



Unit 7, 11 Colin Grove. West Perth, WA 6005
Telephone: +61-8-9463 6656; Facsimile: +61-8-9463 6657
E-mail: admin@malagasyminerals.com Web Site: www.malagasyminerals.com

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2009

HIGHLIGHTS

Trading On ASX (Code 'MGY')

EXPLORATION

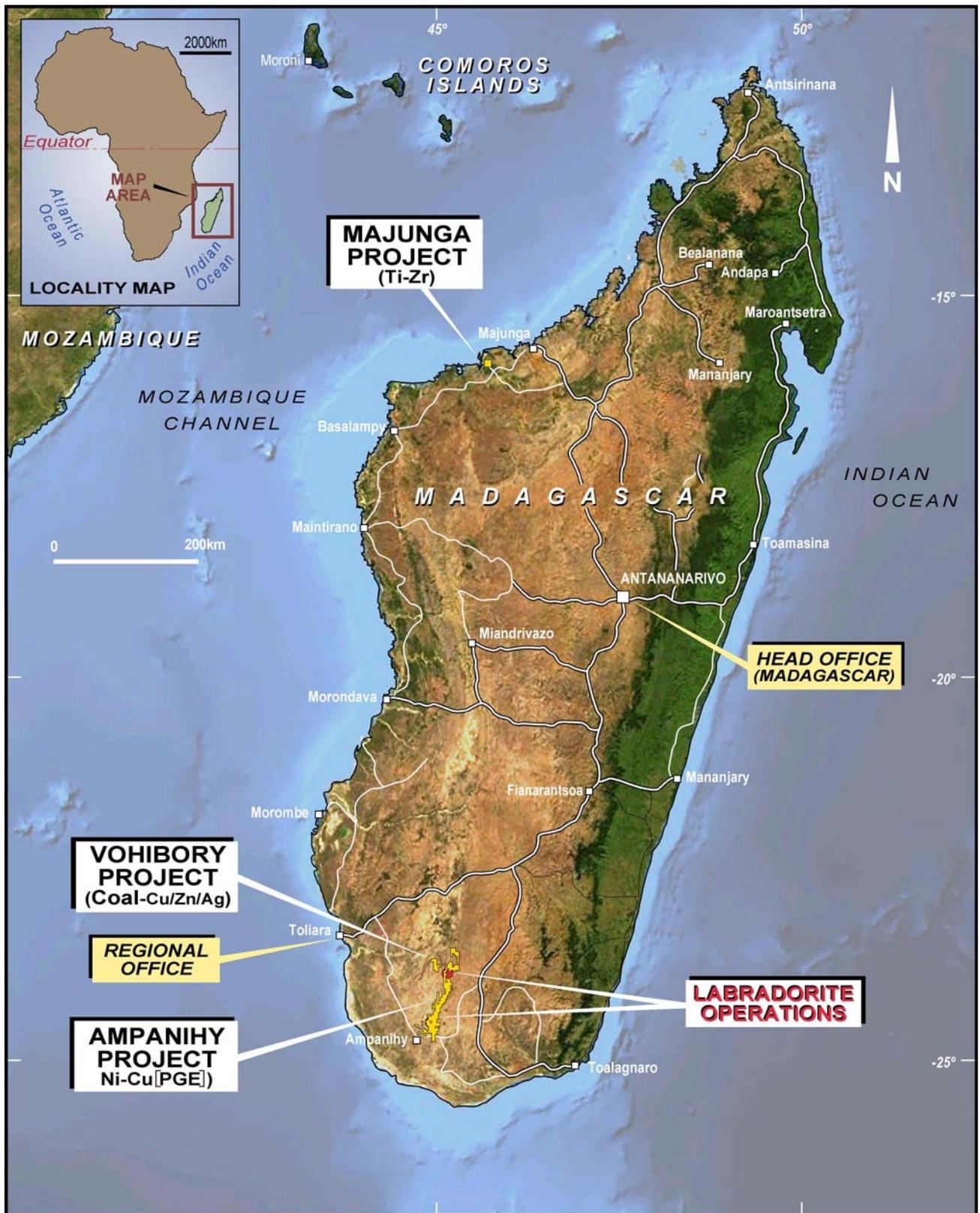
- **Vohibory & Ampanihy Projects:** Modelling of six (6) targets in the northern Vohibory project completed – initial five (5) holes totalling 840m of core drilling planned – to commence in August 2009; additional drilling planned for Ampanihy following completion of modelling of selected VTEM-surface geochemical targets;
- All drilling to be completed utilising company-owned drilling rigs;
- Remaining portion of surface geochemical sampling underway, to be completed end-July 2009, followed immediately by sampling for Vanadium in the Fotadrevo area adjacent to ~1% V₂O₅ mineralisation, recently defined by neighbouring explorers;
- IKONOS detailed satellite (photo) imagery due for delivery mid-July 2009, preparatory to field-checking of VTEM target areas and location of targeted drill holes

LABRADORITE

- Labradorite royalty revenues continued during the Quarter.
- Additional labradorite quarry commencing production with shipments to commence in September Quarter 2009.

OTHER OPERATIONS

- Intertek-Genalysis sample preparation facility commenced operations as of 5th May 2009 – processing of client samples underway;
- Lease signed with (London-UK based) Kirk Petrophysics for rental of 1,022 sqm of commercial space at Malagasy's headquarters in Madagascar – rental commencing 1 July 2009.
- Commercial property redevelopment opportunities being pursued – with increasing commercial rental income being obtained from expanded tenancies.
- Malagasy aiming to achieve positive operational cash flows from its Labradorite Royalties, Commercial rents and development, coupled with its drilling operations and personnel support services, thereby supplementing its core exploration activities.



EXPLORATION PROJECTS

Malagasy Minerals has continued an aggressive but economically prudent development programme in respect of its exploration and commercial assets in Madagascar and has completed additional important milestones during the June 2009 quarter. A full description of each of the company's projects can be found on the Company's website which is located at www.malagasyminerals.com. All of the company's projects are 100% owned. A review of activities for the quarter ending 30th June 2009 follows:

Malagasy Minerals continues to proactively review all forward expenditure with a view to conserving cash and redirecting exploration expenditure to those projects with the strongest prospectivity. To this end the Company retains 1,950 sq km of exploration tenure over the following core project areas:

- Ampanihy (Ni-Cu-PGE) – 1,775km²
- Vohibory (Cu-Ag VMS – incl. Ianapera Coal) – 150km²
- Mahajunga (Ilmenite) – 25km²

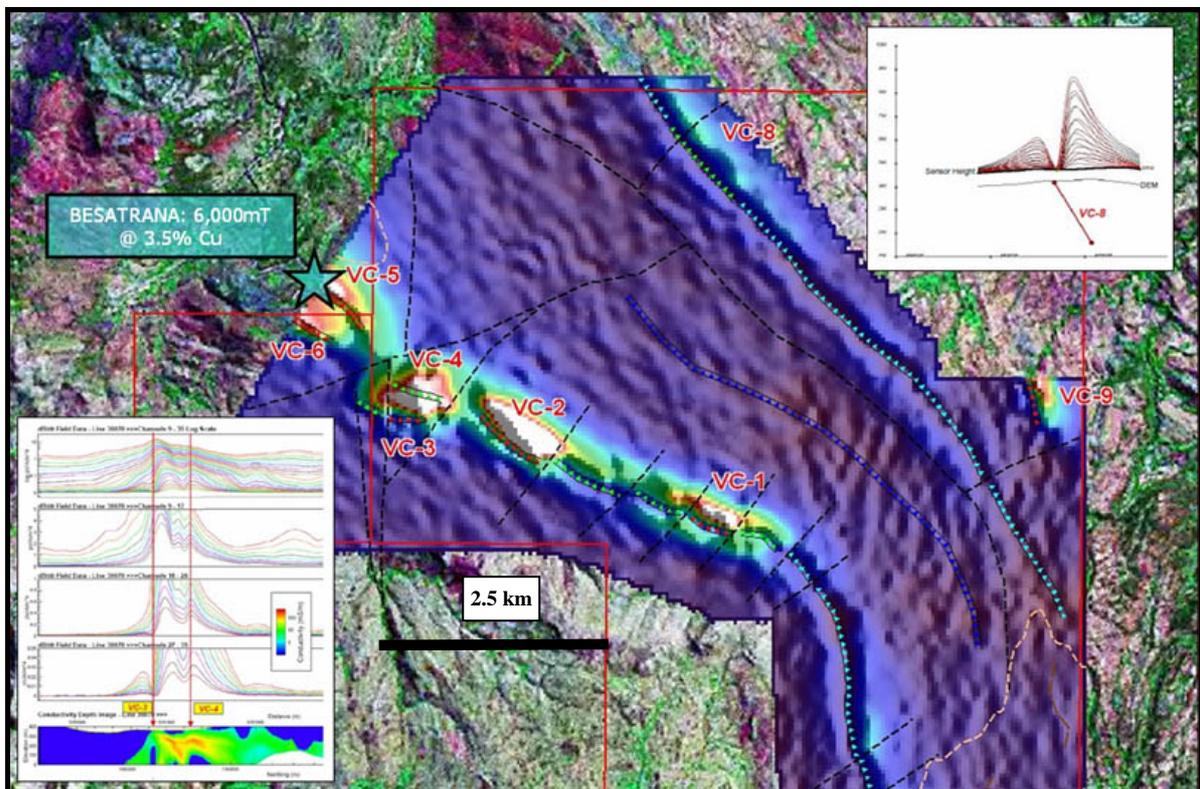
Both Ampanihy and Vohibory continue to show strong promise, with numerous targets being defined and follow-up drilling currently planned for the latter part of the current 2009 field season. Mahajunga has been retained as it is low-cost and is close to the major north western port city of Mahajunga.

Vohibory Cu-Ag VMS Project

Malagasy is targeting Volcanogenic Massive Sulphide (VMS) hosted base metals and gold-silver at its 100% owned Vohibory Project. The project overlies Neoproterozoic sediments and mafic –ultramafic sills associated with felsic intrusives.

Surface prospecting during the year by Company personnel has returned strong rock chip and soil sample results up to 29% copper, 175gpt silver, 4500ppm nickel and 40ppb platinum, from two sub-parallel north-south trending corridors within the project tenements.

Subsequent to completion of data interpretation from the VTEM survey and analysis of anomalous geochemical sampling results, it was resolved that the five (5) km zone extension of the Besatrana copper mineralisation trend in the extreme northwest of the VHB project constitutes the prime target area, and accordingly conductors VC01 – VC06 ('Besatrana Trend') were selected for modelling which was completed during June 2009. The figure below outlines the area of interest and sample modelling results for (N-E target) VC08.



Following completion of the modelling of conductors VC-01 to VC-06, an initial five (5) drill holes totalling 840 meters were recommended. These are summarised in the table below, and are currently planned for drilling during August and September 2009.

Recommended Drill Holes

Inclined Hole Option							Approx. Intersection Depth		Modelled Conductor		Comments
Conductor	BHID	Collar Me ¹	Collar mN ¹	Dip	Az	EOH (m)	Min	Max	Dip	Dip/Dir	
VC-1	VHD0001	495470	7381090	60	180	120	68	88	49.4	006.5	SGC recomm angle holes
VC-2	VHD0002	493415	7381960	60	215	110		75	47.0	036.5	SGC recomm angle holes
VC-3, VC-4	VHD0003	492310	7382685	90	000	320	150	280	25.0	003.0	SGC Recomm vertical hole
VC-5	VHD0004	491395	7383600	60	210	150		110	48.0	033.0	SGC recomm angle holes
VC-6	VHD0005	491130	7383135	60	210	140		100	60.0	033.0	SGC recomm angle holes
						840					

1: Co-ordinate System - WGS84/UTM Zone 38 South



Top: Line of artisanal gold workings (i.e. grey areas in right middle ground trending to left background) in north western Vohibory – vicinity of central VC-01 to VC-06 Besatrana Trend. Bottom: Same area - close-up of typical artisanal gold - copper workings.

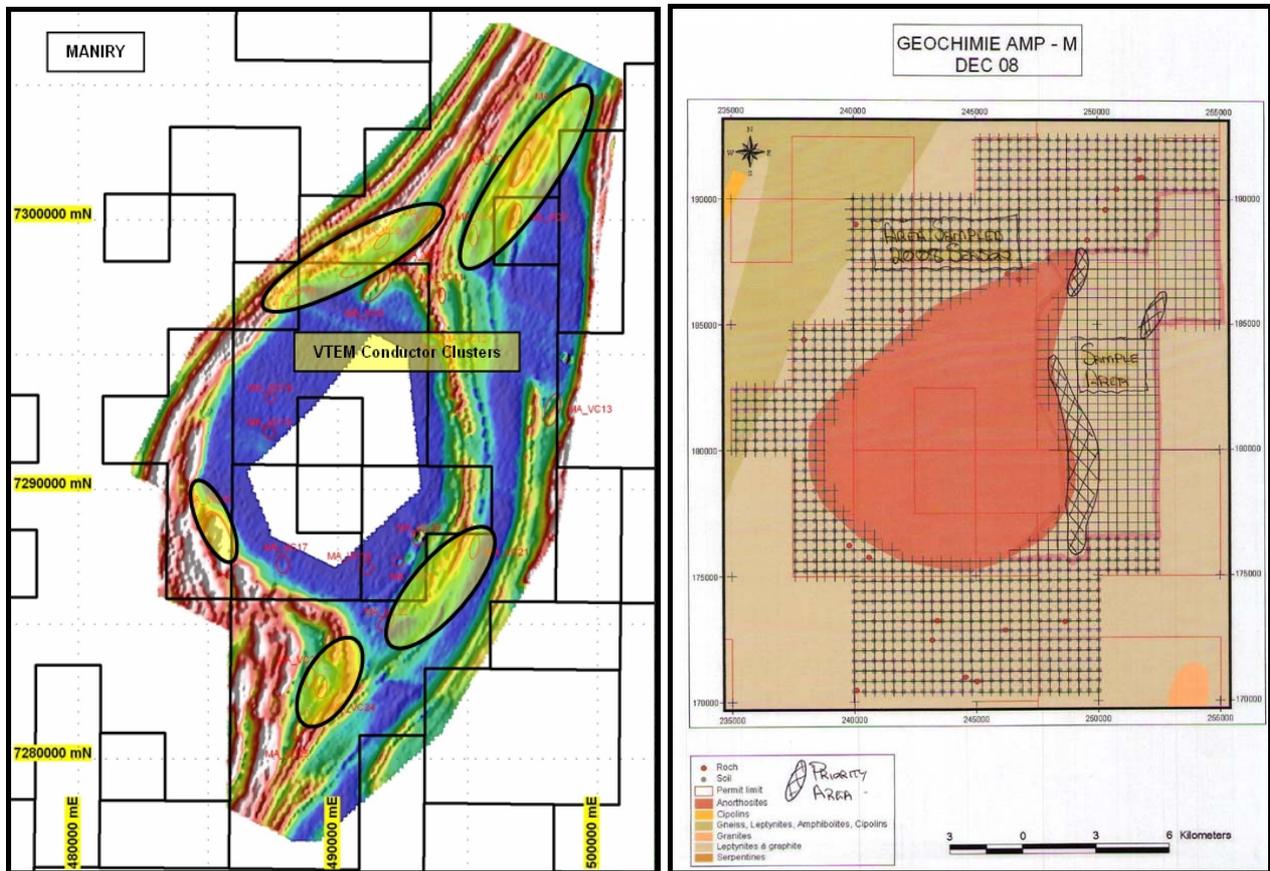
Ampanihy Ni-Cu-PGE Project

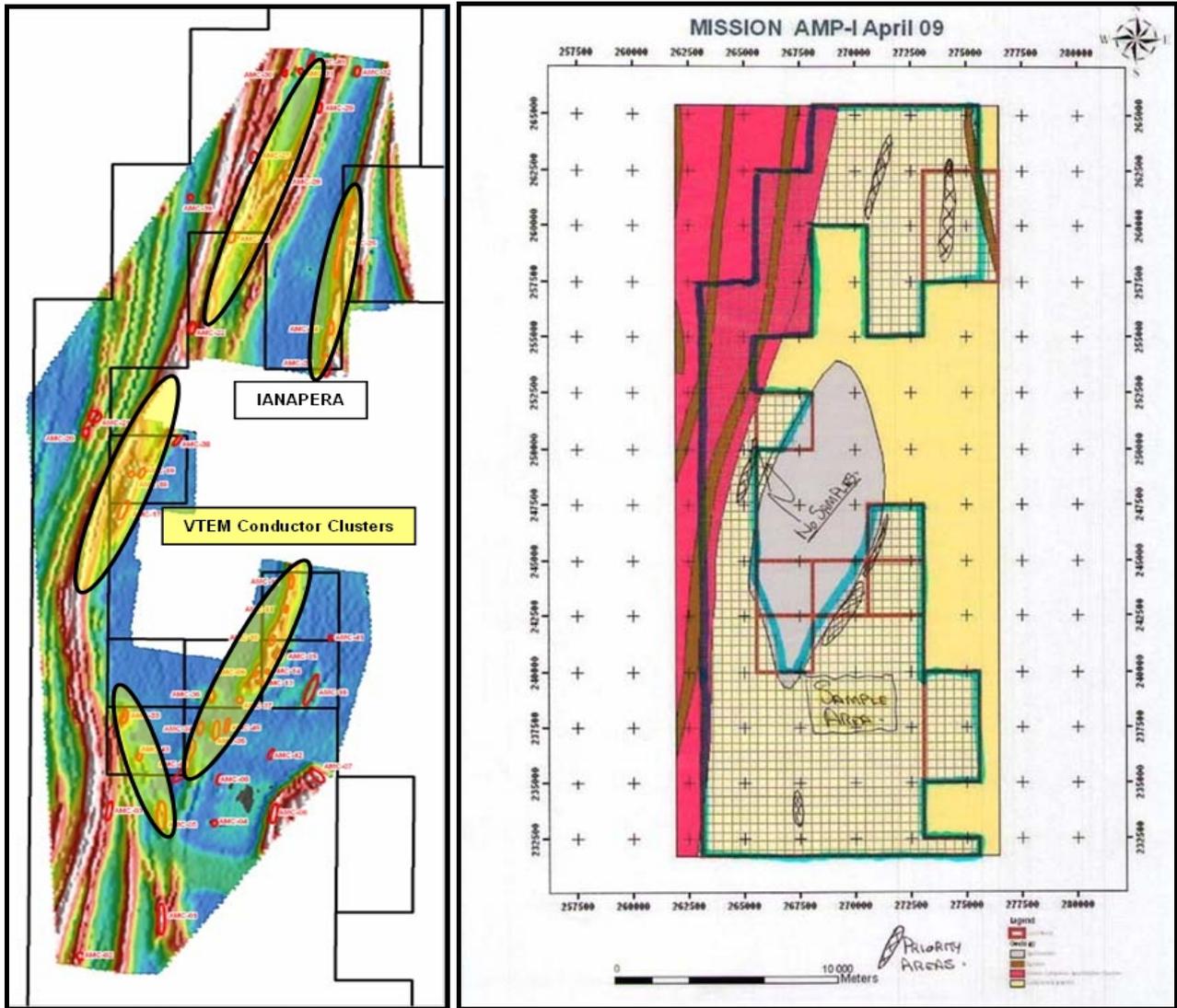
Malagasy is targeting sulphide-hosted nickel-copper-PGE mineralisation at this project, centred around two large (80 sq km) anorthosite (gabbroic) intrusives in the central south of Madagascar. During the 2008 field season, the Company completed a 3,500 line-km VTEM-Aeromagnetic survey over the margins of these intrusives.

Data interpretation from this survey was completed during the March 2009 quarter, with complementary soil geochemical sampling re-commenced (i.e. from late 2008) at that time. The latter is now largely complete with analysis using in-house XRF machine in progress.

Hashed areas on the RHS images overlay delineate priority prospecting target areas as outlined by the VTEM on the LHS images. These areas are receiving particular focus from MML geologists; primarily focussing on any surface (e.g. gossan) mineralisation indications.

Additionally, acquisition of IKONOS detailed colour satellite photo-imagery is currently underway. This imagery will greatly assist in correlating between Laborde and UTM (WGS84) systems as well as aiding in ground follow up of surface anomalies. Delivery of the imagery is scheduled for mid-July 2009.





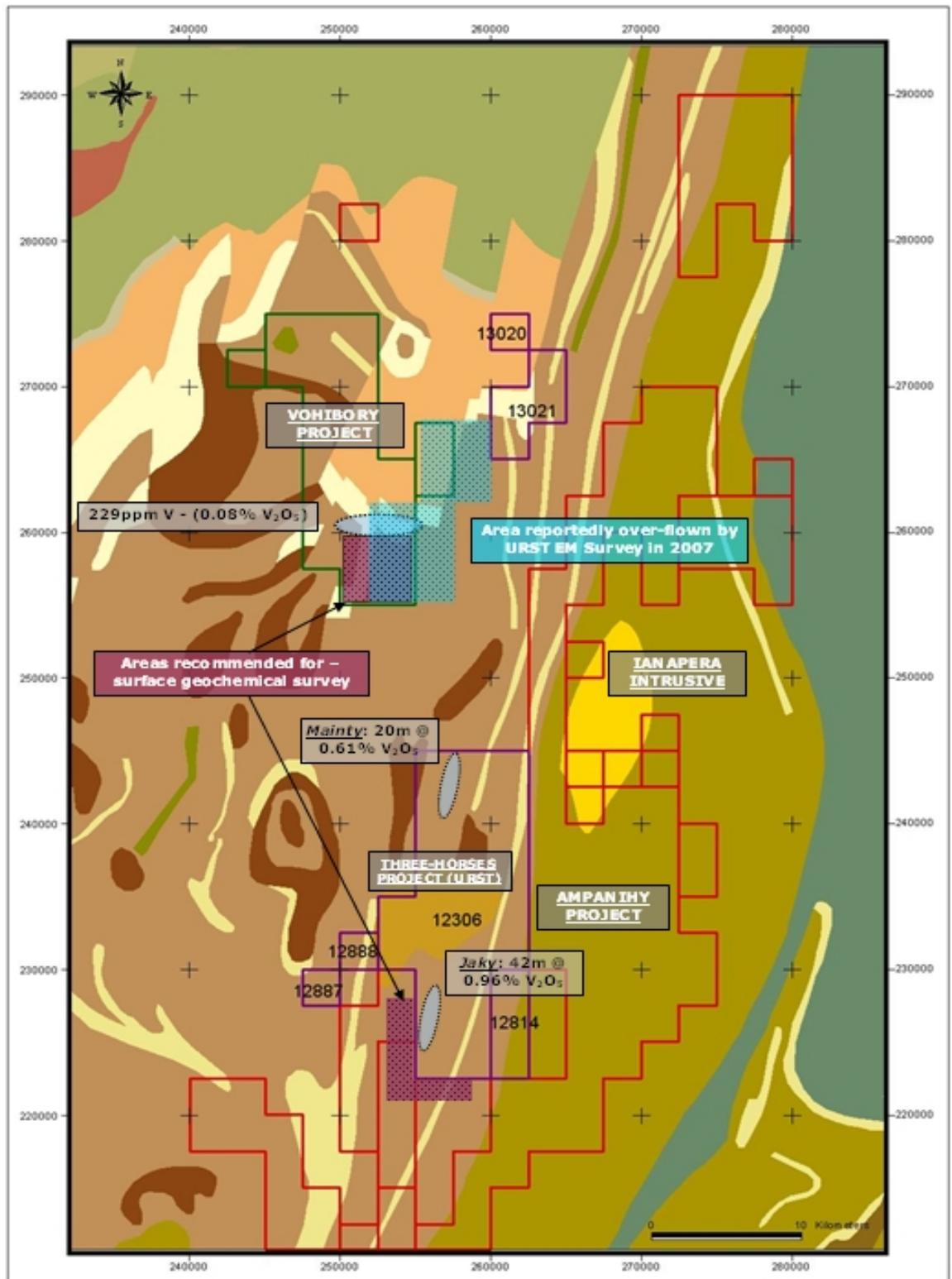
Ampanihy Project - comparison of VTEM conductor clusters LHS images with geochemical sampling (in progress). Hashed areas on RHS images denote areas corresponding to VTEM cluster anomalies – these are receiving particular focus from MML geologists in the field.

Vanadium

From the results of the previously-reported vanadium re-assaying at Vohibory, and in light of recent strong drilling and trenching results generated adjacent to and along strike from MML ground by neighbouring operator Uranium Star ('URST' – see figure below), it is planned to undertake sampling programmes targeting vanadium mineralisation in two (2) areas: (i) - southern Vohibory and, (ii) - the Fotadrevo area (western-central Ampanihy Project). This programme is scheduled to commence in late July 2009.

The Fotadrevo area to the west of central Ampanihy (refer figure below – purple stippled areas), will be undertaken first as it is directly along strike from the so-called 'Jaky' mineralised zone recently delineated by URST drilling programmes (several $\leq 1\%$ V_2O_5 intercepts). S. Goertz will be on site during this programme to assess the general area and (hopefully) the surface expressions of the URST mineralisation.

URANIUM STAR and MML PERMITS - AMPANIHY



Uranium Star permits	Alluvions, Sables	Gneiss, Leptynites, Amphibolites, Cipolins
AMP and IANAPERA group_MML	Anorthosites	Granites
VHB group_MDA	Argiles rouges, Grès à stratifications entrecroisées	Leptynites à graphite
	Argiles rouges, Grès, Arkoses	Leptynites à grenat
	Calcaires construits, Calcaires oolithiques	Leptynites à sillimanite et grenat, Pyroxénites
	Carapaces sableuses, Sables roux	Serpentes
	Cipolins	Tillites, Schistes noirs\ Grès arkosiques, Charbon
	Conglomérats\ Pérites schistosées, Grès	

Vanadium prospect – central Ampanihy & southern Vohibory project areas: purple stippling denotes primary targets, with priority sampling area in the SW margin of permit 12306 (Uranium Star).

OTHER PROJECTS

The company continues to review project opportunities, and while mindful of the need to conserve cash resources, will continue to assess more mature mineral development opportunities as they arise.

Labradorite Royalties- The company continues to receive royalty revenue from Labradorite quarrying operations of approximately A\$300,000 for the year to 30th June 2009.

ADMINISTRATION

The national tenements office (BCMM) publishes newly available surrendered permit areas annually in mid-April. Applications for newly released ground await formal appointment of the new Minister for Mines. The Company continues to monitor the situation, with arrangement in place to apply for AERP's over previously identified areas of interest around current MML projects. Additionally, selected permits, including those for the Vohibory Project and various others in the central western Ampanihy Project region, are being modified to incorporate vanadium and titanium in the title.

Additional permits totalling 18.75 sqkm were granted in mid-May 2009. These new permits consolidate MML's holdings along the western margin of its southern and central Ampanihy Project.

During the Quarter MML, through its wholly-owned subsidiary Mada-Aust SARL, has become a full member of ASPIM, the local minerals' sector representative body. This group comprises over a dozen members, including Sherritt (Ambatovy Nickel Project) and QMM (Rio Tinto – Fort Dauphin Ilmenite Project), and plays an important role in liaising with government and the World Bank in respect of minerals law and investment in Madagascar.

COMMERCIAL PROPERTY - ST DENIS HOLDINGS SARL

Since taking possession of the site on 31st July 2008, Malagasy Mineral has continued the process of upgrading the infrastructure at its two (2) hectare compound in Antananarivo. Following the previously reported relocation to new offices within the compound, the company has now let out the old office building to new tenants.

Rental payments from third parties continue to increase substantially as additional tenants are attracted to our complex.

Additionally, a lease agreement with Kirk Petrophysics has been signed (8th June 2009) over 1,022 square metres in two (2) adjacent buildings. The lease becomes effective from 1st July 200.

Kirk Petrophysics successfully tendered on the core handling, analysis and storage for Total's Bemolanga project. As such, the choice of Kirk to base within the site has both enhanced the credibility of the site overall and also resulted in the commissioning of substantial site works. These will see enlargement of one building by 200 sqm and complete refits of both buildings.

There are now two (2) world class laboratories established in Madagascar: Intertek – Genalysis (minerals, sample preparation) and Kirk (petroleum tar sands). Significantly, both of these facilities are located within the Company's compound in Antananarivo.

As previously reported, MML is also pursuing possible options for Joint Commercial redevelopment of its property assets, with a view to attracting suitable partners and the possibility of releasing a portion of funds invested. To this end, discussions are currently advanced with a prominent local (expatriate) architect in respect of designing a multi-stage development within the property. The best investment returns are likely to be generated from a multi-level office – residential facility, with the first stage centred within the currently undeveloped central area of the property.

MINING SERVICES SARL (MINSERV)

Drilling Operations

Malagasy Minerals continues to aggressively pursue opportunities to utilise its fleet of exploration equipment; currently comprising four (4) drilling rigs and two (2) alluvial heavy mineral (floating)

dredges. One of the Company's drilling rigs, the Longyear 34, remains in the field near the Vohibory project for utilisation in drilling programme planned for the current field season.

Additionally, expressions of interest have been received regarding the commercial heavy mineral (e.g. gold) dredges belonging to the company.

Laboratory – Intertek-Genalysis Madagascar

The Intertek sample preparation facility became operational on 5th May 2009. The Kirk Petrophysics laboratory will be located adjacent to the Intertek sample preparation facility in the same building.



Main Building housing Intertek-Genalysis Madagascar Facility at the MML complex in Antananarivo Madagascar. The facility became operational as of 5th May 2009.

CORPORATE

Malagasy Minerals Ltd (MGY) listed on the ASX on 7th July 2008 after successfully completing an oversubscribed IPO issue of 50 million shares at 20 cents per share for \$10 million.

The Company has continued its efforts in restructuring its Commercial property holdings and operational assets to maximize rental income, labradorite royalty receipts, coupled with generation of additional revenues from our drilling and assaying investments, with a view to supplementing our exploration and operation costs.

Total issued capital is 95,000,003 of which 75,375,003 shares are listed with the following securities being escrowed:

19,625,000	Shares escrowed for 24 months until 7/7/10
1,000,000	20c Options escrowed for 24 months until 7/7/10 expiring 27/6/13
4,003.600	20c Options escrowed for 24 months until 7/7/10 expiring 7/7/13

In addition there are 4,000,000 20c unlisted options expiring in 2013 on issue.

The company retains cash resources of \$1.43 million as at 30 June 2009, which coupled with expanding revenues from commercial rental income, service charges and Labradorite Royalties, should position the company to be able to support its overheads in Madagascar in the near term.

Political Situation

Presently the political situation in Madagascar remains stable, and the company's operations and staff remain secure and business is being conducted on a normal day-to-day basis. Entry and exit to the country continues without impediment.

The Company regularly updates its website at www.malgasyminerals.com

For and on Behalf of the Board

A handwritten signature in blue ink, appearing to be 'S. Goertz', written over a faint circular stamp or watermark.

Steven Goertz
Managing Director

27 July 2009

cc: Directors

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 Steven Goertz, Managing Director Malagasy Minerals Ltd who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Goertz has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Goertz consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

MALAGASY MINERALS LIMITED

ABN

ABN 84 121 700 105

Quarter ended ("current quarter")

30 JUNE 2009

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	219	736
1.2 Payments for (a) exploration and evaluation (net)	(190)	(2,231)
(b) development	-	-
(c) production	-	-
(d) administration (net)	(269)	(932)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	231
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (TVA recoverable)	-	(715)
Net Operating Cash Flows	(228)	(2,911)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(65)	(4,240)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Payments to MRNL)	(37)	(847)
Net investing cash flows	(102)	(5,087)
1.13 Total operating and investing cash flows (carried forward)	(330)	(7,998)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(330)	(7,998)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. (Net) – IPO Expenses paid	-	(532)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(2)	(8)
1.18	Dividends paid	-	(5)
1.19	Other – Trade Creditors/Debtors	-	-
	Net financing cash flows	(2)	(545)
	Net increase (decrease) in cash held	(332)	(8,543)
1.20	Cash at beginning of quarter/year to date	1,762	9,973
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,430	1,430

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	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments of wages, quarterly Directors Fees and Consultancy Fees to Directors.

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

+ See chapter 19 for defined terms.

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/bonds	10	10

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
Total	250

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	180	312
5.2 Deposits at call	1,250	1,450
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,430	1,762

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Refer Covering Quarterly Activity Report attached hereto		
6.2	Interests in mining tenements acquired or increased	Refer Covering Quarterly Activity Report attached hereto		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 (cents)	Amount paid up per security (cents)
7.1 Preference securities <i>(description)</i>	Nil	Nil	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	95,000,003	75,375,003	Various	Fully Paid
7.4 Changes during quarter				
(a) Increases Through Issue - placement	-	-	-	-
(b) Decreases through return of capital, buy-backs	-	-	-	-
(c) Ex-Escrow	-	1,650,000	Ex-Escrow	Fully Paid
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options <i>Unlisted</i>	1,000,000 2,000,000 2,000,000 4,003,600	- - - -	20c Options 20c Options 20c Options 20c Options	Expiry: 27/6/2013 Expiry: 01/12/2013 Expiry: 03/07/2013 Expiry: 07/07/2013
7.8 Issued during quarter <i>Unlisted</i>	4,003,600	-	20c Options	Expiry: 07/07/2013
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	Nil	Nil		

+ See chapter 19 for defined terms.

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.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director/Company Secretary)

Date:**27 July 09.**

Print name:

.....**Max D.J. Cozijn**.....

== == == == ==