



INTERIM FINANCIAL REPORT

31 DECEMBER 2011

**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 2011

CORPORATE DETAILS

Directors:

Mr M.D.J. Cozijn B.Com. CPA, MAICD – Chairman, Acting CEO, & Finance Director
Mr G. LeClezio BA – Non-Executive Director
Dr P. Woods BScH / PhD (Geol). MAIG – Non-Executive Director

Secretary:

M.D.J. Cozijn B. Com. CPA

Registered Office Perth:

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

Madagascar Office:

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

Postal Address:

GPO Box 2818
WEST PERTH WA 6872

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 2011, 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 and Acting CEO)
Mr Guy LeClezio (Non-Executive Director)
Dr Peter Woods (Non-Executive Director)

REVIEW OF OPERATIONS

The economic entity incurred a profit from ordinary activities after income tax of \$ 2,528,622 for the half year (2010: Loss of \$1,212,038).

HIGHLIGHTS - Six Months to 31 December 2011:

JOINT VENTURE

- Joint Venture Agreement with Canadian company Energizer Resources Inc. ("EGZ") executed on 15 December 2011, resulting in a total of US\$2.25M being paid to MGY plus 7.5M EGZ shares.
- Joint Venture Company (75% EGZ; 25% MGY) formed with the right to explore for industrial minerals including vanadium and graphite within ~40% of MGY's tenement holding.
- Subsequent to end of half year, EGZ has announced the discovery of potential flake graphite camp over the joint venture property, with multiple graphitic trends identified over a cumulative strike length of 320km.

EXPLORATION

Ampanihy (Nickel-Copper) Project

- 607 soil samples collected from two areas at the lanapera area (Ampanihy Project), to follow up on prospective nickel and copper zones located from regional prospecting and mapping
- 89 stream sediment samples collected from the Maniry area (Ampanihy Project) with areas of anomalism to be followed up with soil sampling
- Several anomalous areas for nickel and uranium delineated along the Suture Zone at the Ampanihy Project following receipt of assays from 216 stream sediment samples collected in the September Quarter with further stream sediment sampling planned.
- Southern Geoscience Consultants (SGC) completed a geophysical review of selected zones within the lanapera area (Ampanihy) with most of the targets confirmed in the field and rock chip sampled accordingly

Vohibory (Copper-Silver VMS) Project

- 8 diamond drill holes completed at Vohibory Project for 1,846m, which included two holes to test colonial-era copper mineralization; six holes to test a previously identified gold-in-soil anomaly and 4 holes to test newly identified 1.2km copper-gold-silver zone – assay results awaited.

Fotadrevo (Vanadium) Project

- 1,194 soil samples collected at the Fotadrevo Vanadium Project as part of major geochemical program designed to test a 10km strike length of prospective vanadium mineralization.
- 233 samples sent for assay in Perth, with results confirming field based XRF analysis which shows coincident V-Ni-Cu anomaly extending over 9kms.

LABRADORITE

- Labradorite royalty revenues continue to support operations in Madagascar. An additional labradorite quarrying sub-lease agreement is being negotiated with a Chinese group.

COMMERCIAL PROPERTY RENTAL

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

RED CAT MINERALS AGREEMENT

- Red Cat Minerals requested further extension of the agreement to 31 December 2011, and then again to 30 April 2012 to which the Company has agreed having received additional consideration by way of non-refundable cash deposits. This agreement covers the proposed sale of the northern portion of the Vohibory Project.

CORPORATE

Malagasy Minerals continues to restructure its commercial property holdings, operational assets and running costs with a view to maximizing revenue income and reducing costs, so as to be cash flow sufficient in its Madagascar operations. With Labradorite royalty and rental income, the operations in Madagascar are close to being self-sufficient, leaving exploration and Australian administrative costs to be funded.

The total issued capital of Malagasy Minerals Limited at 31 December 2011 is 156,562,504 Shares. Details of unlisted Options are provided below:

- 1,000,000 unlisted 20c Options expiring 26/06/2013
- 2,000,000 unlisted 20c Director Options expiring 01/12/2013
- 1,000,000 unlisted 20c Consulting Options expiring 03/07/2013
- 1,000,000 unlisted 20c Consulting Options expiring 03/07/2013
- 4,003,600 unlisted 20c Options expiring 07/07/2013

Funds on Hand

Malagasy Minerals retains A\$2.878 million in cash reserves, plus listed securities worth approx. \$1.8million as at 31st December 2011.

Political Situation

International mediation with the assistance of the South African Development Community (SADC) is continuing to assist in the negotiation of an orderly resolution of the political situation, with the aim of achieving free elections and the establishment of normalized relations with the international community and donor countries. The current situation in Madagascar has the potential to result in difficulties in obtaining effective legal redress. Meanwhile delays are being encountered in the processing of tenement applications and renewals. A new Mines Minister has been appointed and there are encouraging signs of progress being achieved.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporation Act 2001 is set out on page 4 for the half-year ended 31 December 2011.

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



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



Mr Guy LeClezio
Director

Dated this 28th day of February 2012

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 2011, 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



SEAN MCGURK
Partner

Signed at Perth, 28 February 2012

MALAGASY MINERALS LIMITED
ABN 84 121 700 105
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

ECONOMIC ENTITY			
	Note	31 December 2011 \$	31 December 2010 \$
Revenue	2	3,828,277	282,846
Fair Value Gain on Financial Assets	4	97,822	-
Employee benefits expense		(354,473)	(293,565)
Depreciation expense		(46,369)	(73,080)
Finance costs		(611)	(54)
Foreign currency gain (loss)		5,841	(41,159)
Administration costs		(258,357)	(312,835)
Exploration expenditure		(740,816)	(515,030)
Share-based payments		-	(1,990)
Merger costs	5	-	(257,171)
Profit (Loss) before income tax expense		2,531,314	(1,212,038)
Income tax expense		(2,692)	-
Profit (Loss) attributable to members of the parent entity		2,528,622	(1,212,038)
Other Comprehensive Income			
Adjustment from translation of foreign controlled entities		(42,954)	187
Income Tax relating to components of other comprehensive income		-	-
Total Comprehensive Income for the period attributable to members of the parent entity		2,485,668	(1,211,851)
Earnings Per Share:			
Basic earnings (loss) per Share (cents per Share)		1.62	(2.13)
Diluted earnings (loss) per Share (cents per Share)		1.62	(2.13)

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 2011

		ECONOMIC ENTITY	
	Note	31 December 2011 \$	30 June 2011 \$
Current Assets			
Cash and cash equivalents		2,878,471	1,451,555
Trade and other receivables		81,856	60,295
Other current assets		19,704	244,470
Other financial assets	4	1,264,462	-
Total Current Assets		4,244,493	1,756,320
Non-Current Assets			
Trade and other receivables	6	429,948	484,074
Property, plant and equipment		2,885,748	2,925,422
Deferred exploration and evaluation costs		3,289,216	3,289,216
Total Non-Current Assets		6,604,912	6,698,712
TOTAL ASSETS		10,849,405	8,455,032
Current Liabilities			
Trade and other payables		345,834	304,950
Short-term provisions		41,456	52,960
Total Current Liabilities		387,290	357,910
Non-Current Liabilities			
Trade and other payables		570,000	690,675
Total Non-Current Liabilities		570,000	690,675
TOTAL LIABILITIES		957,290	1,048,585
NET ASSETS		9,892,115	7,406,447
EQUITY			
Issued capital	7	14,441,337	14,441,337
Reserves		(386,418)	(343,464)
Accumulated losses		(4,162,804)	(6,691,426)
TOTAL EQUITY		9,892,115	7,406,447

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 2011

ECONOMIC ENTITY

	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2010	11,411,975	(4,851,437)	(523,064)	257,354	6,294,828
Comprehensive income for the period.	-	(1,212,038)	187	-	(1,211,851)
Total Comprehensive income	11,411,975	(6,063,475)	(522,877)	257,354	5,082,977
Transactions with owners in their capacity as owners					
Shares issued during the period (net of costs)	3,028,643	-	-	-	3,028,643
Movement in Share Option Reserve	-	-	-	1,990	1,990
Balance at 31 December 2010	14,440,618	(6,063,475)	(522,877)	259,344	8,113,610
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 Comprehensive income	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	-	-	-	-	-
Movement in Share Option Reserve	-	-	-	-	-
Balance at 31 December 2011	14,441,337	(4,162,804)	(647,321)	260,903	9,892,115

The accompanying notes form part of these financial statements

MALAGASY MINERALS LIMITED
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AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	ECONOMIC ENTITY	
NOTES	31 December 2011	31 December 2010
	\$	\$
Cash flows from Operating Activities		
Payments to suppliers and employees	(497,100)	(716,358)
Payments for exploration and evaluation expenditure	(660,246)	(450,638)
Interest received	30,252	6,241
Royalties received	117,119	113,867
Other income	148,200	162,737
Finance costs	(611)	(54)
	(862,386)	(884,205)
Cash flows from Investing Activities		
Merger costs	-	(257,171)
Payments for property, plant & equipment	(6,695)	(2,692)
Proceeds on sale of property, plant & equipment	-	64,289
Proceeds on sale of exploration tenements	90,000	200,000
Proceeds on sale of certain mineral rights	2,276,065	-
	2,359,370	4,426
Cash flows from Financing Activities		
Proceeds from issue of shares	-	3,217,250
Capital raising costs	-	(188,607)
Repayment of share sale agreement through royalties	(59,943)	(164,153)
	(59,943)	2,864,490
Net cash provided by / (used in) operating activities	(862,386)	(884,205)
Net cash provided by / (used in) investing activities	2,359,370	4,426
Net cash provided by / (used in) financing activities	(59,943)	2,864,490
Net increase / (decrease) in cash held	1,437,041	1,984,711
Cash at beginning of the period	1,451,555	571,669
Effect of Foreign exchange rates on cash holdings in foreign currencies	(10,125)	(23,099)
	2,878,471	2,533,281
Cash at end of the period	2,878,471	2,533,281

The accompanying notes form part of these financial statements.

MALAGASY MINERALS LIMITED
ABN 84 121 700 105
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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.

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 2011 annual financial report for the financial year ended 30 June 2011, 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.

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 2011	31 December 2010
	\$	\$
	<u> </u>	<u> </u>
Royalty and licence income	117,119	113,867
Interest income	30,252	6,241
Rental income	103,508	119,298
Other income	134,693	43,440
Energizer JVA Consideration	2a 3,442,705	-
	<u>3,828,277</u>	<u>282,846</u>
Total income		

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	<u>1,166,640</u>	<u>-</u>
	<u>3,442,705</u>	<u>-</u>

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.

MALAGASY MINERALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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
2011	\$	\$	\$	\$
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
Profit (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
2010				
Revenue	-	113,867	-	113,867
Other income	11,929	157,050	-	168,979
Total segment revenue	11,929	270,917	-	282,846
Result				
Segment results	(917,644)	(302,424)	8,030	(1,212,038)
Loss before income tax expense	(917,644)	(302,424)	8,030	(1,212,038)
Assets				
Segment assets	10,157,107	3,428,205	(4,226,116)	9,359,196
Segment liabilities	(1,035,318)	(5,516,807)	5,306,539	(1,245,586)
Other				
Acquisition of non-current segment assets	-	2,692	-	2,692
Depreciation	28,064	45,015	(75,570)	(2,491)

NOTE 4 – OTHER FINANCIAL ASSETS

	31 December 2011 \$	30 June 2011 \$
Initial recognition of listed shares in Energizer Resources at Fair Value	1,166,640	-
Fair Value increase of listed shares in Energizer Resources	97,822	-
	1,264,462	-

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

MALAGASY MINERALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

NOTE 5– MERGER COSTS

Merger Costs relate to the termination and release Deed that was finalised with unlisted company Madagascar Resources NL (MRNL) on 24th September 2010. Under the deed the parties agreed to the termination of the Merger Implementation Agreement of 25th May 2010. Terms of the deed required Malagasy to pay MRNL up to \$250,000 (plus GST) to cover fees and costs incurred by MRNL for third party services in respect of the merger. Other costs relating to the merger are costs incurred by the Company for legal advice. MRNL has since changed its name to World Titanium Holdings Ltd.

NOTE 6 – NON-CURRENT RECEIVABLES

	31 December 2011 \$	30 June 2011 \$
Non Current Receivables	429,948	484,074

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 7 – ISSUED CAPITAL

	31 December 2011 \$	30 June 2011 \$
156,562,504 fully paid ordinary shares	14,441,337	14,441,337
	14,441,337	14,441,337
Ordinary shares	No.	No.
At the beginning of the period	156,562,504	109,250,003
Shares issued during the year		
29 November 2010 ²	-	16,000,000
29 December 2010 ³	-	31,312,501
	156,562,504	156,562,504

There are no preference shares on issue.

Notes

- a. On 22 June 2010, 14,250,000 fully paid ordinary shares were allotted at \$0.03 per share pursuant to a placement.
- b. On 29 November 2010, 16,000,000 fully paid ordinary shares were allotted at 6.8 cents per share pursuant to a placement.
- c. On 29 December 2010, 31,312,501 fully paid ordinary shares were allotted at 6.8 cents per share pursuant to a 1 for 4 non-renounceable underwritten rights issue.

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.

Stock Exchange Listing

Total Issued Capital is 156,562,504 shares, all of which are listed on the ASX at 31 December 2011.

MALAGASY MINERALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

NOTE 8 – 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.

(a) Directors' Share Transactions:

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

	31 December 2011 Number	30 June 2011 Number
Mr M. Cozijn	7,512,502	7,512,502
Mr. G LeClezio	3,202,067	12,019,809
Dr. P Woods	100,000	10,100,000
	10,814,569	29,632,311
Total Director Ordinary Shares		

World Titanium Holdings Ltd (WTHL) is the holder of 10,000,000 ordinary shares in Malagasy Minerals Ltd. Mr Guy Le Clezio and Dr Peter Woods are former Directors of WTHL (both resigned on 22nd December 2011) In accordance with Accounting Standards AASB 124 the WTHL shares have each been added to Mr Guy Le Clezio and Dr Peter Woods holdings in prior comparative period 30 June 2011 when they were still WTHL Directors.

(b) Related Party Transactions:

	31 December 2011 \$	31 December 2010 \$
World Titanium Holdings Ltd	59,943	415,516

WTHL are paid 70% of net labradorite royalty receipts from existing contracts as per the Share Sale Agreement. At 31 December 2011, WTHL is owed \$735,732.

NOTE 9 – CONTINGENT LIABILITIES

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

NOTE 10 – 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 11 – 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 2011. Subsequent to the 30 June 2011 reporting date, the following directors and their remuneration details have changed as follows:

- Following the resignation of Steven Goertz, Max Cozijn has assumed the role of Chief Executive Officer while retaining his role as Chairman, Executive Director and Company Secretary. Accordingly from 1 July 2011, his Executive Salary Package has increased from \$70,000 per annum plus statutory superannuation to \$120,000 per annum plus statutory superannuation.
- From 1 July 2011, Non Executive Director Fees have increased from \$20,000 per annum plus statutory super to \$40,000 per annum plus statutory super.

**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 5 to 12, 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 2011 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
28th February 2012

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 2011, 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 2011 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 2011 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



SEAN MCGURK
Partner

Signed at Perth, 28 February 2012