

---

# **ENERGIZER RESOURCES INC.**

**(An Exploration Stage Company)**

## **Unaudited Condensed Consolidated Interim Financial Statements**

**For the three month period ended September 30, 2013**

**(Expressed in US Dollars)**

---

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Unaudited Condensed Consolidated Interim Balance Sheets**  
*(Expressed in US Dollars)*

	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,403,145	\$ 825,100
Amounts receivable and prepaid expenses (note 4)	192,932	209,520
Loan to related party (note 4)	111,796	136,999
Marketable securities (note 5)	8,751	10,000
<b>Total current assets</b>	<b>1,716,624</b>	<b>1,181,619</b>
Equipment (note 6)	32,146	38,817
<b>Total assets</b>	<b>\$ 1,748,770</b>	<b>\$ 1,220,436</b>

**Liabilities and Stockholders' Equity**

**Liabilities**

Current Liabilities:

Accounts payable and accrued liabilities

	\$ 1,015,132	\$ 803,130
--	--------------	------------

<b>Total liabilities</b>	<b>1,015,132</b>	<b>803,130</b>
--------------------------	------------------	----------------

**Stockholders' Equity**

Common stock, 450,000,000 shares authorized, \$0.001 par value,

192,554,321 issued and outstanding (June 30, 2013 -

175,604,320) (note 8)

	192,554	175,604
--	---------	---------

Additional paid-in capital (note 8)	77,407,913	75,357,442
-------------------------------------	------------	------------

Accumulated comprehensive loss	-	(62,849)
--------------------------------	---	----------

Donated capital	20,750	20,750
-----------------	--------	--------

Accumulated deficit during exploration stage	(76,887,579)	(75,073,641)
--	--------------	--------------

<b>Total stockholders' equity</b>	<b>733,638</b>	<b>417,306</b>
-----------------------------------	----------------	----------------

<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,748,770</b>	<b>\$ 1,220,436</b>
---	---------------------	---------------------

*The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.*

Going concern (note 1)

Mineral Properties (note 7)

Commitments (note 12)

Subsequent Events (note 13)

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss**  
*(Expressed in US Dollars)*

	March 1, 2004 (date of inception) to September 30,	For the three months ended Sept 30, 2013      2012	
<b>Revenues</b>	\$ -	\$ -	\$ -
<b>Expenses</b>			
Mineral exploration expense (note 7)	27,965,170	1,036,734	1,968,587
Stock-based compensation (notes 4, 8 and 9)	24,389,813	214,269	411,038
Impairment loss on mineral properties (note 7)	11,358,637	-	-
General and administrative (note 4)	8,124,346	249,252	235,238
Professional and consulting fees (note 4)	7,457,675	293,856	402,072
Depreciation (note 6)	93,320	6,671	6,761
Donated services and expenses	18,750	-	-
Foreign currency translation gain	(1,050,653)	(49,763)	(58,927)
<b>Total expenses</b>	<b>78,357,058</b>	<b>1,751,019</b>	<b>2,964,769</b>
<b>Net loss from operations</b>	<b>(78,357,058)</b>	<b>(1,751,019)</b>	<b>(2,964,769)</b>
<b>Other Income/ (Expense)</b>			
Investment income	1,229,475	930	264,724
Other income	303,853	-	-
Impairment of marketable securities	(63,849)	(63,849)	-
<b>Net Loss</b>	<b>(76,887,579)</b>	<b>(1,813,938)</b>	<b>(2,700,045)</b>
Unrealized loss from investments in marketable securities	(63,849)	(1,000)	(6,000)
Recognition of other than temporary loss	63,849	63,849	-
<b>Comprehensive loss</b>	<b>\$(76,887,579)</b>	<b>\$(1,751,089)</b>	<b>\$(2,706,045)</b>
<b>Loss per share - basic and diluted</b> (note 11)		<b>\$(0.01)</b>	<b>\$(0.02)</b>
Weighted average shares outstanding - basic and diluted		187,221,963	157,363,482

*The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.*

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Unaudited Condensed Consolidated Interim Statements of Cash Flows**  
*(Expressed in US Dollars)*

	<b>March 1, 2004</b> <b>(date of inception) to</b> <b>September 30, 2013</b>	<b>For the three months ended</b> <b>September 30,</b> <b>2013</b> <b>2012</b>	
<b>Operating Activities</b>			
Net loss	\$ (76,887,579)	\$ (1,813,938)	\$ (2,700,045)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	93,320	6,671	6,761
Donated services and expenses	20,750	-	-
Non-cash proceeds received	(74,000)	-	-
Dual currency deposits	71,680	-	-
Impairment loss on mineral properties	11,358,637	-	-
Stock-based compensation	24,389,813	214,269	411,038
Issuance of shares and warrants for services rendered	168,100	-	-
Impairment of marketable securities	63,849	63,849	-
Change in operating assets and liabilities:			
Amounts receivable and prepaid expenses	(192,932)	16,588	74,350
Accounts payable and accrued liabilities	1,015,958	212,002	938,719
Tax credits recoverable	(245,186)	-	-
Non-cash portion of marketable securities	626	260	(715)
<b>Net cash used in operating activities</b>	<b>(40,216,964)</b>	<b>(1,300,299)</b>	<b>(1,269,892)</b>
<b>Financing Activities</b>			
Proceeds from issuance of common stock, net	44,028,379	1,853,141	-
Exercise of warrants and stock options	1,075,500	-	105,000
Government grants received	245,186	-	-
<b>Net cash provided by financing activities</b>	<b>45,349,065</b>	<b>1,853,141</b>	<b>105,000</b>
<b>Investing Activities</b>			
Mineral property acquisition costs	(3,419,973)	-	-
Purchase of property and equipment	(125,465)	-	(9,809)
Investment in dual currency deposits	(32,938,800)	-	-
Redemption of dual currency deposits	32,867,078	-	-
Loan to related party	(111,796)	25,203	24,293
<b>Net cash (used in) provided by investing activities</b>	<b>(3,728,956)</b>	<b>25,203</b>	<b>14,484</b>
Increase (decrease) in cash and cash equivalents	1,403,145	578,045	(1,150,408)
Cash and cash equivalents - beginning of period	-	825,100	3,479,484
<b>Cash and cash equivalents - end of period</b>	<b>\$ 1,403,145</b>	<b>\$ 1,403,145</b>	<b>\$ 2,329,076</b>
<b>Non-cash investing and financing activities:</b>			
Issuance of common stock for mineral properties	\$ 5,190,500	\$ -	\$ -
Issuance of common stock and warrants for services	\$ 5,811,125	\$ -	\$ -
<b>Supplemental Disclosures:</b>			
Interest received	\$ 817,422	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -
Taxes received	\$ -	\$ -	\$ -

*The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.*

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three month period ended September 30, 2013**  
*(Expressed in US Dollars)*

---

**1. Exploration Stage Company and Going Concern**

Energizer Resources Inc. (the "Company") was incorporated in the State of Nevada, United States of America on March 1, 2004 and reincorporated in the State of Minnesota on May 14, 2008. The Company's fiscal year end is June 30. The Company is an Exploration Stage Company, as defined by ASC Topic - 915, "Development Stage Entities". The Company's principal business is the acquisition and exploration of mineral resources. During fiscal 2008, the Company incorporated Energizer Resources (Mauritius) Ltd., a Mauritius subsidiary and Energizer Resources Madagascar Sarl, a Madagascar subsidiary. During fiscal 2009, the Company incorporated THB Venture Ltd., a Mauritius subsidiary to hold the interest in Energizer Resources Minerals Sarl, a Madagascar subsidiary, which holds the Green Giant Property in Madagascar (see note 7). During fiscal 2012, the Company incorporated Madagascar-ERG Joint Venture (Mauritius) Ltd., a Mauritius subsidiary and ERG (Madagascar) Sarl, a Madagascar subsidiary. ERG (Madagascar) Sarl is 100% owned by Madagascar-ERG Joint Venture (Mauritius) Ltd. which is owned 75% by Energizer Resources (Mauritius) Ltd. ERG (Madagascar) Sarl holds the Malagasy Joint Venture Ground (see note 7). During fiscal 2014, the Company incorporated 2391938 Ontario Inc. an Ontario, Canada subsidiary. The Company has not yet fully determined whether its properties contain mineral reserves that are economically recoverable.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has yet to generate revenue from mining operations or pay dividends and is unlikely to do so in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity or debt financing to continue operations, and the attainment of profitable operations. As of September 30, 2013, the Company has accumulated losses of \$76,887,579. As such, there is substantial doubt regarding the Company's ability to continue as a going concern. These unaudited condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. Significant Accounting Policies**

**Principals of Consolidation and Basis of Presentation**

These unaudited condensed consolidated interim financial statements are presented in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), and are expressed in United States dollars. These unaudited condensed consolidated interim financial statements include the accounts of Energizer Resources Inc. and its wholly-owned subsidiaries, Energizer Resources (Mauritius) Ltd., THB Ventures Ltd., Energizer Resources Madagascar Sarl, Energizer Resources Minerals Sarl and 2391938 Ontario Inc. In addition, these consolidated financial statements include the Company's 75% interest in Madagascar-ERG Joint Venture (Mauritius) Ltd. and its 100% owned subsidiary ERG (Madagascar) Sarl. All inter-company balances and transactions have been eliminated on consolidation.

**Unaudited Condensed Consolidated Interim Financial Statements**

These unaudited condensed consolidated interim financial statements have been prepared on the same basis as the annual financial statements and should be read in conjunction with those annual financial statements filed on Form 10-K for the year ended June 30, 2013. In the opinion of management, these unaudited condensed consolidated interim financial statements reflect adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three month period ended September 30, 2013**  
*(Expressed in US Dollars)*

---

**3. Recent Accounting Pronouncements Affecting The Company**

The following are recent FASB accounting pronouncements, which may have an impact on the Company's future consolidated financial statements.

- "Comprehensive Income (ASC Topic - 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income": ("ASU 2013-02") was issued during February 2013. FASB issued guidance which requires an entity to disclose in a single location the effects of reclassification out of accumulated other comprehensive income ("AOCI"). The guidance is effective prospectively for reporting periods beginning after December 31, 2013.
- "Income Taxes (ASC Topic - 740): Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11) was issued during July 2013. FASB issued guidance on how to present an unrecognized tax benefit. The guidance is effective for annual periods beginning after December 15, 2013.

The Company is currently evaluating the impact of ASC Topic - 740 and ASC Topic - 220.

**4. Related Party Transactions and Balances**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

The following are the related party transactions for the three month period ended September 30, 2013:

- a) The Company incurred a total of \$30,000 (September 30, 2012: \$29,495) office administration and rent expense from a public company related by common management, Red Pine Exploration Inc (TSX.V: "RPX").
- b) 1,620,000 (September 30, 2012: 1,650,000) stock options were issued to related parties during the period with exercise prices between \$0.11 and \$0.15 (September 30, 2012: \$0.29). These stock options valued at \$172,914 (September 30, 2012: \$400,125) were issued to directors and officers of the Company.
- c) The Company incurred \$201,128 (September 30, 2013: \$117,862) in administrative, management and consulting fees to directors and officers.
- d) The Company incurred \$Nil (September 30, 2013: \$179,282) in charges from a mining and engineering firm for which one of the Company's directors serves as a senior officer and a director.

The following are the related party balances as at three month period ended September 30, 2013:

- a) Related party balances of \$52,704 (June 30, 2013: \$42,908) in prepaid expenses.
- b) The Company has advanced a short-term loan to RPX totaling \$111,796 (June 30, 2013: \$136,999). This loan is interest bearing at a rate of 3% and is expected to be paid back in full within the next 12 months. \$300,000 was originally loaned during January 2012 and represents the highest outstanding balance. \$171,667 has been paid back on the loan since inception up to September 30, 2013, all against the loan's principal balance. Accrued interest due totals \$9,979 as at September 30, 2013.

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three month period ended September 30, 2013**  
*(Expressed in US Dollars)*

**5. Marketable Securities**

Marketable securities consist of available-for-sale securities over which the Company does not have significant influence or control. \$8,751 (June 30, 2013: \$10,000) is invested in two TSX-Venture entities. During the three month period ended September 30, 2013, the Company determined that \$63,849 of unrealized losses were other than temporary and as such were recognized as an "other expense" in net loss and removed from accumulated other comprehensive income.

**6. Equipment**

	Cost	Accumulated Depreciation	September 30, 2013 Net Book Value	June 30, 2013 Net Book Value
Exploration equipment	\$ 63,547	\$ 31,401	\$ 32,146	\$ 38,817

For the three month period ended September 30, 2013, depreciation expense totaled \$6,671 (September 30, 2012: \$6,761).

**7. Mineral Properties**

**Molo Graphite Project, Southern Madagascar, Africa (see also note 13, subsequent events)**

On December 14, 2011, the Company entered into a Definitive Joint Venture Agreement ("JVA") with Malagasy Minerals Limited ("Malagasy"), a public company on the Australian Stock Exchange, to acquire a 75% interest to explore and develop a group of industrial minerals (including graphite, vanadium and approximately 25 other minerals). Malagasy retains a 25% interest. The land position covers 2,119 permits and 827.7 square kilometres and is mostly adjacent to the south and east of the Company's 100% owned Green Giant Property. The Company paid \$2,261,690 and issued 7,500,000 common shares valued at \$1,350,000. Malagasy has a carried interest until the Company delivers a Bankable Feasibility Study ("BFS"). Upon the delivery of a BFS, Malagasy is required to contribute its 25% interest in the development and mining operations. Should either party's interest fall below 10%, through not contributing their portion of costs post-BFS, their position will be diluted to a 2% Net Smelter Return ("NSR"). As it has not yet determined whether the property has probable or proven reserves, the Company recognized an impairment loss during fiscal 2012 totaling \$3,770,129. This amount represents the cash paid, the value of common shares issued, and legal and other professional fees paid relating to the properties acquisition.

**Green Giant Property, Southern Madagascar, Africa**

During 2007, the Company paid \$765,000, issued 2,500,000 common shares and 1,000,000 now expired common share purchase warrants to enter into a joint venture agreement for the Green Giant Property with Madagascar Minerals and Resources Sarl ("MMR"). The Company owned a 75% interest and MMR owned a 25% interest.

On July 9, 2009, the Company acquired the remaining 25% interest for \$100,000 and terminated the joint venture. MMR retains a 2% NSR. The NSR can be purchased, at the Company's option, for \$500,000 in cash or common shares for the first 1% and at a price of \$1,000,000 in cash or common shares for the second 1%.

**Sagar Property - Romanet Horst, Labrador Trough, Quebec, Canada**

During 2006, the Company purchased from Virginia Mines Inc. ("Virginia") a 100% interest in 361 claims located in northern Quebec, Canada. Virginia retains a 2% NSR on this property with other unrelated vendors holding a 1% NSR on certain claims, and a 0.5% NSR on other claims. For the other vendor's NSR, the Company has the right to buy back half of the 1% NSR for \$200,000 and half of the 0.5% NSR for \$100,000.

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three month period ended September 30, 2013**  
*(Expressed in US Dollars)*

---

**8. Common Stock and Additional Paid-in Capital**

- a) During July 2012, the Company issued 700,000 shares of common stock for consideration of \$105,000. The shares were issued pursuant to the exercise of stock options.
- b) On July 13, 2012, the Company issued 1,695,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.29. The stock options were valued at \$411,038 using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.25%; expected volatility – 138%; dividend yield – NIL; and expected life – 4 years. These stock options vested on the grant date.
- c) During November 2012, the Company closed a brokered and non-brokered private placement raising a total of \$2,032,500. The Company issued 5,807,142 common stock at \$0.35 per share and 2,903,571 common share purchase warrants at an exercise of \$0.50 and an expiry date 24 months from the date of issue. In addition, the Company paid a fee of \$119,010 and issued 340,028 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at \$0.35 and one half of one common share purchase warrant at an exercise price of \$0.50.
- d) On February 27, 2013, the Company issued 5,900,000 stock options to directors, officers and consultants at an exercise price of \$0.21. The stock options were valued at \$1,059,640 using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.40%; expected volatility – 129%; dividend yield – NIL; and expected life – 5 years. These stock options vested on the grant date.
- e) During March 2013, the Company closed a private placement raising a total of CAD\$2,358,000 (USD\$2,307,035). The Company issued 12,350,000 common stock at prices between \$0.18 and \$0.20 per share. In addition, the Company paid a fee of CAD\$86,000 (USD\$84,176) and issued 270,000 compensation warrants. Each compensation warrant entitles the holder to purchase one common share at CAD\$0.20.
- f) On July 9, 2013, the Company issued 1,255,000 stock options to directors, officers and consultants at an exercise price of \$0.11. The stock options were valued at \$117,594 using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.25%; expected volatility – 128%; dividend yield – NIL; and expected life – 5 years. These stock options vested on the grant date.
- g) Between July 26, 2013 and August 1, 2013, the Company closed a private placement raising a total of \$2,043,452. The Company issued 16,950,001 common stock at prices of CAD\$0.125 and \$0.12 per share. The Company paid a fee of \$74,075 and issued 402,000 compensation warrants at an exercise price of CAD\$0.125 and 150,000 compensation warrants at an exercise price of \$0.12. Each compensation warrant expires one year from the date of issue.
- h) On September 19, 2013, the Company issued 750,000 stock options to directors, officers and consultants at an exercise price of \$0.15. The stock options were valued at \$96,675 using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.25%; expected volatility – 127%; dividend yield – NIL; and expected life – 5 years. These stock options vested on the grant date.

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three month period ended September 30, 2013**  
*(Expressed in US Dollars)*

**9. Stock Options**

On March 9, 2006, the Company filed a Form S-8 registration statement in connection with its newly adopted 2006 Stock Option Plan (the "2006 Plan") allowing for the direct award of shares or granting of stock options to acquire up to a total of 2,000,000 common shares. On December 18, 2006, February 16, 2007, July 11, 2007, September 29, 2009, May 3, 2011, March 1, 2012, and February 27, 2013, the 2006 Plan was amended to increase the stock option pool by a total of 30,500,000 additional common shares.

The following is a continuity schedule of the Company's stock options, all of which vest on the grant date:

	<b>Number of Stock Options</b>	<b>Weighted-Average Exercise Price (\$)</b>
Outstanding and exercisable, June 30, 2012	23,690,000	0.29
Issued	7,595,000	0.23
Exercised	(700,000)	0.15
Expired	(1,695,000)	0.15
Cancelled	(1,750,000)	0.32
Outstanding and exercisable, June 30, 2013	27,140,000	0.28
Issued	2,005,000	0.12
Expired	(750,000)	0.35
Cancelled	(150,000)	0.28
Outstanding and exercisable, September 30, 2013	28,245,000	0.27

The following is a summary stock options outstanding as of September 30, 2013:

<b>Exercise Price (\$)</b>	<b>Number of Stock Options</b>	<b>Expiry Date</b>
0.40	4,850,000	May 11, 2014
0.30	3,700,000	July 1, 2016
0.29	1,695,000	July 13, 2016
0.20	1,850,000	October 24, 2016
0.21	2,240,000	December 1, 2016
0.28	5,850,000	March 7, 2017
0.23	180,000	May 23, 2017
0.21	5,875,000	February 27, 2018
0.11	1,255,000	July 9, 2018
0.15	750,000	September 19, 2018
	28,245,000	

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three month period ended September 30, 2013**  
*(Expressed in US Dollars)*

**10. Warrants**

The following is a continuity schedule of the Company's common share purchase warrants:

	<b>Number of Warrants</b>	<b>Exercise Price (\$)</b>
Outstanding and exercisable, June 30, 2012	43,619,695	0.55
Issued	3,513,599	0.46
Expired	(43,619,695)	0.55
Outstanding and exercisable, June 30, 2013	3,513,599	0.46
Issued	552,000	0.12
Outstanding and exercisable, September 30, 2013	4,065,599	0.22

The following is a summary common share purchase warrants outstanding as of September 30, 2013:

<b>Exercise Price (\$)</b>	<b>Number of Warrants</b>	<b>Expiry Date</b>
0.19 *	270,000	March 22, 2014
0.12 **	402,000	July 26, 2014
0.12	150,000	August 1, 2014
0.35	340,028	November 15, 2014
0.23	2,903,571	November 15, 2015
	4,065,599	

\* The exercise price is CAD\$0.20.

\*\* The exercise price is CAD\$0.125.

**11. Loss Per Share**

Basic and diluted loss per share is computed using the weighted average number of common stock outstanding. Diluted loss per share and the weighted average number of shares of common stock exclude all potentially dilutive shares since their effect is anti-dilutive. As at September 30, 2013, there were a total of 32,310,599 (September 30, 2012: 66,609,695) potentially dilutive stock options and common share purchase warrants outstanding.

**12. Commitments**

The Company raised CAD\$3,195,500 during 2013 on a Canadian flow-through basis. The Company is required to spend and renounce this amount on Canadian Exploration Expenditures before December 31, 2014. The Company expects to meet this commitment.

**Energizer Resources Inc.**  
**(An Exploration Stage Company)**  
**Notes to Unaudited Condensed Consolidated Interim Financial Statements**  
**For the three month period ended September 30, 2013**  
*(Expressed in US Dollars)*

---

**13. Subsequent Events**

**Stock Option Issuance**

On October 9, 2013, the Company issued 250,000 stock options to directors and officers of the Company at an exercise of \$0.13 and an expiry date of October 9, 2018.

**Property Acquisition**

On October 24, 2013, the Company signed a Memorandum of Understanding ("MOU") with Malagasy to acquire the remaining 25% interest in the Molo Graphite Project. A share purchase agreement and joint venture agreement will be completed within 45 days of signing of the MOU. In consideration for Malagasy entering into the MOU, Energizer agrees to make the following payments to Malagasy within 5 business days of TSX approval:

- Cash payment of CAD\$400,000;
- Issuance of 2,500,000 Energizer common shares which are subject to a 12 month voluntary vesting period;
- Issuance of 3,500,000 Common Share purchase warrants having an expiration date of five years from the signing date of the Agreement at a price to be determined by taking the volume weighted average closing price of Energizer's common shares during the five days immediately preceding execution of the Agreement;
- Cash payment of CAD\$700,000 and issuance of 1,000,000 Energizer common shares which are subject to a 12 month voluntary vesting period within 5 business days of Energizer receiving a final completed Bankable Feasibility Study ("BFS") for the Molo Graphite Project or the formal announcement of a decision to mine;
- Cash payment of CAD\$1,000,000 within 5 business days of the commencement of Molo mine commercial production;
- Malagasy retains a 1.5% Net Smelter Return Royalty on all industrial minerals produced from the property; and
- Energizer acquires a 100% interest in and to the industrial mineral rights on about 1-1/2 additional claim blocks comprising 10,811 hectares immediately to the east and adjoining the Molo Graphite Deposit claim blocks.

In a parallel but separate transaction, Malagasy acquires a 75% interest through a Joint Venture Agreement to be drafted for non-industrial minerals on Energizer's 100% owned Green Giant Property in Madagascar. Energizer will own the remaining 25% and have a free carried interest through to the BFS stage.