



18th May 2015

ASX Compliance Pty Ltd
Level 40 Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Ms Harris

Appendix 5 B

We refer to your letter dated 14 May 2015 in which you request further particulars in relation to the cash position of Malagasy Minerals Ltd.

The March quarter of each year is anomalous because it includes the payment of annual tenement rents. In March 2015 this amounted to \$300,000 of total expenditure of \$526,000. In quarters other than the March quarter, the Company is able to manage its affairs so that expenditure need not be more than \$150,000 per quarter.

The Company is expecting a receipt of \$CAN 700,000 within the next week or so, an instalment of a previously announced sale transaction.

In mid-June, 2,500,000 escrowed shares owned by the Company in TSX listed Energizer Resources Inc will become free trading and should be available for sale by the end of that month. At the price of EGZ on 13 May 2015, \$CAN 0.125 per share, this represents a total of \$CAN 312,500.

The Company considers that it has been and continues to be in a position to meet its business objectives.

The Company confirms that it is in compliance with Listing Rule 3.1.

The Company is also in compliance with listing rule 12.2, with no material liabilities and a real property asset in Antananarivo, the capital of Madagascar, in the form of a lease for up to a further 190 years on 19,000 square metres of commercial/industrial land, with book value of \$AUD 2.35 million and an indicated current value of approximately EUR 2.7 million.

We trust that the above is a satisfactory response to your inquiry.

Yours sincerely

Malagasy Minerals Limited

A handwritten signature in blue ink that reads "Forde".

Natasha Forde
Company Secretary



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14 May 2015

Mr Graeme Boden
Company Secretary
Malagasy Minerals Limited
15 Lovegrove Close
Mount Claremont WA 6010

Dear Mr Boden

Malagasy Minerals Ltd (“Company”)

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 March 2015, released to ASX Limited (“ASX”) on 29 April 2015 (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$526,000.
3. Cash at end of quarter of \$205,000.
4. Estimated cash outflows for the next quarter of \$150,000 on exploration and administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company’s compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to **Elizabeth.Harris@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Tuesday 19 May 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Elizabeth Harris
Principal Adviser, Listings Compliance (Perth)