



INTERIM FINANCIAL REPORT

31 DECEMBER 2012

**MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES**

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

INTERIM FINANCIAL REPORT

31 DECEMBER 2012

CORPORATE DETAILS

Directors:

Mr M.D.J. Cozijn B.Com. CPA, MAICD	– Chairman
Mr G. LeClezio BA	– Non-Executive Director
Dr P. Woods BScH / PhD (Geol). MAIG	– Non-Executive Director
Mr G Boden BEc (Hons) FAICD	– Non-Executive Director

Secretary:

Mr G Boden
Miss N Forde

Registered Office Perth:

Unit 7, 11 Colin Grove
West Perth WA 6005
Australia
Telephone: + 618 9463 6656
Facsimile: +618 9463 6657

Postal Address:

GPO Box 2818
WEST PERTH WA 6872

Madagascar Office:

Batiment L, Lotissement BRGM
Rue Farafaty, Ampandrianomby
Antananarivo 101 Madagascar
Telephone: +261 2022 41 663/591
Facsimile: 261 2022 59 132

Auditors:

Crowe Horwath
Level 6, 256 St Georges Terrace
PERTH WA 6000

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MALAGASY MINERALS LIMITED
ABN 84 121 700 105

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit the financial report of the economic entity for the half year ended 31 December 2012, made in accordance with a resolution of the Board.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

Mr Max Cozijn (Chairman)
Mr Guy LeClezio (Non-Executive Director)
Dr Peter Woods (Non-Executive Director)
Mr Graeme Boden (Non-Executive Director)

Mr Cozijn became a Non-Executive Director on 1 October 2012.

REVIEW OF OPERATIONS

The economic entity incurred a loss from ordinary activities after income tax of \$920,573 for the half year (2011: Profit of \$2,528,622).

Components of this performance were:

	31 December 2012	31 December 2011
	\$	\$
Energizer JVA Consideration	-	3,442,705
Other Operating Income	372,705	385,572
Operating Expenses	(1,293,278)	(1,299,655)
Profit/ (Loss) after tax	<u>(920,573)</u>	<u>2,528,622</u>

HIGHLIGHTS - Six Months to 31 December 2012:

MOLO GRAPHITE PROJECT

- Canadian company Energizer Resources Inc (TSX: EGZ) announced a JORC and N143-101 compliant resource for the Molo graphite deposit as follows:

MOLO GRAPHITE DEPOSIT RESOURCE ESTIMATION SUMMARY ((NI) 43-101)

Classification	Tonnes (mt)	Grade (C%)*	Cut-off grade (C%)
Indicated	84.0	6.3	2%
Inferred	40.3	6.3	2%
TOTAL	124.3	6.3	2%
"High-grade" Indicated & Inferred	60.1	8.1	4%

*Note – Reported Carbon % = Total Carbon

- EGZ has a 75% interest in the joint venture and the Company's 25% interest is carried until completion of a bankable feasibility study.
- EGZ has announced expected completion of a Preliminary Economic Assessment of the Molo Project during the March 2013 quarter.

EXPLORATION

Following a period of strategic review and planning during the period, the Company has developed a comprehensive exploration strategy for 2013.

- Regional graphite exploration (Ianapera and Maniry).

An initial phase of reconnaissance exploration identified at least seven significant zones of high grade graphite which require further evaluation.

The objective is to identify high grade (+15%C) deposits of quality flake graphite on 100% MGY ground, that would potentially enhance, or be enhanced by, the development of the Molo Deposit.

Subsequent exploration has been carried out to further define northern (Ilanapera) targets and assays results should be received in March.

The second stage of exploration on the southern (Maniry) prospects will be undertaken at the end of the wet season (April – May).

- Nickel – Copper PGE Exploration (Ampanihy)
Data review has confirmed the region to host large scale mafic – ultramafic intrusions with target mineralisation.
- Copper – Gold exploration (Vohibory)
This project is targeting volcanic hosted massive sulphides across an area with demonstrated prospectivity.

LABRADORITE

Labradorite royalty revenues continue to support operations in Madagascar.

COMMERCIAL PROPERTY RENTAL

- The Company continues to receive rental income from commercial leases at its base in Antanananivo.

RED CAT MINERALS AGREEMENT

- The Company had further extended this agreement to 31 December 2012, having received an additional \$60,000 by way of non-refundable cash deposits during the period for the agreement which covers the proposed sale of the northern portion of the Vohibory Project. In December Red Cat advised that it will not be proceeding with an IPO in the near future.

CORPORATE

MANAGEMENT

Malagasy Minerals Ltd has appointed exploration management consultants OMNI GeoX Pty Ltd (“OMNI GeoX”) to provide exploration management services for the company. The principal consultants for OMNI GeoX include Peter Langworthy, Stephen Vallance and Donald Huntly. OMNI GeoX are highly experienced explorers and corporate managers.

Max Cozijn became a non-executive director and resigned as Company Secretary on 28 September 2012. Graeme Boden and Natasha Forde were appointed as joint company secretaries.

POLITICAL SITUATION

The political situation in Madagascar remains uncertain, with international mediation continuing to assist in the negotiation of an orderly resolution. This is aimed at achieving free elections and the establishment of normalised relations with the international community and donor countries. Elections are planned for July 2013, and it is anticipated that a new democratically elected government will be established.

As previously advised, the current situation in Madagascar has the potential to result in difficulties in obtaining effective legal redress. Meanwhile, continuing delays are being encountered in the processing of tenement applications and renewals, and the registration of additional minerals on permits. If the political situation does not improve there is a risk that the Company may not be able to secure the grant or renewal of tenements in a timely manner, or on satisfactory terms.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporation Act 2001 is set out on page 5 for the half-year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors.



Mr. M.D.J. Cozijn
Chairman



Mr Guy LeClezio
Director

Dated this 13th day of March 2013



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Malagasy Minerals Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Crowe Horwath Perth

CROWE HORWATH PERTH

PH

PHILIPPA HOBSON
Partner

Signed at Perth, 13 March 2013

MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	ECONOMIC ENTITY	
		31 December 2012 \$	31 December 2011 \$
Revenue	2	372,705	3,828,277
Fair Value Gain/(Loss) on Financial Assets	4	(100,368)	97,822
Employee benefits expense		(440,135)	(354,473)
Depreciation expense		(41,779)	(46,369)
Finance costs		(20)	(611)
Foreign currency gain (loss)		(30,427)	5,841
Administration costs		(282,179)	(258,357)
Exploration expenditure		(254,298)	(740,816)
Share-based payments		(138,557)	-
		<hr/>	<hr/>
Profit (Loss) before income tax expense		(915,058)	2,531,314
Income tax expense		(5,515)	(2,692)
		<hr/>	<hr/>
Profit (Loss) attributable to members of the parent entity		(920,573)	2,528,622
Other Comprehensive Income			
Adjustment from translation of foreign controlled entities		57,999	(42,954)
Income Tax relating to components of other comprehensive income		-	-
		<hr/>	<hr/>
Total Comprehensive Income for the period attributable to members of the parent entity		(862,574)	2,485,668
		<hr/>	<hr/>
Earnings Per Share:			
Basic earnings (loss) per Share (cents per Share)		(0.56)	1.62
Diluted earnings (loss) per Share (cents per Share)		(0.56)	1.62

The accompanying notes form part of these financial statements.

MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		ECONOMIC ENTITY	
	Note	31 December 2012 \$	30 June 2012 \$
Current Assets			
Cash and cash equivalents		1,165,750	1,949,520
Trade and other receivables		187,655	270,054
Other current assets		3,453	170,945
Other financial assets	4	<u>2,275,752</u>	<u>2,376,120</u>
Total Current Assets		<u>3,632,610</u>	<u>4,766,639</u>
Non-Current Assets			
Trade and other receivables	5	390,296	429,740
Other non-current assets		1	1
Property, plant and equipment		2,829,852	2,862,233
Deferred exploration and evaluation costs		<u>3,289,216</u>	<u>3,289,216</u>
Total Non-Current Assets		<u>6,509,365</u>	<u>6,581,190</u>
TOTAL ASSETS		<u>10,141,975</u>	<u>11,347,829</u>
Current Liabilities			
Trade and other payables		398,312	888,397
Short-term provisions		-	33,284
Total Current Liabilities		<u>398,312</u>	<u>921,681</u>
Non-Current Liabilities			
Trade and other payables		<u>493,666</u>	<u>452,134</u>
Total Non-Current Liabilities		<u>493,666</u>	<u>452,134</u>
TOTAL LIABILITIES		<u>891,978</u>	<u>1,373,815</u>
NET ASSETS		<u>9,249,997</u>	<u>9,974,014</u>
EQUITY			
Issued capital	6	14,487,837	14,441,337
Reserves		(343,887)	(493,943)
Accumulated losses		<u>(4,893,953)</u>	<u>(3,973,380)</u>
TOTAL EQUITY		<u>9,249,997</u>	<u>9,974,014</u>

The accompanying notes form part of these financial statements.

MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

ECONOMIC ENTITY					
	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2011	14,441,337	(6,691,426)	(604,367)	260,903	7,406,447
Comprehensive income for the period.	-	2,528,622	(42,954)	-	2,485,668
Total	14,441,337	(4,162,804)	(647,321)	260,903	9,892,115
Transactions with owners in their capacity as owners:					
Shares issued during the period	-	-	-	-	-
Balance at 31 December 2011	14,441,337	(4,162,804)	(647,321)	260,903	9,892,115
Balance as at 1 July 2012	14,441,337	(3,973,380)	(754,846)	260,903	9,974,014
Comprehensive income for the period	-	(920,573)	57,999	-	(862,574)
Total	14,441,337	(4,893,953)	(696,847)	260,903	9,111,440
Transactions with owners in their capacity as owners:					
Issue of shares	46,500	-	-	-	46,500
Movement in Share Option Reserve	-	-	-	92,057	92,057
Balance at 31 December 2012	14,487,837	(4,893,953)	(696,847)	352,960	9,249,997

The accompanying notes form part of these financial statements

MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	ECONOMIC ENTITY	
NOTES	31 December 2012 \$	31 December 2011 \$
Cash flows from Operating Activities		
Payments to suppliers and employees	(868,215)	(497,100)
Payments for exploration and evaluation expenditure	(258,748)	(660,246)
Interest received	46,141	30,252
Royalties received	120,838	117,119
Other income	183,090	148,200
Finance costs	(20)	(611)
	(776,914)	(862,386)
Net cash provided by / (used in) operating activities		
Cash flows from Investing Activities		
Payments for property, plant & equipment	(15,230)	(6,695)
Proceeds on sale of property, plant & equipment	2,329	-
Proceeds on sale of exploration tenements	60,000	90,000
Proceeds on sale of certain mineral rights	-	2,276,065
	47,099	2,359,370
Net cash provided by / (used in) investing activities		
Cash flows from Financing Activities		
Repayment of share sale agreement through royalties	(53,368)	(59,943)
	(53,368)	(59,943)
Net cash provided by / (used in) financing activities		
Net increase / (decrease) in cash held	(783,183)	1,437,041
Cash at beginning of the period	1,949,520	1,451,555
Effect of Foreign exchange rates on cash holdings in foreign currencies	(587)	(10,125)
	1,165,750	2,878,471
Cash at end of the period		

The accompanying notes form part of these financial statements.

MALAGASY MINERALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1 – BASIS OF PREPARATION

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods.

Going Concern

The half-year financial statements have been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

For the half year ended 31 December 2012 the Group has incurred a loss of \$920,573 (December 2011: profit of \$2,528,622) and at 31 December 2012 the Company had working capital of \$1,348,843 (June 2012: \$1,898,579) including a cash and cash equivalents balance of \$1,165,750 (June 2012: \$1,949,520). Cash used in operating activities in the December 2012 half-year was \$776,914 (2011: \$862,386).

The Directors believe that it is appropriate to prepare the financial report on a going concern basis because:

- There is capacity for the Company to reduce its operating cost structure;
- The Company holds current and non-current assets which it could liquidate; and
- To the extent that further equity is required the Directors are confident that a sufficient capital raising can be completed.

MALAGASY MINERALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 2 – PROFIT FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	31 December 2012	31 December 2011
	\$	\$
Royalty and licence income	110,142	117,119
Interest income	33,495	30,252
Rental income	121,412	103,508
Other income	107,656	134,693
Energizer JVA Consideration	2a -	3,442,705
Total income	372,705	3,828,277

2a - Energizer JVA Consideration

Non-refundable deposit received	-	271,273
Joint Venture Cash Consideration received	-	2,004,792
Initial recognition of listed shares in Energizer Resources at Fair Value	-	1,166,640
	-	3,442,705

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 MGY 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 ~40% of MGY’s tenement holding.

NOTE 3 – SEGMENT INFORMATION

The economic entity operates in two geographical segments being Australia and Madagascar and reports its segments consistent with the information provided to the chief operating decision maker, being the board of directors.

	Australia	Madagascar	Eliminations	Economic Entity
31 December 2012	\$	\$	\$	\$
Revenue	-	217,798	-	217,798
Other income	22,802	132,105	-	154,907
Total segment revenue	22,802	349,903	-	372,705
Result				
Segment results	(730,803)	(467,672)	277,902	(920,573)
Loss before income tax expense	(730,803)	(462,157)	277,902	(915,058)
Assets				
Segment assets	12,091,372	(556,285)	(1,393,114)	10,141,973
Segment liabilities	(671,913)	(530,181)	310,116	(891,978)
Other				
Acquisition of non-current segment assets	-	15,230	-	15,230
Depreciation	2,543	39,236	-	41,779

MALAGASY MINERALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 3 – SEGMENT INFORMATION (Continued)

31 December 2011	Australia	Madagascar	Eliminations	Economic Entity
	\$	\$	\$	\$
Revenue	-	117,119	-	117,119
Other income	3,478,815	232,343	-	3,711,158
Total segment revenue	3,478,815	349,462	-	3,828,277
Result				
Segment results	2,889,770	(812,569)	451,421	2,528,622
Loss before income tax expense	2,889,770	(809,877)	451,421	2,531,314
Assets				
Segment assets	12,423,574	3,215,408	(4,789,577)	10,849,405
Segment liabilities	(834,647)	(5,771,641)	5,648,998	(957,290)
Other				
Acquisition of non-current segment assets	-	6,695	-	6,695
Depreciation	3,402	42,967	-	46,369

NOTE 4 – OTHER FINANCIAL ASSETS

	31 December 2012	30 June 2012
	\$	\$
Opening balance at 1 July	2,376,120	-
Initial recognition of listed shares at Fair Value	-	1,166,640
Fair Value increase/ (decrease) of listed shares	(100,368)	1,209,480
Closing balance at 31 December	2,275,752	2,376,120

Financial assets at fair value through profit and loss represent 7,500,000 fully paid ordinary shares in Canadian company Energizer Resources Inc.

NOTE 5 – NON-CURRENT RECEIVABLES

	31 December 2012	30 June 2012
	\$	\$
Non Current Receivables	390,296	429,740

Non-current Receivable Assets 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.

NOTE 6 – ISSUED CAPITAL

	31 December 2012	30 June 2012
	\$	\$
157,312,504 fully paid ordinary shares (2011:156,562,504)	14,487,837	14,441,337
Ordinary shares		
	Number	Number
Balance at 1 July	156,562,504	156,562,504
Shares issued during the period:		
21 November 2012 ¹	750,000	-
Balance at 31 December	157,312,504	156,562,504

There are no preference shares on issue.

MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 6 – ISSUED CAPITAL (Continued)

Notes:

1. On 21 November 2012, 750,000 fully paid ordinary shares were allotted at a cost of \$0.062 per share pursuant to a consultant agreement.

The Company has no maximum authorised share capital. Ordinary shares are of no par value.

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.

Options

During the half year 7,375,000 options were issued.

1. On 21 November 2012, 375,000 options exercisable at \$0.30 on or before 30 September 2015 were granted pursuant to a consultant agreement.
2. At the Annual General Meeting held on 16 November 2012, the grant to directors or their nominees of 7,000,000 options exercisable at \$0.15 on or before 30 November 2016 was approved. The options were subsequently issued on 21 November 2012. 3,500,000 options vested immediately on issue and the remaining 3,500,000 options will vest on 30 November 2013.

Stock Exchange Listing

Total Issued Capital is 157,312,504 shares, all of which are listed on the ASX at 31 December 2012.

NOTE 7 – RELATED PARTY TRANSACTIONS

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

Directors and director related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Company:

(a) Directors' Share Transactions:	31 December 2012 Number	30 June 2012 Number
Mr M. Cozijn	7,012,501	7,512,502
Mr G LeClezio	11,940,513	11,940,513
Dr P Woods	1,100,000	1,100,000
Mr G Boden	-	-
Total Director Ordinary Shares	<u>20,053,014</u>	<u>20,553,015</u>
(b) Directors' Option Transactions:		
Mr M. Cozijn	3,000,000	1,000,000
Mr G LeClezio	2,500,000	500,000
Dr P Woods	2,500,000	500,000
Mr G Boden	750,000	-
Total Director Options	<u>8,750,000</u>	<u>2,000,000</u>

**MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

NOTE 8 – CONTINGENT LIABILITIES

There has been no material change in contingent liabilities since the last annual reporting date.

NOTE 9 – EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of the affairs for the economic entity in subsequent financial years.

NOTE 10 – KEY MANAGEMENT PERSONNEL

Details of the Group's Key Management Personnel Compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 30 June 2012. Subsequent to the 30 June 2012 reporting date, the following directors and their remuneration details have changed as follows:

- Mr Cozijn has ceased in the role of Executive Director from 30 September 2012. Mr Cozijn remains the Non-Executive Chairman of the company. Accordingly his salary package has decreased to \$70,000 per annum plus super at the statutory rate.
- Boden Corporate Services Pty Ltd, of which Graeme Boden is the principal, has been engaged to provide company secretarial services (from 28 September 2012) and accounting and administration services (from 20 December 2012). All services are provided at normal commercial rates charged to all clients of the services provider. Mr Boden stopped receiving directors' fees from 1 October 2012. From this date Mr Boden will be remunerated through Boden Corporate Services Pty Ltd as will Natasha Forde for her joint Company Secretary services.

**MALAGASY MINERALS LIMITED
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DIRECTORS' DECLARATION

The Directors of the company declare that:

- (a) The financial statements and notes, as set out on pages 6 to 14, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and;
 - (ii) giving a true and fair view of the economic entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date.
- (b) 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:



Mr. M.D.J. Cozijn
Chairman / Finance Director



Mr. G. LeClezio
Director

Perth, Western Australia
13th March 2013



INDEPENDENT AUDITOR'S REVIEW REPORT

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Malagasy Minerals Limited and its controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, 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 Malagasy Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Malagasy Minerals Limited and its controlled entities' financial position as at 31 December 2012 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Malagasy Minerals Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Crowe Horwath Perth

CROWE HORWATH PERTH

PHILIPPA HOBSON

PHILIPPA HOBSON
Partner

Signed at Perth, 13 March 2013