

OPERATIONS UPDATE

Malagasy Minerals Limited is pleased to provide an update on the Company's operations and ongoing exploration activities in Madagascar.

Financial position

- A payment of \$CAN 700,000 cash and 1,000,000 shares has been made by Energizer Resources Inc. ("EGZ") representing the second tranche for the acquisition of the Molo Graphite Project following their announcement of the completion of a Bankable Feasibility Study.
- Total cash now stands at \$A 820,000.
- With the receipt of this tranche of Energizer shares Malagasy now holds 3,500,000 shares (2,500,000 shares are restricted from trading until 23 June 2015 and 1,000,000 restricted until 20 May 2016). At the current price of \$CAN 0.115 per share this represents an investment position of approximately \$CAN 402,500.
- 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 – see below):
 - On the commencement of mining EGZ will pay Malagasy \$CAN 1,000,000 cash and;
 - A 1.5% Net Smelter Return on all production from the Molo Graphite Project tenements.
- The Company property asset in Antananarivo, the capital of Madagascar, in the form of a convertible lease for up to a further 190 years on 19,000 square metres of commercial/industrial/residential land. The book value of this asset is \$AUD 2.35 million and an indicated current value of approximately EUR 2.7 million.
- The Company has no material liabilities.

Development of the Molo Graphite Project

As mentioned above 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 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:

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%

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

Maniry Graphite Project (100% Malagasy Minerals)

In addition to Malagasy Minerals interest in the Molo Graphite Project it has developed a highly prospective graphite project 60 kilometres south at the 100% owned Maniry project.

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. A program of diamond drilling in late 2014 was the culmination of exploration that achieved the following outcomes (See ASX announcement dated 12th February 2015):

- Definition of at least 34 large-scale zones 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 that 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.
- A total of 17 diamond holes were completed for a total 1,588.6 metres. Significant widths and grades were intersected in all drill holes in near surface positions. Outstanding results from this drilling include;

Razafy Target

MNDD001	26 metres @ 7.3%C from 2 metres (Includes 10 metres @ 10.2%C)
MNDD002	32 metres @ 7.0%C from 18 metres (Includes 8 metres @ 9.7%C)
MNDD003	26 metres @ 6.8%C from 0 metres (Includes 8 metres @ 8.8%C)
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)

Haja Target

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

Ivan Target

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)

Fitia Target

MNDD014	16 metres @ 6.1%C from 0 metres
MNDD015	18 metres @ 6.0%C from 0 metres

The next phase of evaluation being considered at the Maniry Graphite Project include:

- Trenching across each of these defined targets to ensure near surface continuity of mineralisation;
- Collection of samples for preliminary metallurgical evaluation;
- Infill drilling at the Razafy Project to define an initial high-grade graphite resource; and
- On-going evaluation of the remaining 30 prospective targets across the wider project area.

For and 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, Technical Director, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full time Director of Malagasy Minerals Limited and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 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.