% -IM	1,2
28348	PR	08-Jan-08	07-Jan-13	**5**	Fotadrevo	16	100% - IM	1,2
28349	PR	08-Jan-08	07-Jan-13	**5**	Fotadrevo	16	100% - IM	1,2
28352	PR	08-Jan-08	07-Jan-13	**5**	Fotadrevo	96	100% - IM	1,2
28353	PR	08-Jan-08	07-Jan-13	**5**	Fotadrevo	96	47 : 100% 49 :100% - IM	1,2
29020	PR	12-Sep-08	25-Oct-12	**5**	Fotadrevo	32	20 : 100% 12 : 100% - IM	1,2
31734	PR	11-Feb-09	10-Feb-14	**5**	Ampanihy-Maniry	16	100% - IM	1,2
31735	PR	11-Feb-09	10-Feb-14	**5**	Ampanihy-Maniry	16	100% - IM	1,2

NOTES

1) 100% - IM indicates tenements held by MDA and Industrial Minerals rights sub-leased to Energizer Resources Inc.
2) Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2015.
3) Leased to SQNY – Royalty and partial tenement fees payable to MDA.
4) Leased to Jupiter Mines and Minerals – Royalty and annual tenement fees payable to MDA.
5) Leased to Hery Lala Alain Raharinavio – Royalty on small blocks.