

26TH August 2013 – ASX Announcement

DISCOVERY OF POTENTIAL FIELD OF HIGH-GRADE GRAPHITE

100% owned Maniry Project – Southern Madagascar

Highlights

- Recent exploration by Malagasy Minerals has identified an extensive area (8km x 4km) of multiple outcropping horizons of significant high-grade graphite mineralisation.
 - The discovery is located on the 100% owned Maniry Project tenements in the southern part of the company's Ampanihy Project in Southern Madagascar.
 - Results of up to 50.8% carbon have been collected from the recent program of mapping and rock chip sampling. Given the extensive distribution of the graphite horizons a follow-up program of more detailed mapping and sampling is now being instigated.
-

BACKGROUND

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

The graphite prospectivity of the region has been established by the discovery of the large, high-quality Molo Graphite Deposit by Energizer Resources Inc. ("Energizer"). The Molo Deposit is part of a joint venture between Malagasy and Energizer where Malagasy holds a 25% free-carried interest to completion of a bankable feasibility study in all industrial minerals (including graphite) whilst retaining a 100% ownership of all base and precious metals. In addition to the joint venture with Energizer, Malagasy retains a 100% interest in the remainder of the project area (Figure 1.).

Malagasy has been working to a strategy to define the potential of the 100% held ground to host additional high-grade graphite deposits that would have the potential to either enhance, or be enhanced by, the development of the Molo Graphite JV Deposit. 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.

MANIRY PROJECT – GRAPHITE EXPLORATION

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.

Recent exploration has identified a series of large, high-grade outcrops of graphite mineralisation (peak result 50.8%C) within a broader graphite trend over an area of approximately 8km x 4km. These high-grade near surface exposures of graphite mineralisation clearly demonstrate the potential for the Maniry Project to host a significant graphite deposit. 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 3). Graphite is highly conductive and this may indicate the presence of a large graphitic mineralized system.

The results of the rock chip sampling program are provided below in Table 1 and displayed in Figure 3.

Table (1) – Graphite Assay Results

Sample No	Easting	Northing	C %
MD05883	489148	7286108	33.70
MD05888	486744	7282097	28.40
MD05886	487557	7283740	28.10
MD05889	486885	7280652	21.10
MD05918	490079	7285071	20.20
MD05930	488644	7280660	18.50
MD05887	487435	7282960	17.90
MD05934	487504	7283278	16.50
MD05931	488858	7280769	15.30
MD05892	488091	7285801	14.40
MD05949	485966	7286158	13.00
MD05917	489415	7282919	12.60
MD05947	487930	7284732	12.50
MD05920	490049	7284600	12.40
MD05884	491679	7286047	12.10
MD05903	487625	7282345	12.10
MD05925	486038	7279987	12.00
MD05910	488457	7280991	10.60
MD05945	487888	7284922	10.60
MD05933	488527	7281500	10.40
MN36728	488885	7285221	19.15
MD37729	488890	7285200	13.57
MD36730	488911	7285177	23.07
MD36731	488951	7285186	12.01
MD36732	488656	7285257	12.81
MD36733	488708	7285224	17.79
MD36734	488570	7285252	11.05
MD36735	490318	7284103	13.16
MD36736	490228	7284041	11.88
MD36742	490249	7282590	28.11
MD36743	488554	7281089	12.83
MD36738	489510	7282446	11.53
MD36739	489523	7282420	12.94
MD36740	489573	7282391	10.12
MD36745	488586	7281019	11.25
MD36746	488294	7281010	14.69
MD36750	485605	7281412	24.92
MD36751	485608	7281580	15.68
MD36752	486249	7281645	12.30
MD36755	486627	7279776	50.78
MD36758	487220	7286575	10.55
MD36759	486851	7286388	10.95
MD36763	486397	7286528	15.71
MD36762	486418	7286564	20.53
MD36766	486690	7286089	12.08
MD36767	486690	7286089	12.62
MD36768	486773	7285551	19.00
MD36769	487225	7285983	11.35
MD36770	487225	7285983	10.64

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

FUTURE EXPLORATION

With the potential of the Maniry Project area now established, a follow-up phase of exploration has been initiated that will involve more detailed and systematic sampling and mapping across key areas that have returned high grade results. If the results of this work continue to provide similar encouragement to the work to date a set of representative samples will be collected and assessed for their mineralogical and quality characteristics.

In addition to this planned program of graphite exploration the Malagasy exploration group are in the process of commencing a regional mapping and geochemical sampling program targeting large-scale intrusive related Ni-Cu-PGM deposits.

Signed on behalf of the Board

Peter Langworthy
Technical Director

Competent Persons Statement

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

Figure (1) – Project Location Plan

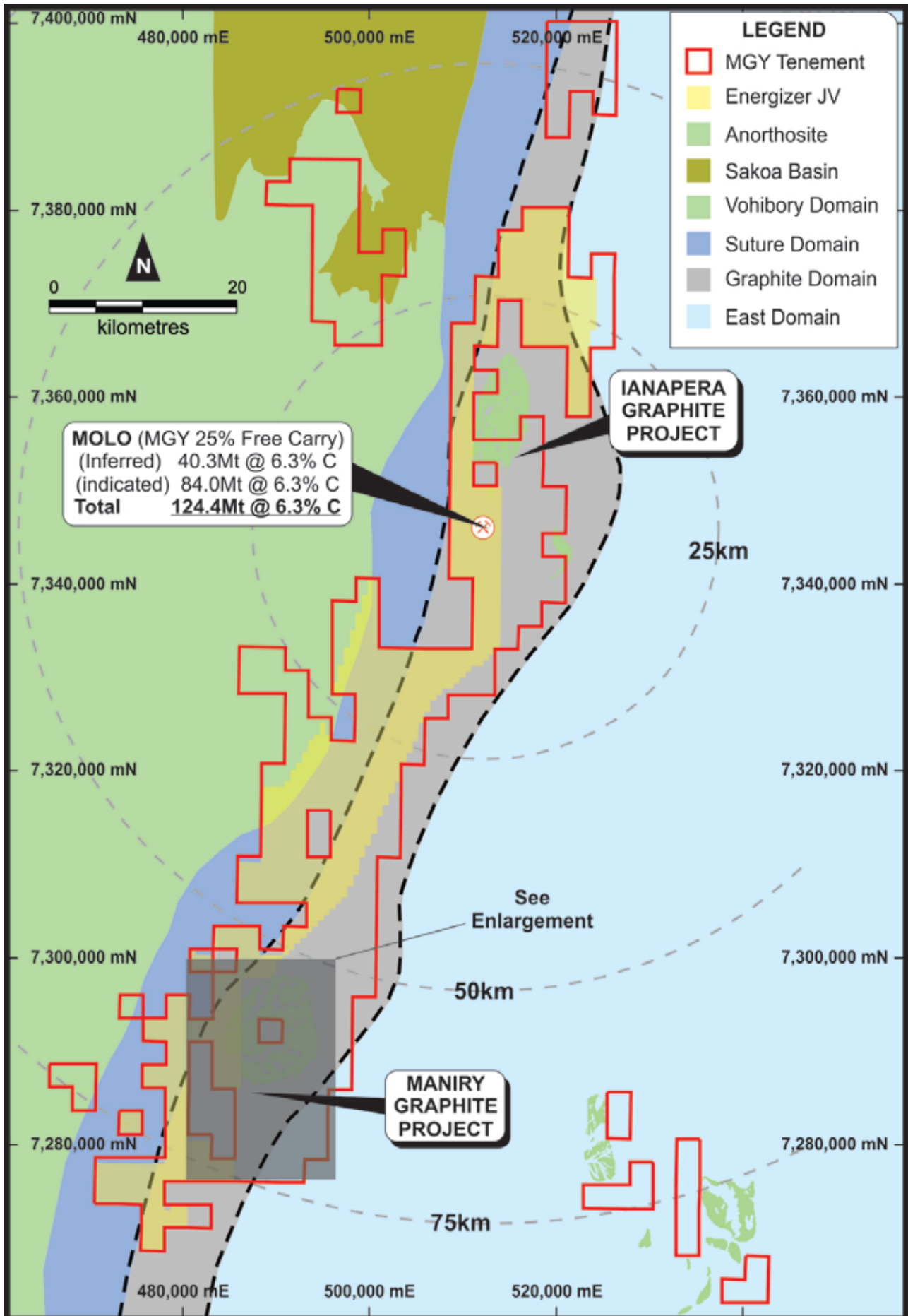


Figure (2) – Maniry Project Location Plan

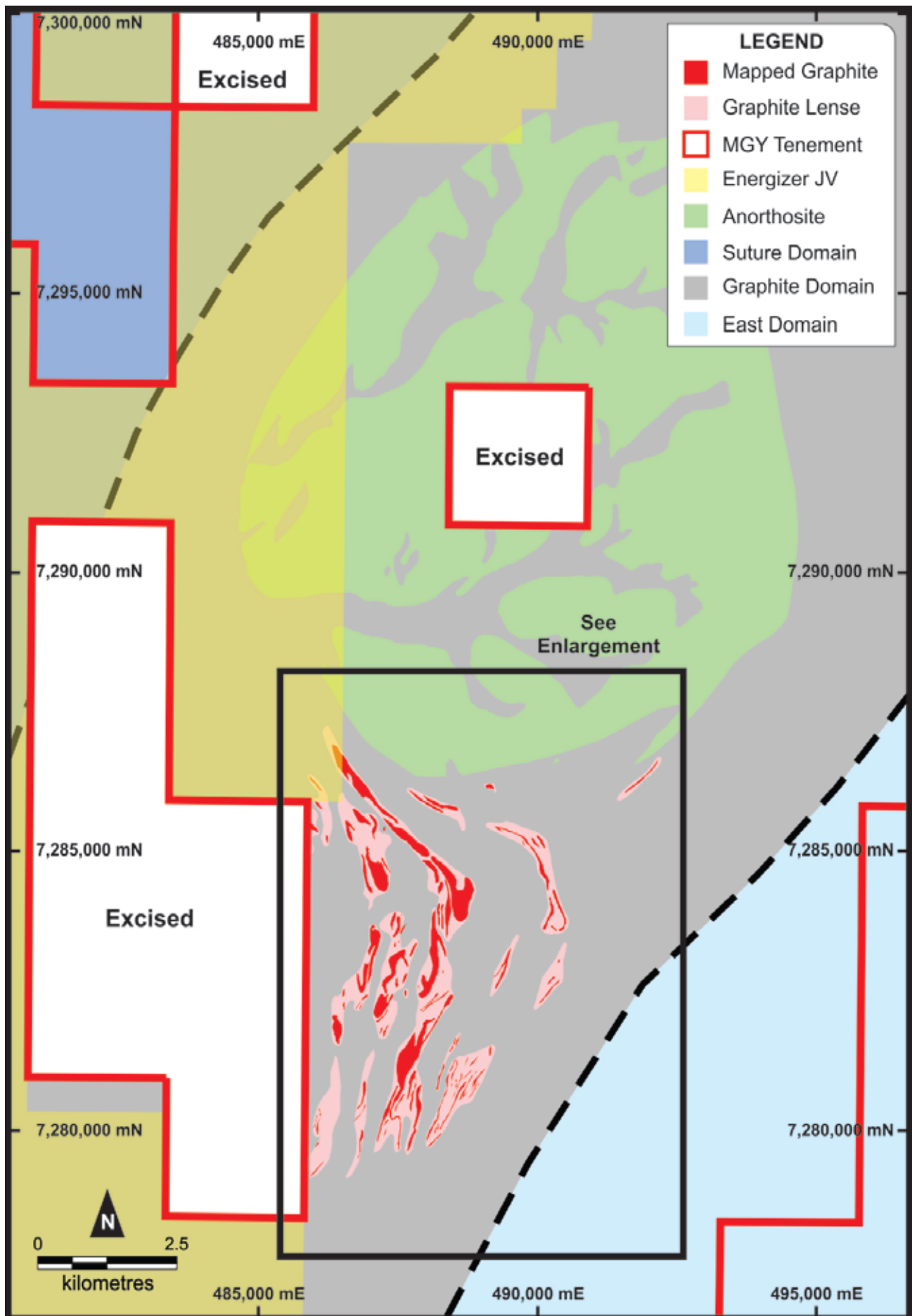


Figure (3) – Graphite Rock Chip Results on VTEM

