

MALAGASY MINERALS LIMITED
Activities Report for the June Quarter 2015

HIGHLIGHTS

- Following the end of an extended wet season field crews were mobilized to the Maniry Graphite Project and the Vohibory Nickel-Copper Project to undertake exploration programs that will include geological mapping and geochemical sampling, trenching and most likely a second phase of resource evaluation diamond drilling.
- A payment of \$CAN 700,000 cash and 1,000,000 shares was made by Energizer Resources Inc. (“EGZ”) representing the second tranche for the acquisition of 25% of the Molo Graphite Project following their announcement of the completion of a Bankable Feasibility Study (ASX Announcement 27th May 2015).

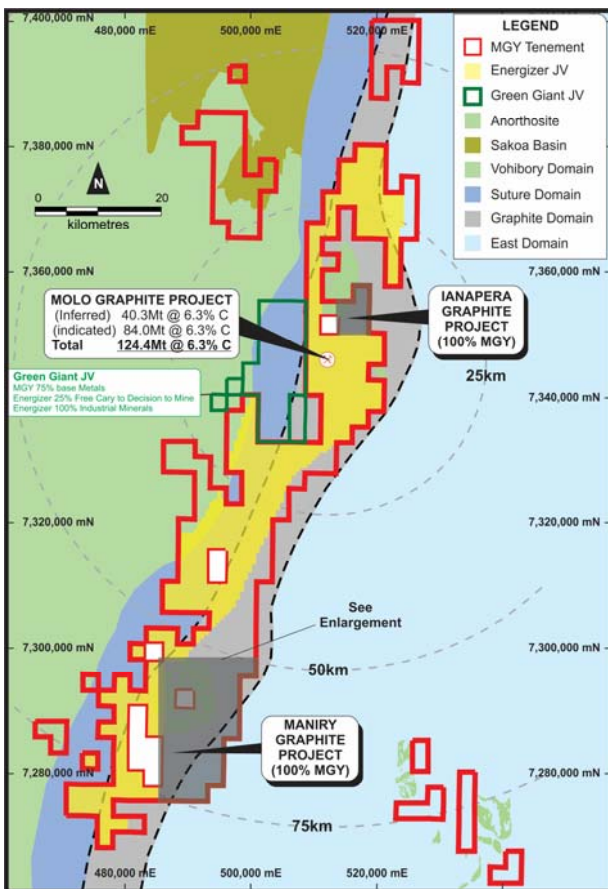


Figure (1) – Regional Location Plan

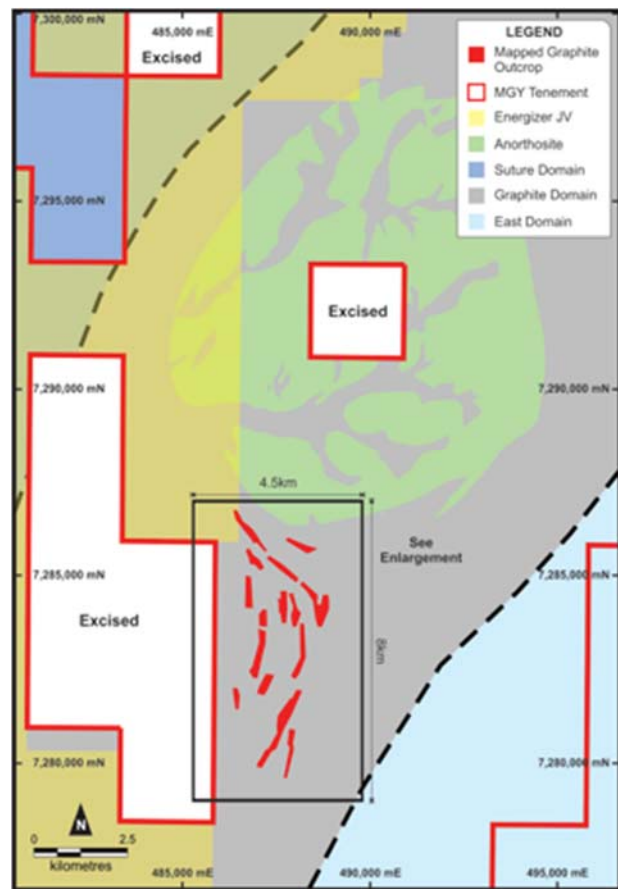


Figure (2) – Maniry Project Overview Plan

BACKGROUND

Malagasy Minerals Limited (ASX Code: MGY / “Malagasy”) has established a large exploration project in Southern Madagascar (Figure 2) that is prospective for both mafic-ultramafic intrusive related 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”). Malagasy announced (27th March 2014) that it had finalized the sale of the company’s 25% interest in the project in order to crystallise significant value and to increase its focus on the company’s highly prospective 100% owned ground. The transaction has delivered a low-risk immediate return to Malagasy in the form of initial cash and share payments, whilst maintaining leveraged exposure through future benchmark cash and share payments.

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 Deposit by Energizer. Malagasy is targeting a high-grade resource base with a particular focus on identifying near surface, low mining cost deposits that can be assessed quickly and at modest cost, potentially working off the benefits of the Molo development.

GRAPHITE EXPLORATION and EVALUATION

Maniry Project (100% MGY)

Following the end of an extended wet season the next phase of evaluation to be completed at the Maniry Graphite Project (Figure 3) 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.

Previously reported drilling results from Razafy and Haja are:

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

Table (1) – Drilling Program Summary

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

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
MNDD016	Haja	82.95	486655	7284480	302	270	-60
MNDD017	Razafy	111.00	486905	7286078	304	233	-60

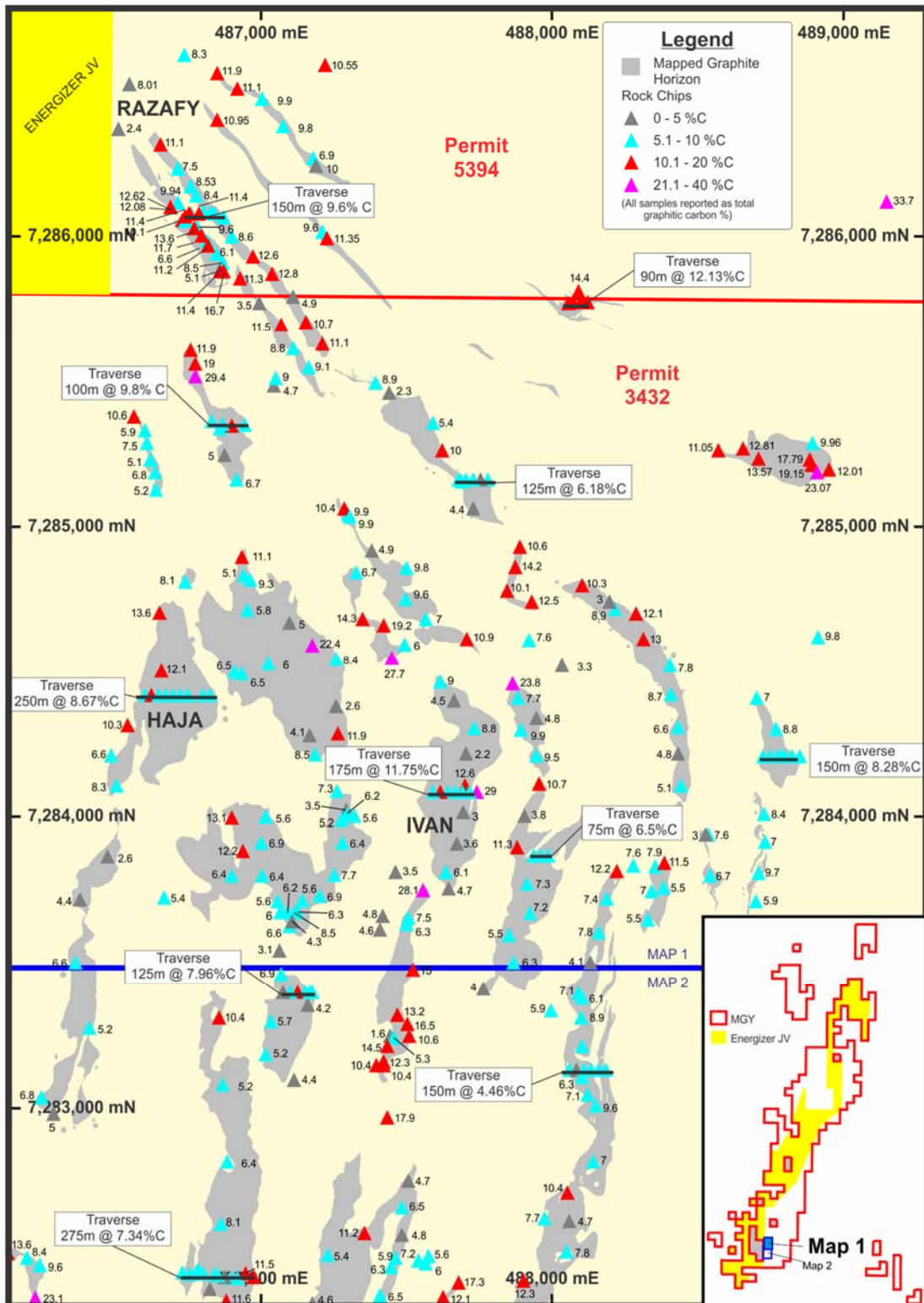


Figure (3) – Maniry Project high-grade graphite mapped outcrops

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.
- With the receipt of this tranche of Energizer shares Malagasy now holds 3,500,000 shares (2,500,000 became unrestricted 23 June 2015 and 1,000,000 are restricted until 20 May 2016). At the current price of \$CAN 0.07 per share this represents an investment position of approximately \$CAN 245,000.
- 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 recent indicated 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

CORPORATE

Financial Position

The Company's cash position at 30 June was \$778,000 a decrease of \$573,000 for the quarter. A payment of \$A708,000 was received in relation to the sale of 25% interest in Molo project.

During June 2015, the escrow period ended for 2,500,000 share in TSX listed Energizer Resources Inc (EGZ) and these will be available for sale to supplement the Company's cash position. A further 1,000,000 shares were received during the quarter but are escrowed until May 2016.

Political Situation

The political situation in Madagascar remains confused. During May the Parliament voted by 121 of 151 total members to dismiss the President. During June the Constitutional Court of Madagascar held that such impeachment proceedings had no legal foundation.

The situation remains that 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 a number of years. Malagasy has tenement applications, tenement renewals, the registration of additional minerals on the permits and the registration of sub-leases for industrial minerals to EGZ with the BCMM for processing.

Tenements

A full listing of the company's tenements in Madagascar is included as Appendix 1. There have been no changes to the tenements held during the quarter.

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.

APPENDIX 1

MALAGASY MINERALS LIMITED ABN 84 121 700 105

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 - lanapera	16	100%	
5392	PE	20-Nov-02	19-Nov-42	40	Ampanihy - lanapera	16	100%	
5393	PE	20-Nov-02	19-Nov-42	40	Ampanihy - lanapera	16	100%	
5394	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Maniry	48	40 : 100% 8 :100% -IM	1
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 - lanapera	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 - lanapera	112	39 : 100% 73 : 100%-IM	1, 2
16746	PR	09-Sep-05	08-Sep-15	10	Ampanihy - lanapera	16	100%	
16747	PR	09-Sep-05	08-Sep-15	10	Ampanihy - Maniry	48	100% - IM	1
16753	PR	09-Sep-05	08-Sep-15	10	Ampanihy - Maniry	48	4 : 100% 44 :100% - IM	1
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) SQNY – Royalty and partial tenement fees payable to MDA

Acquisition and disposal of tenements

- 1) No tenements were acquired during the quarter.
- 2) No beneficial interests in farm-in or farm-out agreements were acquired or disposed of during the quarter.

APPENDIX 1

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 - lanapera	16	100%	3
25094	PE	18-Jan-07	17-Jan-47	40	Ampanihy - lanapera	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

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- 2) Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2015
- 3) SQNY – Royalty and partial tenement fees payable to MDA

Acquisition and disposal of tenements

- 1) No tenements were acquired during the quarter.
- 2) No beneficial interests in farm-in or farm-out agreements were acquired or disposed of during the quarter.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

MALAGASY MINERALS LIMITED

ABN

84 121 700 105

Quarter ended ("current quarter")

30 JUNE 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	34	87
1.2 Payments for (a) exploration & evaluation	(93)	(1,135)
(b) development	-	-
(c) production	-	-
(d) administration (net)	(71)	(433)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (TVA recoverable)	-	-
Net Operating Cash Flows	(129)	(1,467)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments (deferred)	(6)	(45)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	708	939
(b) equity investments	-	226
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	702	1,120
1.13 Total operating and investing cash flows (carried forward)	573	(347)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	573	(347)
Cash flows related to financing activities			
1.14	Net Proceeds from issues of shares, options, etc	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		573	(347)
1.20	Cash at beginning of quarter/year to date	205	1,125
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	778	778

Payments to directors of the entity and associates of the directors & Payments to related entities of the entity and associates of the related entities.

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	54
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
		<u>\$A'000</u>
	Directors Fees and superannuation	-
	Exploration management services	42
	Company secretarial, accounting & administration services	12
		54

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	(75)
4.2	Development	-
4.3	Production	-
4.4	Administration (Net)	(75)
Total		(150)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	778	91
5.2	Term Deposit	-	114
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		778	205

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference *securities	Nil	Nil	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	*Ordinary securities	165,346,421	165,346,421	Various
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-
7.5	*Convertible debt securities	Nil	Nil	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options Unlisted	7,500,000	-	15c Options	Expiry: 31/11/2016
		375,000	-	30c Options	Expiry: 30/09/2015
		375,000	-	40c Options	Expiry: 31/12/2015
		375,000	-	50c Options	Expiry: 31/03/2016
		500,000	-	15c Options	Expiry: 31/11/2016
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: (Company Secretary)
 Print name: Graeme R Boden

Date: 31 July 2015

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities. The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards. ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.