Management Discussion and Analysis ("MD&A")

Financial Statement Report Date – September 30, 2012

Date of this Report – November 13, 2012

As used in this annual report, "we", "us", "our", "Energizer Resources", "Energizer", "Company" or "our Company" refers to Energizer Resources Inc. and all of its subsidiaries. The term NSR stands for Net Smelter Royalty.

BACKGROUND

Company Overview

Energizer Resources Inc. was incorporated in the State of Nevada with the name Uranium Star Corp. on March 1, 2004 and reincorporated in the State of Minnesota on May 14, 2008. On December 16, 2009, we changed our name from Uranium Star Corp. to Energizer Resources Inc. Our fiscal year-end is June 30.

During fiscal 2008, we incorporated Energizer Resources (Mauritius) Ltd, a Mauritius subsidiary and Energizer Resources Madagascar Sarl, a Madagascar subsidiary. During fiscal 2009, we incorporated THB Venture Ltd., a Mauritius subsidiary to hold the interest in Energizer Resources Minerals Sarl, a Madagascar subsidiary, which holds the Madagascar properties. During fiscal 2012, we 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.

We have not had any bankruptcy, receivership or similar proceeding since incorporation. Except as described below, there have been no material reclassifications, mergers, consolidations or purchases or sales of any significant amount of assets not in the ordinary course of business since the date of incorporation.

Summary of Our Business

We are an exploration stage company engaged in the search for graphite, vanadium, gold, uranium and other minerals. We have an interest in properties located in the African country of Madagascar and Canada in the Province of Québec. None of the properties in which we hold an interest have known mineral reserves of any kind at this time. As such, the work programs planned by us are exploratory in nature.

Our executive offices are currently located at 520–141 Adelaide Street West, Toronto, Ontario, Canada M5H 3L5. Our telephone number is (416) 364-4911. We maintain a website at www.energizerresources.com (which website is expressly not incorporated by reference into this filing). These offices are leased on a month-to-month basis, and our monthly rental payments are approximately CAD$10,000.

UNTIL WE CAN VALIDATE OTHERWISE, THE PROPERTIES OUTLINED BELOW HAVE NO KNOWN MINERAL RESERVES OF ANY KIND AND WE ARE PLANNING PROGRAMS THAT ARE EXPLORATORY IN NATURE.

Further details regarding our properties, although not incorporated by reference, including the comprehensive geological report prepared in compliance with Canada's National Instrument 43-101 on our Green Giant Property (formerly the Three Horses Property in Madagascar) and our Sagar property in Northern Quebec can be found on our Company's

website: www.energizerresources.com (which website is expressly not incorporated by reference into this filing) or in our filings on www.sedar.com (which website is expressly not incorporated by reference into this filing).

Cautionary Note

Due to the nature of our business, we anticipate incurring operating losses for the foreseeable future. We base this expectation, in part, on the fact that very few mineral properties in the exploration stage ultimately develop into producing profitable mines. Our future financial results are also uncertain due to a number of factors, some of which are outside our control. These factors include, but are not limited to:

- our ability to raise additional funding as required;
- the market price for graphite, vanadium, gold, uranium and for any other minerals which we may find;
- ongoing joint ventures;
- the results of our proposed exploration programs on our mineral properties;
- environmental regulations that may adversely impact cost and operations; and
- our ability to find joint venture partners, as needed, for the development of our property interests.

If we are successful in completing additional financing in the form of an equity financing or securities convertible into equity, as necessary, existing shareholders will experience dilution of their interest in our company. In the event we are not successful in raising additional financing, we anticipate that we will not be able to proceed with our business plan. In such a case, we may decide to discontinue our current business plan and seek other business opportunities in the resource sector. During this period, we will need to maintain our periodic filings with the appropriate regulatory authorities and, as such, will incur legal and accounting costs. In the event no other such opportunities are available and we cannot raise additional capital to sustain operations, we may be forced to discontinue our business altogether. We do not have any specific alternative business opportunities in mind and have not planned for any such contingency.

Due to our lack of operating history and present inability to generate revenues, our auditors have stated their opinion that there currently exists doubt about our ability to continue as a going concern.

Properties

Madagascar Properties

Green Giant Property, Madagascar

On August 22, 2007, we acquired a 75% interest in approximately 225 sq. kilometres of mineral research permits in the District of Toliara, Madagascar. This interest is held by a limited liability company that was formed under the laws of Madagascar which held a 75% interest in the property. The remaining 25% interest was held by Madagascar Minerals and Resources Sarl. On July 9, 2009, we acquired the remaining 25% interest in the property and now hold a 100% interest in the property.

Joint Venture Ground, Madagascar

On December 14, 2011, as reported in our current report on Form 8-K, filed with the Securities and Exchange Commission on December 15, 2011, we entered into a Definitive Joint Venture Agreement ("JVA") with Malagasy Minerals Limited ("Malagasy") (Australian Stock Exchange: MGY ("MGY")) to acquire a 75% interest to explore and develop a defined group of industrial minerals. Our Company will manage the exploration operations for the industrial minerals on this ground.

Canadian Properties

Sagar Property – Romanet Horst, Labrador Trough, Québec, Canada

On May 2, 2006, we signed a letter of intent for an option to acquire a 75% interest in 219 claims located in northern Quebec, Canada. The vendor had the right and option to sell the remaining 25% interest in the property and exercised that right on February 28, 2007. Therefore we now own a 100% interest in this property. This agreement was subject to a 2% NSR ("net smelter return") with the vendor. As there has been a change in government in the province of Quebec, in particular a political party that advocates separation of Canada and Quebec, we are uncertain if any legislation will be introduced that will impact our business plan for this property.

Further details on exploration programs carried out on the properties can be found below.

Competitive Conditions in our Industry

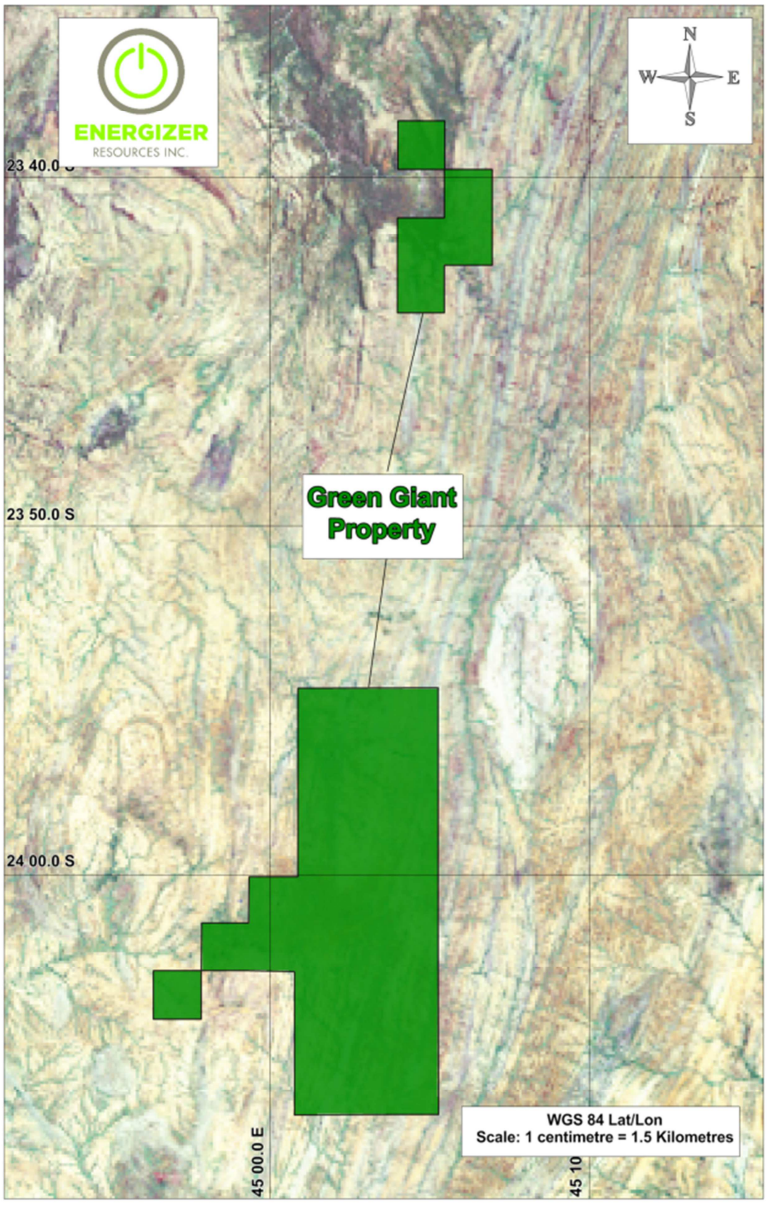
The mineral exploration and mining industry is competitive in all phases of exploration, development and production. We compete with a number of other entities and individuals in the search for, and acquisition of, attractive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than us, we may not in the future be able to acquire attractive properties on terms our management considers acceptable. Furthermore, we compete with other resource companies, many of whom have greater financial resources and/or more

advanced properties that are better able to attract equity investments and other capital. Factors beyond our control may affect the marketability of minerals mined or discovered by us.

Employees
As of September 30, 2012, we had 6 total employees and 6 full-time employees. In addition to our full time employees, we engage consultants to serve several important managerial and non-managerial functions for us including serving as officers and to performing professional, geological and administrative functions.

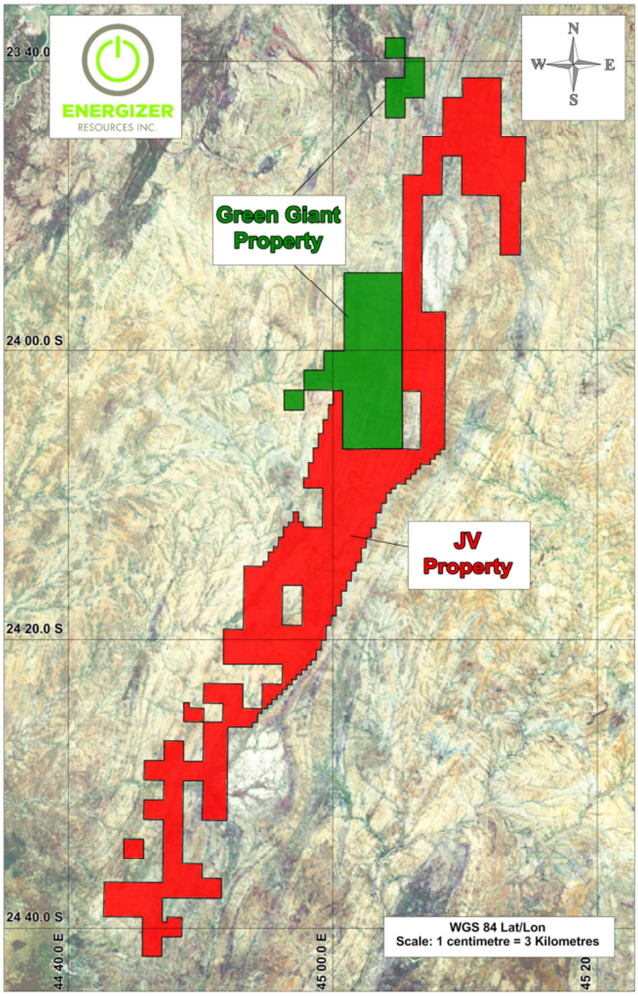
MADAGASCAR PROPERTIES

Green Giant Property Description and Location
The Green Giant Property is comprised of 6 mineral permits. The properties are located in the District of Toliara and are referenced as TN 12,306,P(R); TN 12,814, P(R); TN 12,887 P(R); TN 12,888 P(R); TN 13,020 P(R); TN 13,021 P(R) as issued by the Bureau de Cadastre Minier de Madagascar ("BCMM") pursuant to the Mining Code 1999 (as amended) and its implementing decrees. The total land position is 225 sq. kilometres. This property can be accessed by both air and road.



Joint Venture Property Description and Location

The "Joint Venture Property" is comprised of a portion of or all of 39 mineral permits. The properties are located in the District of Toliara and are referenced as TN 3,432,P(R); TN 5,394, P(R); TN 13,064 P(R); TN 13,811 P(R); TN 14,619 P(R); TN 14,620 P(R); TN 14,622 P(R); TN 14,623 P(R); TN 16,747 P(R); TN 16,753 P(R); TN 19,003 P(R); TN 19,851 P(R); TN 19,932 P(R); TN 19,934 P(R); TN 19,935 P(R); TN 21,059 P(R); TN 21,060 P(R); TN 21,061 P(R); TN 21,062 P(R); TN 21,063 P(R); TN 21,064 P(R); TN 24,864 P(R); TN 25,605 P(R); TN 25,606 P(R); TN 28,340 P(R); TN 28,346 P(R); TN 28,347 P(R); TN 28,348 P(R); TN 28,349 P(R); TN 28,352 P(R); TN 28,353 P(R); TN 29,020 P(R); TN 31,734 P(R); TN 31,735 P(R); TN 38,323 P(R); TN 38,324 P(R); TN 38,325 P(R); TN 38,392 P(R); and TN 38,469 P(R) as issued by the Bureau de Cadastre Minier de Madagascar ("BCMM") pursuant to the Mining Code 1999 (as amended) and its implementing decrees. The total land position is 827.7 sq. kilometres. This property can be accessed by both air and road.



Agreements

Green Giant Property

On August 22, 2007, we entered into a joint venture agreement with Madagascar Minerals and Resources Sarl ("MMR" or "Madagascar Minerals"), a company incorporated under the laws of Madagascar. The joint venture was operated through a Madagascar limited liability company in which our Company held 75% undivided interest and MMR held the remaining 25% undivided interest.

The consideration paid to MMR to acquire the 75% stake in the joint venture consisted of: (i) cash consideration totaling $765,000; and (ii) the issuance of 1,250,000 of our common shares and 500,000 now expired common share purchase warrants.

On July 9, 2009, we entered into an agreement to acquire the remaining 25% interest of the Green Giant Property for $100,000. Upon our acquisition of the remaining 25%, the joint venture was terminated. MMR retains a 2% NSR. We can acquire the NSR on this 25% interest portion at a price of $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% at our option.

Joint Venture Ground, Madagascar, Africa

On December 14, 2011, we entered into a Definitive Joint Venture Agreement ("JVA") with Malagasy to acquire a 75% interest to explore and develop a defined group of industrial minerals (as noted below). Malagasy retains a 25% interest in the exploration and development of the define group of industrial minerals. The new land position covers an area totalling 2,119 research permits and 827.7 square kilometres. This land portfolio is mainly adjacent to the south and east of the Green Giant Property. Under the terms of the JVA, we paid Malagasy $2,261,690 and issued 7,500,000 of our common shares. Malagasy has a free carried interest until we deliver a Bankable Feasibility Study ("BFS"). Upon the

delivery of a BFS, Malagasy will be required to contribute its 25% interest in the development and mining operations. Should either party's interest subsequently fall below a 10% interest, their position will be diluted to a 2% NSR.

The industrial minerals within the agreements are as follows: Vanadium, Lithium, Aggregates, Alunite, Barite, Bentonite, Vermiculite, Carbonatites, Corundum, Dimensional stone (excluding labradorite), Feldspar (excluding labradorite), Fluorspar, Granite, Graphite, Gypsum, Kaolin, Kyanite, Limestone/Dolomite, Marble, Mica, Olivine, Perlite, Phosphate, Potash –Potassium minerals, Pumice Quartz, Staurolite, Zeolites.

During January 2012, we signed a formal agreement with South Africa's DRA Mineral Projects ("DRA"), a world-leading process engineering and mining project development management firm, for the development of our projects in Madagascar. Specific focus will be on the development of vanadium and graphite minerals. This partnership provides us with the ability to both build and manage a mining operation. It also provides DRA the option to purchase up to 5% of our Company through private placement at current market conditions.

Madagascar Historical Exploration Programs

The Green Giant Property displays extensive gossans outcroppings at surface. An examination of part of this property revealed several large areas covered with gossanous boulders, which are believed to overlie massive sulphide mineralization. Phases of the exploration projects were managed by Craig Scherba, P. Geol. who at the time was one of our outside consultant geologists.

We conducted a first phase of exploration from September to November 2007 that included the following activities:

- Stream Sediment sampling of all stream on the property area
- Detailed Geological mapping over selected startigraphic horizons
- Reconnaissance geological mapping over the entire property
- Soil sampling over selected target areas
- Prospecting over selected target areas.
- Limited trenching over selected targets
- Construction of a cinder block base camp
- Construction of a one kilometre long surfaced airstrip
- Repair and surfacing of the access road from base camp to the airstrip
- Airborne geophysical surveying conducted by Fugro Airborne Surveys Ltd

During March 2008 to June 2008, a full field exploration program following up on the airborne geophysical survey and results of the 2007 exploration program was implemented. This exploration consisted of the following:

- Infill stream sediment sampling
- Detailed Geological mapping over selected stratigraphic horizons
- Prospecting over selected target areas
- Grid emplacement over selected target areas
- Ground-based magnetometer and frequency domain EM surveys
- Soil sampling over selected target areas

After reviewing the analytical data from the March 2008 to June 2008 program, additional exploration was conducted from July 2008 to September 2008 in preparation for a drill program. This exploration consisted of the following:

- Infill stream sediment sampling
- Detailed geological mapping over selected stratigraphic horizons
- Prospecting over selected target areas with the aid of a mobile XRF analyzer

Based on compiled analytical results obtained from the various exploration programs, a drill program was initiated on the property from September 2008 to November 2008. This exploration program consisted of the following:

- Prospecting over selected target areas with the aid of a mobile XRF analyzer
- Ground-based scintillometer surveying over selected target areas
- Diamond drilling of 31 holes over 4,073 metres

Based on positive early indications of the presence of potentially economic grades and volumes of vanadium on the property, another exploration program was initiated on the Green Giant Property during the spring of 2009. The program (completed between April 2009 and July 2009) consisted of an extensive X-Ray Fluorescence analysis (XRF)

soil sampling program coupled with mechanical trenching and scintillometer surveys over known areas of vanadium enrichment and new areas, defined by the soil XRF survey.

The discovery of potentially significant vanadium mineralization from prior programs resulted in the initiation of resource delineation drill program during September 2009 to December 2009. This program consisted of the following:

- XRF soil sample analyses (8,490 samples) on lines 200 metres apart covering 18 kilometre strike length
- Scintillometer surveying (112 line kilometres) on lines 200 metres apart over an 18 kilometre strike length
- Trenching (140 trenches for 17,105 metres)
- Diamond drilling of 54 diamond drill holes over 8,931 metres

The exploration programs to date resulted in the delineation of two vanadium pentoxide (V_2O_5) deposits (named the Jaky and Manga), characterized by two separate categories: oxide and primary. Within the oxide and primary zone of the Jaky and Manga deposits, the total indicated resources was calculated to be 21.74 Mt at 0.759% V_2O_5 containing 363.8 Mlb of vanadium pentoxide. The total inferred resources was calculated to be 4.15 Mt at a grade of 0.655% V_2O_5 containing 59.8 Mlb of vanadium pentoxide.

Based on these results, we conducted an additional exploration program on the property from April 2010 to July 2010. This program consisted of the following activities:

- Diamond drilling of 46 diamond drill holes over 8,952 metres
- Prospecting over selected target areas with the aid of a mobile XRF analyzer (20 grab samples)
- Geologic mapping over the Manga and Mainty deposits at 1:5000 scale
- ERT ground geophysical survey (5.64 km)
- MAG ground geophysical survey (169.53 km)
- Gradient Array EM ground geophysical survey (128.82 km)

In 2011, the identification of graphite as a potential credit to our NI 43-101 compliant vanadium resources in the Manga, Jaky and Mainty zones led our geologists to conduct a reconnaissance exploration program (Phase I program) on the properties in September, 2011. The goal of this exploration program was to delineate new graphitic trends, and compare them to those associated with vanadium mineralization. This program consisted of the following activities:

- Diamond drilling of 10 holes over 1,157.5 metres
- Trenching (16 trenches for 1,912 metres)
- Prospecting over selected target areas

An additional reconnaissance exploration program was conducted from November 2011 to December, 2011 (Phase II program). The purpose of this program was to ascertain the industrial mineral potential on the Joint Venture Property, in addition to further drill testing of graphitic trends on the Green Giant Property in advance of Madagascar's rainy season. This program consisted of the following activities:

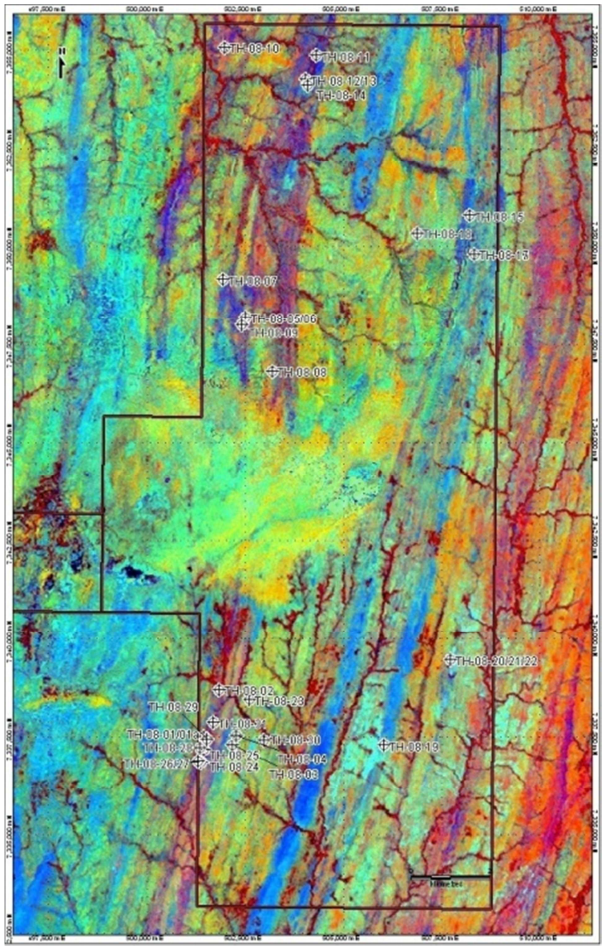
- Diamond drilling of 20 holes over 2,842 metres
- Prospecting over selected target areas
- EM31 ground geophysical survey over selected target areas (160.5 km)

The discovery of potentially significant graphite mineralization from the 2011 exploration programs resulted in the initiation of a resource delineation drill program from May 2012 through August 2012. This program consisted of the following:

- Trenching (18 trenches for 2,100 metres)
- Diamond drilling of 41 diamond drill holes over 8,459 metres

2008 Diamond Drilling Program

Diamond drilling completed in 2008 on the Green Giant Property tested a series of gossans and EM conductors, however no Volcanic Massive Sulphide (VMS) mineralization of significance was encountered. Drilling did confirm the presence of a series of mineral occurrences highly enriched in vanadium and a number of associated anomalous elements, which were first seen in stream sediment sampling programs. Due to this unexpected result, the focus of exploration shifted to vanadium mineralization part way through the 2008 drill program.



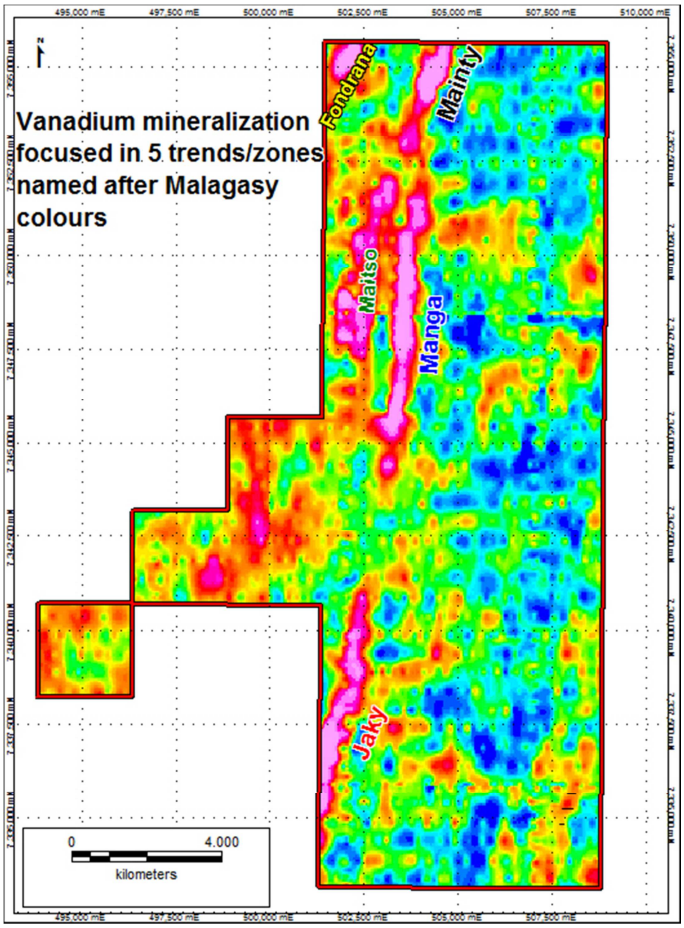
Composited Vanadium Mineralization in 2008 Drill Holes

Hole	Depth in Metres			V2O5
	From	To	Interval	%
TH-08-01	103.6	115.8	12.2	0.39
TH-08-02	42.7	109.7	36.6	0.27
incl.	100.6	109.7	9.1	0.36
TH-08-07	27.4	54.9	27.4	0.23
TH-08-11	33.5	39.6	6.1	0.41
TH-08-11	57.9	76.2	18.3	0.37
TH-08-12	30.6	114.3	83.7	0.37
incl.	45.7	61.0	15.2	0.40
incl.	86.9	109.7	22.9	0.47
TH-08-13	38.5	141.7	103.2	0.32
incl.	76.2	141.7	65.5	0.36
incl.	112.8	141.7	27.4	0.45
TH-08-14	12.2	109.7	97.5	0.35
incl.	76.2	91.4	15.2	0.66
TH-08-24	4.6	82.3	77.7	0.67

Hole	Depth in Metres			V2O5
	From	To	Interval	%
incl.	12.2	61.0	45.7	0.91
TH-08-25	18.3	48.8	30.5	0.32
TH-08-25	100.6	103.6	3.0	0.47
TH-08-26	9.1	36.6	27.4	0.41
incl.	18.3	27.4	9.0	0.76
TH-08-26	67.1	73.2	6.1	0.53
TH-08-27	9.1	97.5	88.4	0.30
incl.	18.3	29.0	10.7	0.88
TH-08-27	146.3	153.9	6.0	0.50
TH-08-31	15.2	51.8	36.6	0.38
incl.	36.6	48.8	12.2	0.56

**Average of Drill Intercepts - 43.9m @ 0.36% V_2O_5

The serendipitous discovery of potentially economic vanadium mineralization on the property changed the course of the 2008 diamond-drilling program. Through a combination of prospecting, ground based scintillometer surveying, and analysis of airborne radiometrics, five vanadium-bearing trends were identified over the course of the 2008 exploration program.



Vanadium-Bearing Trends

After reviewing the analytical results from the spring 2009 exploration program, an additional exploration program was carried out between September and December 2009. This exploration program involved mechanical trenching, diamond drilling with accompanying lithological, structural and geotechnical logging, specific gravity determination, point load tests and metallurgical sampling.

The primary aim of the September to December 2009 drill program was to delineate reserves at the Jaky and Manga targets. A total of 8,931 metres (4,509 metres in 30 drill holes at the Jaky target and 4,422 metres in 24 drill holes at the Manga target) of diamond drilling was completed. Selected drill holes were oriented with point load test and orientation measurements recorded.

Composited Vanadium Mineralization in 2009 Drill Holes

DDH ID		From (m)	To (m)	V2O5 (%)	Interval (m)
J-01		1.50	25.50	0.65	24.00
J-01		25.5	28.10	0.45	2.60
J-01		28.10	37.50	0.17	9.40
J-01		37.50	42.00	0.40	4.50
J-01		42.00	60.00	0.20	18.00
J-01		60.00	90.00	0.75	30.00
J-01		90.00	97.50	0.36	7.50
J-01		97.50	103.50	0.16	6.00
J-01		111.00	126.00	0.17	15.00
J-01		132.00	136.50	0.32	4.50
J-02		1.80	17.00	0.46	15.20
J-02		17.00	24.50	1.06	7.50
J-02		24.50	38.00	0.37	13.50
J-02		38.00	51.50	0.96	13.50
J-02		51.50	68.00	0.20	16.50
J-02		68.00	69.50	0.64	1.50
J-02		69.50	77.00	0.28	7.50
J-02		86.00	89.00	0.36	3.00
J-03		1.50	22.50	0.57	21.00
J-03	incl.	1.50	9.00	0.65	7.50
J-03	incl.	9.00	16.50	0.44	7.50
J-03	incl.	16.50	22.50	0.65	6.00
J-03		22.50	42.00	0.27	19.50
J-03		42.00	78.00	1.00	36.00
J-03		78.00	93.00	0.15	15.00
J-03		93.00	99.00	0.53	6.00
J-03		99.00	102.00	0.20	3.00
J-04		9.00	23.90	0.22	14.90
J-04		23.90	39.10	0.59	15.20
J-04	incl.	27.00	30.50	0.80	3.50
J-04		39.10	76.50	0.24	37.40
J-04		76.50	85.50	0.57	9.00
J-04		85.50	94.50	0.14	9.00
J-04		94.50	103.50	0.41	9.00
J-04		103.50	109.50	0.19	6.00
J-04		119.50	150.00	0.15	30.50

J-04		150.00	153.00	0.82	3.00
J-04		153.00	168.00	0.19	15.00
J-04		196.50	204.00	0.29	7.50
J-04		214.50	219.00	0.40	4.50
J-05		1.50	9.00	0.83	7.50
J-05		9.00	39.00	0.30	30.00
J-05		39.00	75.00	0.79	36.00
J-05	incl.	39.00	45.00	0.91	6.00
J-05	incl.	45.00	55.50	0.70	10.50
J-05	incl.	55.50	73.50	0.89	18.00
J-05	incl.	73.50	75.00	0.50	1.50
J-05		75.00	91.50	0.14	16.50
J-05		91.50	97.50	0.52	6.00
J-05		97.50	115.00	0.17	17.50
J-06		0.00	7.50	0.44	7.50
J-06		7.50	19.50	1.36	12.00
J-06		19.50	33.70	0.45	14.20
J-06		33.70	46.70	0.94	13.00
J-06		46.70	84.00	0.23	37.30
J-07		14.00	170.00	0.18	156.00
J-07		212.00	218.00	0.31	6.00
J-07		231.50	237.50	0.30	6.00
J-08		2.00	8.00	0.41	6.00
J-08		8.00	45.00	0.25	37.00
J-08		45.00	56.00	0.49	11.00
J-08		56.00	68.00	0.82	12.00
J-08		68.00	77.00	0.52	9.00
J-08		77.00	86.50	0.17	9.50
J-09		1.50	6.00	0.27	4.50
J-09		6.00	49.50	1.00	43.50
J-09		49.50	52.50	0.55	3.00
J-09		52.50	66.00	0.14	13.50
J-09		66.00	72.00	0.48	6.00
J-09		72.00	93.00	0.17	21.00
J-10		2.00	5.00	0.36	3.00
J-10		5.00	18.50	0.81	13.50
J-10		18.50	26.00	0.44	7.50
J-10		26.00	47.00	0.26	21.00
J-10		47.00	77.00	0.79	30.00
J-10		77.00	81.50	0.36	4.50
J-10		81.50	89.00	0.17	7.50
J-10		101.00	105.50	0.16	4.50
J-10		105.50	108.50	0.53	3.00
J-10		108.50	120.50	0.15	12.00
J-10		120.50	126.50	0.41	6.00
J-11		126.50	138.50	0.16	12.00
J-11		138.50	141.50	0.57	3.00

J-11		141.50	153.50	0.17	12.00
J-12		0.50	31.50	0.22	31.00
J-12		31.50	45.00	0.41	13.50
J-12		45.00	54.00	0.73	9.00
J-12		54.00	66.00	0.30	12.00
J-12		66.00	94.50	0.14	28.50
J-12		106.50	109.50	0.51	3.00
J-13		1.60	16.50	0.71	14.90
J-13		16.50	37.50	0.97	21.00
J-13		37.50	57.00	0.20	19.50
J-13		57.00	63.00	0.45	6.00
J-13		63.00	85.50	0.16	22.50
J-14		40.50	70.70	0.17	30.20
J-14		79.50	97.50	0.10	18.00
J-14		120.00	153.00	0.22	33.00
J-14		153.00	156.00	0.62	3.00
J-14		156.00	159.00	0.29	3.00
J-14		159.00	169.50	0.15	10.50
J-15		0.20	3.00	0.35	2.80
J-15		3.00	69.00	0.17	66.00
J-15		87.00	115.50	0.16	28.50
J-15		115.50	118.50	0.60	3.00
J-16		0.00	14.00	0.45	14.00
J-16		14.00	30.50	0.83	16.50
J-16		30.50	38.00	0.48	7.50
J-16		38.00	45.50	0.20	7.50
J-16		51.50	56.00	0.12	4.50
J-16		56.00	60.50	0.49	4.50
J-16		60.50	63.50	0.18	3.00
J-17		2.00	6.50	0.19	4.50
J-17		6.50	11.00	0.42	4.50
J-17		11.00	23.00	0.93	12.00
J-17		23.00	39.50	0.19	16.50
J-17		39.50	45.50	0.48	6.00
J-17		45.50	62.00	0.16	16.50
J-18		1.50	6.50	0.37	5.00
J-18		6.50	20.00	0.21	13.50
J-18		20.00	24.50	0.54	4.50
J-19		36.50	62.00	0.19	25.50
J-19		81.90	86.00	0.34	4.10
J-19		86.00	113.00	0.13	27.00
J-19		113.00	117.50	0.62	4.50
J-20		0.50	8.00	0.30	7.50
J-20		8.00	27.50	0.50	19.50
J-20		27.50	42.50	0.23	15.00
J-20		50.00	53.00	0.13	3.00
J-20		53.00	57.50	0.48	4.50

J-20		57.50	78.50	0.16	21.00
J-21		6.5	11.00	0.32	4.50
J-21		11.00	26.00	0.73	15.00
J-21		26.00	39.50	0.18	13.50
J-21		39.50	44.00	0.5	4.50
J-21		44.00	59.00	0.16	15.00
J-22		117.50	153.50	0.31	36.00
J-22	incl.	141.50	146.00	0.54	4.50
J-22		153.50	164.00	0.66	10.50
J-22		164.00	170.00	0.12	6.00
J-22		170.00	174.50	0.42	4.50
J-23		2	42.50	0.15	40.50
J-23		93.5	113.00	0.16	19.50
J-23		113.00	117.50	0.54	4.50
J-23		117.50	121.80	0.21	4.30
J-24		0.7	3.5	0.22	2.80
J-24		3.5	14	0.34	10.50
J-24		14	27.5	0.21	13.50
J-24		38	41	0.17	3.00
J-24		41	47	0.54	6.00
J-24		47	69.5	0.16	22.50
J-25		2	12.5	0.33	10.50
J-25		23	33.5	0.23	10.50
J-26		27.50	41.00	0.35	13.50
J-26		41.00	53.00	0.74	12.00
J-26		53.00	59.00	0.41	6.00
J-26		59.00	90.50	0.18	31.50
J-26		90.50	117.50	0.40	27.00
J-26		117.50	122.00	0.16	4.50
J-26		134.00	162.50	0.15	28.50
J-26		162.50	168.50	0.51	6.00
J-27		125.00	138.50	0.24	13.50
J-27		138.50	162.50	0.53	24.00
J-27	incl.	138.50	144.50	0.63	6.00
J-27	incl.	144.50	150.50	0.32	6.00
J-27	incl.	150.50	159.50	0.65	9.00
J-27	incl.	159.50	162.50	0.42	3.00
J-27		162.50	170.00	0.17	7.50
J-27		170.00	176.25	0.32	6.25
J-27		176.25	186.50	0.19	10.25
J-27	incl.	183.50	186.50	0.42	3.00
J-MET-01		2.50	5.50	0.43	3.00
J-MET-01		5.50	59.50	1.12	54.00
J-MET-01		59.50	64.00	0.51	4.50
J-MET-01		64.00	74.50	0.18	10.50
J-MET-02		2.50	10.00	1.11	7.50
J-MET-02		10.00	16.00	0.51	6.00

J-MET-02		16.00	23.50	0.18	7.50
J-MET-02		23.50	41.50	0.70	18.00
J-MET-02		41.50	64.00	0.22	22.50
J-MET-02		76.00	83.50	0.36	7.50
J-MET-02		83.50	121.00	0.17	37.50
J-MET-02		121.00	124.00	0.93	3.00
J-MET-02		124.00	133.00	0.26	9.00
J-MET-03		1.50	27.00	0.45	25.50
J-MET-03		27.00	78.00	0.80	51.00
J-MET-03		78.00	88.50	0.46	10.50
J-MET-03		88.50	96.00	0.17	7.50
M-11		7.00	38.00	0.22	31.00
M-11		38.00	57.50	0.58	19.50
M-12		3.50	20.00	0.47	16.50
M-12	incl.	3.50	9.50	0.64	6.00
M-12	incl.	9.50	20.00	0.37	10.50
M-13		123.00	132.50	0.18	9.50
M-13		132.50	144.00	0.40	11.50
M-13		144.00	153.00	0.17	9.00
M-13		153.00	156.00	0.57	3.00
M-13		156.00	166.50	0.81	10.50
M-13		166.50	175.50	0.36	9.00
M-14		1.50	4.50	0.27	3.00
M-14		4.50	21.00	0.70	16.50
M-14		21.00	30.00	0.33	9.00
M-14		30.00	100.50	0.74	70.50
M-14	incl.	30.00	39.00	0.54	9.00
M-14	incl.	39.00	49.50	0.82	10.50
M-14	incl.	49.50	55.50	0.59	6.00
M-14	incl.	55.50	66.00	0.71	10.50
M-14	incl.	66.00	100.50	0.79	34.50
M-14		100.50	112.50	0.30	12.00
M-15		3.50	26.00	0.72	22.50
M-15	incl.	3.50	12.00	0.60	8.50
M-15	incl.	12.00	26.00	0.81	14.00
M-15		26.00	47.00	0.38	21.00
M-16		66.5	74.7	0.18	8.20
M-16		74.7	81.5	0.64	6.80
M-16		81.5	89	0.33	7.50
M-16		89.00	180.50	0.80	91.50
M-16		180.50	191.00	0.29	10.50
M-17		3.40	12.50	0.20	9.10
M-17		12.50	29.00	0.45	16.50
M-17		29.00	113.00	0.97	84.00
M-17	incl.	29.00	44.00	0.77	15.00
M-17	incl.	44.00	113.00	1.01	69.00
M-17	incl.	102.50	111.50	1.45	9.00

M-17		113.00	121.10	0.18	8.10
M-17		121.10	126.50	0.36	5.40
M-18		4.10	41.00	0.71	36.90
M-18	incl.	4.10	15.50	0.67	11.40
M-18	incl.	15.50	32.00	0.81	16.50
M-18	incl.	32.00	41.00	0.59	9.00
M-18		41.00	57.50	0.41	16.50
M-18	incl.	44.00	57.50	0.45	13.50
M-18		57.00	77.00	0.13	20.00
M-19		60.50	69.50	0.36	9.00
M-19		69.50	156.50	0.94	87.00
M-19	incl.	134.00	156.50	1.23	22.50
M-19		156.50	174.50	0.33	18.00
M-19		156.50	174.50	0.33	18.00
M-20		5.00	90.50	0.98	85.50
M-20	incl.	5.00	30.50	0.65	25.50
M-20	incl.	30.50	42.50	0.42	12.00
M-20	incl.	42.50	75.50	1.55	33.00
M-20	incl.	75.50	83.00	0.33	7.50
M-20	incl.	83.00	90.50	0.97	7.50
M-20		90.50	105.50	0.36	15.00
M-21		3.50	18.50	0.42	15.00
M-21		18.50	36.50	0.26	18.00
M-22		68.00	69.50	0.17	1.50
M-22		69.50	153.50	0.84	84.00
M-22	incl.	69.50	95.00	0.85	25.50
M-22	incl.	83.00	92.00	1.10	9.00
M-22	incl.	95.00	108.50	0.34	13.50
M-22	incl.	108.50	126.50	1.41	18.00
M-22	incl.	126.50	134.00	0.46	7.50
M-22	incl.	134.00	143.00	1.17	9.00
M-22	incl.	143.00	153.50	0.52	10.50
M-22		153.50	164.00	0.34	10.50
M-22		164.00	168.50	0.14	4.50
M-23		1.70	8.00	0.34	6.30
M-23		8.00	30.50	0.73	22.50
M-23		30.50	38.00	0.30	7.50
M-23		38.00	68.70	0.45	30.70
M-23		68.70	77.00	0.95	8.30
M-23		77.00	95.00	0.40	18.00
M-24		12.50	35.00	0.31	22.50
M-25		108.50	111.50	0.33	3.00
M-25		111.50	123.50	0.80	12.00
M-25		123.50	137.00	0.61	13.50
M-26		48.50	77.00	0.82	28.50
M-26	incl.	48.50	54.30	0.54	5.80
M-26	incl.	54.30	74.00	0.94	19.70

M-26	incl.	74.00	77.00	0.55	3.00
M-26		77.00	110.00	0.33	33.00
M-26		110.00	114.50	0.68	4.50
M-26		114.50	132.50	0.30	18.00
M-27		2.00	14.00	0.70	12.00
M-27		14.00	35.00	0.35	21.00
M-37		132.50	233.00	0.86	100.50
M-37	incl.	132.50	141.50	0.60	9.00
M-37	incl.	141.50	159.50	0.90	18.00
M-37	incl.	159.50	164.00	0.58	4.50
M-37	incl.	164.00	219.50	0.98	55.50
M-37	incl.	192.50	215.00	1.11	22.50
M-37	incl.	219.50	224.00	0.46	4.50
M-37	incl.	224.00	227.00	1.04	3.00
M-37	incl.	227.00	233.00	0.46	6.00
M-38		198.50	215.00	0.19	16.50
M-38		215.00	237.50	0.85	22.50
M-38		237.50	245.00	0.26	7.50
M-39		132.50	135.50	0.15	3.00
M-39		135.50	141.50	0.56	6.00
M-39		141.50	147.50	0.29	6.00
M-39		200.00	208.80	0.17	8.80
M-39		208.50	212.00	0.37	3.50
M-39		212.00	215.00	0.68	3.00
M-39		215.00	224.00	0.40	9.00
M-39		224.00	229.50	0.09	5.50
M-39		229.50	249.50	0.79	20.00
M-39	incl.	229.50	233.00	0.62	3.50
M-39	incl.	233.00	249.50	0.84	16.50
M-39	incl.	233.00	237.50	0.99	4.50
M-39	incl.	237.50	240.50	0.42	3.00
M-39	incl.	240.50	249.50	0.90	9.00
M-39		249.50	258.50	0.28	9.00
M-40		215.00	218.00	0.83	3.00
M-40		218.00	224.00	0.35	6.00
M-41		104.00	117.50	0.27	13.50
M-41		117.50	212.00	0.87	94.50
M-41	incl.	153.50	161.00	1.06	7.50
M-41	incl.	188.00	210.00	1.05	22.00
M-41		212.00	216.50	0.41	4.50
M-41		216.50	219.50	0.98	3.00
M-41		219.50	224.00	0.41	4.50
M-42		182.00	190.00	0.38	8.00
M-42		195.50	206.00	0.23	10.50
M-42		206.00	291.50	0.71	85.50
M-42		291.50	294.50	0.30	3.00

Analytical results from the 2009 exploration program were provided to a consulting engineering firm in order to calculate a vanadium pentoxide resource. Based on the favourable resource calculation results, we conducted additional drilling between April 2010 and July, 2010. This program involved diamond drilling with accompanying lithological, structural and geotechnical logging, specific gravity determination, point load tests and metallurgical sampling. The primary aim of this drilling was to delineate additional reserves at the Jaky and Manga targets, as well as targeting an additional target, the Mainty. A total of 8,952 metres of diamond drilling was completed in 46 holes. Selected drill holes were oriented with point load test and orientation measurements recorded. Drill hole results from the exploration program completed through April 2010 to July 2010 are as follows:

INTERVAL					INCLUDING			
Hole ID	V205 Grade	From (m)	To (m)	Interval (m)	V205	From (m)	To (m)	Interval (m)
K-01	0.559	92	95	3	-	-	-	-
K-01	0.523	99.5	113	13.5	-	-	-	-
K-01	0.59	140	155	15	0.647	143	152	9
K-02	0.522	180.5	204.5	24	0.645	185	192.5	7.5
K-03	0.616	93.5	135.56	42.06	-	-	-	-
K-03	0.628	138.5	150.5	12	0.74	140	144.5	4.5
K-04	0.514	141.5	189.5	48	0.612	149	159.77	10.77
K-04	-	-	-	-	0.683	164.18	167	2.82
K-05	0.588	45.5	104	58.5	0.61	48.5	89	40.5
K-06	0.577	108.5	139.75	31.25	0.611	113	134	21
K-06	0.519	189.52	194	4.48	-	-	-	-
K-07	0.58	161	258.5	97.5	0.714	174.5	213.5	39
K-08	0.527	92.26	100.5	8.24	-	-	-	-
K-09	0.555	132.5	230	97.5	0.606	144.5	195.5	51
K-09	-	-	-	-	0.643	203	230	27
K-13	0.562	125	181.47	56.47	0.606	135.5	181.47	45.97
M-05	0.572	50	90.5	40.5	0.705	51.5	62	10.5
M-05	-	-	-	-	0.661	78.5	90.5	12
M-44	0.686	75.5	87.5	12	0.974	80	83	3
M-48	0.692	50	62	12	0.864	51.5	59	7.5
M-49	0.734	192.5	200	7.5	1.036	194	197	3
M-53	0.711	71	86	15	0.946	72.5	80	7.5
M-53	0.616	99.5	102.5	3	-	-	-	-
M-54	0.528	134	147.5	13.5	0.749	134	137	3
M-55	0.602	102.5	108.5	6	0.88	104	107	3
M-55	0.548	116	137	21	-	-	-	-
M-55	0.521	147.5	155	7.5	-	-	-	-
M-56	0.726	163.5	178.5	15	0.801	168	177	9
M-56	0.711	180	244.5	64.5	0.983	223.5	234	10.5
M-57	0.621	24.5	63.5	39	0.948	44	48.5	4.5
M-58	0.783	161	185	24	0.945	171.5	180.5	9
M-59	0.844	81.5	102.5	21	0.981	90.5	101	10.5
M-60	0.751	210.5	219.5	9	-	-	-	-
M-60	0.773	231.5	236	4.5	-	-	-	-
M-62	0.706	51.5	84.5	33	0.991	65	69.5	4.5
M-62	-	-	-	-	1.057	80	83	3

INTERVAL					INCLUDING			
Hole ID	V205 Grade	From (m)	To (m)	Interval (m)	V205	From (m)	To (m)	Interval (m)
M-65	0.736	50	60.5	10.5	-	-	-	-
M-65	0.531	101	108.5	7.5	-	-	-	-
M-71	0.725	188	273.5	85.5	0.923	192.5	198.5	6
M-71	-	-	-	-	1.2	221	234.5	13.5
M-71	-	-	-	-	0.922	245.64	260	14.36
M-72	0.594	53	66.5	13.5	0.838	54.5	59	4.5
M-73	0.611	51.5	63.5	12	0.714	53	60.5	7.5
M-74	0.667	51.5	66.5	15	0.874	53	60.5	7.5
M-74	0.505	95	101	6	-	-	-	-
M-75	0.516	30.17	33.5	3.33	-	-	-	-
M-75	0.618	45.5	77	31.5	0.922	54.5	66.5	12
M-76	0.53	54.5	69.5	15	-	-	-	-
M-82	0.533	119	126.5	7.5	-	-	-	-
M-83	0.66	45.5	71	25.5	1.073	56	63.5	7.5
M-84	0.564	149.75	162.5	12.75	-	-	-	-
M-85	0.609	96.5	108.5	12	-	-	-	-
M-85	0.657	113	131	18	0.859	122	126.5	4.5
M-86	0.65	155	191	36	-	-	-	-
M-87	0.749	185	283.5	98.5	0.801	195.5	270.5	75
M-88	0.64	206	249.5	43.5	0.731	221	245	24
M-88	0.608	266	276.5	10.5	-	-	-	-
M-88	0.688	284	306.5	22.5	0.823	297.5	305	7.5
M-89	0.846	240.4	312.5	72.1	0.912	252.5	294.5	42
M-89	-	-	-	-	1.043	306.5	311	4.5
M-91a	0.875	243.5	303.5	60	0.939	282.5	303.5	21
MM-01	0.911	2.5	156.5	154	1.166	71	155	84
MM-01	-	-	-	-	1.343	74	86	12
MM-01	-	-	-	-	1.327	102.5	126.5	24

All drill core assays have been received and a consulting engineering firm was retained to undertake a resource calculation update for the Manga and Jaky Zones, as well as a new resource estimate for the Mainty Zone.

Metallurgy

Various metallurgical scoping test programs have been completed since 2009, covering physical and chemical pre-concentration processes, acid and alkaline leaching (atmospheric and pressure), alkaline salt roasting and high definition mineralogical characterisation. Mineralogical characterisation of several silicate samples has revealed a unique deportment of vanadium on the Green Giant Property. Vanadium bearing minerals include clays, micas, oxides, and sulphides. The vanadium deportment for three recent silicate composites is summarized below.

Vanadium Deportment, Mass % – Summary

Mineral	HMC (%)	MPC (%)	Silicate (%)
Other	0.0	0.1	0.1
Rutile	1.7	1.3	2.0
Pyrrhotite	0.4	2.0	0.5
Other Micas/Clays	0.7	4.0	3.0
Sillimanite	1.3	0.2	0.0
Cordierite	3.0	5.1	4.2

Phlogophite (low-V)	53.5	5.0	5.8
Phlogophite (high-V)	26.1	19.5	26.1
Roscoelite	14.5	11.1	15.0
V-Phosphate	0.7	0.0	0
V-Oxides	28.6	22.6	18.6
V-Fe Sulphide	17.4	29.2	24.6

Vanadium is spread across a range of mineral types, but is primarily found in Phlogophite (of various V tenors) Oxides and sulphides. Gangue minerals of note include quartz (generally 30-40% of sample mass) K-feldspar (10% of sample mass) and graphite (<10% of sample mass). Similar work completed in 2009 suggests that the oxide zone differs mineralogically in that a greater percentage of vanadium occurs in oxide minerals, with less in clays/micas and none in sulphides.

Leaching with sulphuric acid can achieve high vanadium extractions (up to 77%), but always at the expense of acid consumption and leach liquor quality. Acid consumptions have varied, but have generally been in the 3 to 500 kg/t range. The vigorous co-extraction of elements such as aluminum, magnesium, and iron is considered detrimental to downstream processes, and is also believed to be responsible for the high acid consumption.

Leaching with alkaline lixiviants such as soda ash (Na_2CO_3) and caustic soda (NaOH) has historically not resulted in high vanadium extractions. Pressure leaching with soda ash (Phase 2) resulted in 30% to 40% vanadium extraction which, although lower than the acid-based leach results, was significantly higher than atmospheric alkaline leach extractions. The more selective alkaline lixiviants provide much cleaner leach liquors, with minimal co-extraction of problematic elements.

Early Phase 3 alkaline pressure leach tests observed an excess of micaceous material in leach residues, and it was postulated that the vanadium-bearing micas (phlogophite) might be more resistant to alkaline leaching. An oxidative pre-roast was introduced to the treatment process, with a resultant 25% increase in vanadium extraction rate. Comparing leach residues, the micaceous material was no longer present after pre-roasting. Further work is recommended to optimize conditions, but the most encouraging extraction results to date have been achieved on pre-roasted samples, using concentrated soda ash as a lixiviant at high temperature.

Phase 3 Alkaline Leach Results – Summary

PL	V_20_5 Extraction	Roasting	Grind K_{80}	Feed % Solids	Na_2CO_3 Kg/t	Na_2CO_3 g/L	^0C	Hours
10	80.6	Pre-roast – 1,000 ^0C / 3 h	105	10	n/r	100	240	4
11	82.0	Pre-roast – 1,100 ^0C / 3 h	105	10	n/r	100	240	4
18	75.3	Pre-roast – 1,000 ^0C / 3 h	105	10	147	50	220	4
20	64.0	Pre-roast – 1,100 ^0C / 3 h	105	30	71	50	220	4

As the project continues to develop, further scoping work is essential to allow optimization of the roast and leach conditions for both silicate and oxide samples from all zones. The metallurgical processes tested would undoubtedly benefit from higher head grades. Therefore, it is important that future metallurgical programs assess the influence of higher feed vanadium concentrations.

Resource Calculations

During November 2010, a consulting engineering firm estimated the mineral resources for the Green Giant Property. The mineral deposits on the property have been divided into three separate zones, which are referred to as the Jaky, Manga, and Mainty deposits. This mineral resource estimate utilized approximately 18,832 metres of diamond drill hole data from the 2008, 2009, and 2010 drill program and was supplemented by approximately 5,928 metres of trench data from the 2008 and 2009 exploration programs. No additional work was carried out on the Jaky deposit; therefore, the resources are merely restated from the NI43-101 report dated June 18, 2010.

The Jaky, Manga, and Mainty resource estimate is comprised of indicated and inferred resources reported as vanadium pentoxide mineralization at a base case cut-off grade of 0.5% V_2O_5. The method employed to select the base case cut-off grade was to consider the mineralogical characteristic, envisioned mining methods and comparable vanadium

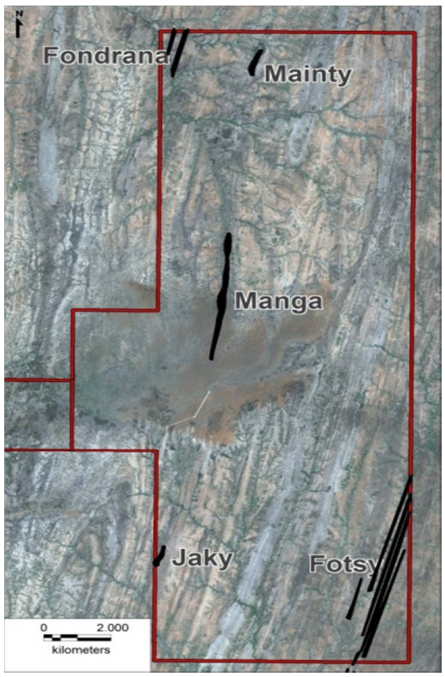
projects worldwide. Further work is required to more accurately determine the optimum economic cut-off grade, and this is recommended as part of the Preliminary Economic Assessment.
The vanadium deposits on the Green Giant Property are split into two separate categories: oxide and primary. The following resource values were determined at a 0.5% V_2O_5 cut-off. Within the oxide and primary zones of the Jaky, Manga, and Mainty deposits, the total Indicated resource is 49.5 Mt at 0.693% V_2O_5, containing 756.3 Mlb of vanadium pentoxide. The total Inferred resource is 9.7 Mt at a grade of 0.632% V_2O_5, containing 134.5 Mlb of vanadium pentoxide. Since no additional work was conducted, mineral resources at the property were classified using logic consistent with the CIM definitions referred to in NI 43-101 guidelines. This independent mineral resource estimate and review conducted by a consulting engineering firm supports the disclosure by our Company of the mineral resource statement for the Jaky, Manga, and Mainty deposit dated November 30, 2010.

2011 Phase I Exploration
The mineralization delineated in our NI43-101 compliant vanadium resource was found in two types of rocks, silicates and oxides. Petrographic descriptions undertaken on thin sections of selected rocks submitted for metallurgical analysis to labs in South Africa, identified 17.17% modal graphite from the silicate composite and 15.87% modal graphite from the oxide composite samples.

Three additional composite samples were submitted at the conclusion of the 2010 exploration program. The QEMSCAN[1] analysis of these head samples quantified a graphite composition of 4.09%, while the head chemical analysis quantified a graphitic carbon content of 3.87%.

The identification of graphite as a potential credit to our NI 43-101 compliant vanadium resources led our geologists to conduct a reconnaissance exploration program (Phase I program) on the Green Giant Property in September, 2011, with the goal of delineating new graphitic trends and comparing them to those associated with vanadium mineralization.

During the course of the Phase I program, surficial graphitic trends were identified on the Green Giant Property. These graphite trends were visually determined to be of both higher carbon content, and larger flake size than those associated with the NI 43-101 compliant vanadium resource mineralization. Based on these field observations, we initiated an exploration program which included 10 diamond drill holes (totaling 1,157.5 metres), 16 trenches (totaling 2,842 metres), and 132 grab samples collected over two newly identified prospective graphitic units, named the Fondrana and Fotsy zones, bringing the total number of Graphite Zones on the Property to 5.

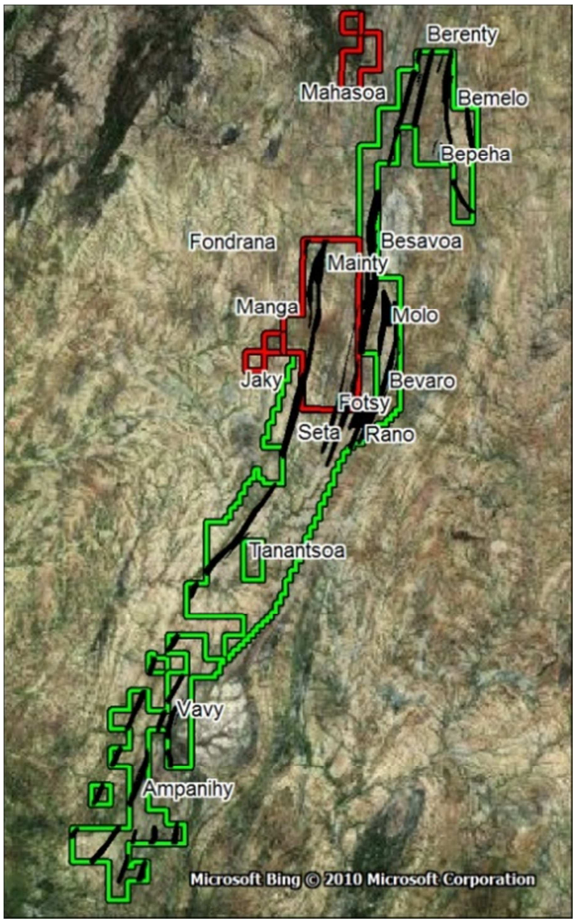


[1] *For the QEMSCAN analysis, graphite impregnated polished epoxy grain mounts were prepared and analyzed using Particle Map Analysis (PMA) which provides a statistically robust population of mineral identification based on X-ray chemistry of minerals and modal abundance. Chemical assay values were determined using LECO CS200 and Eltra CS2000 analyzers.*

2011 Phase II Exploration
Based on the promising results of the Phase I program, we commenced the Phase II exploration program in November, 2011. The objective of the program was to enhance exploration efforts on the Green Giant Property through further drill testing of graphitic trends on this property and to apply geophysical techniques to delineate graphite mineralization. The signing of the Joint Venture agreement with Malagasy Minerals for the exploration and development of industrial minerals prompted additional reconnaissance exploration to ascertain the industrial mineral potential of the joint venture property.

Potential Flake Graphite Camp
During the course of the Phase I and II exploration programs, multiple graphitic or graphitic-vanadium trends were identified with the aid of airborne geophysics, and subsequently verified with ground prospecting, and delineated with the use of an EM31-MK2 (EM31) instrument. In total, 12 new graphite trends have been identified over the Joint Venture Property. This brings the total number of graphite trends identified to date over the Green Giant Property and the Joint Venture Property to 17, with a cumulative strike length in excess of 320 kilometres. These observations have validated our Company's belief that southern Madagascar has the potential to host a potential flake graphite camp.

The graphite trends identified to date by our Company have been named the following: Berenty, Bemelo, Mahasoa, Bepeha, Besavoa, Fondrana, Mainty, Manga, Molo, Bevaro, Jaky, Fotsy, Rano, Seta, Tanantsoa, Vavy and Ampanihy.



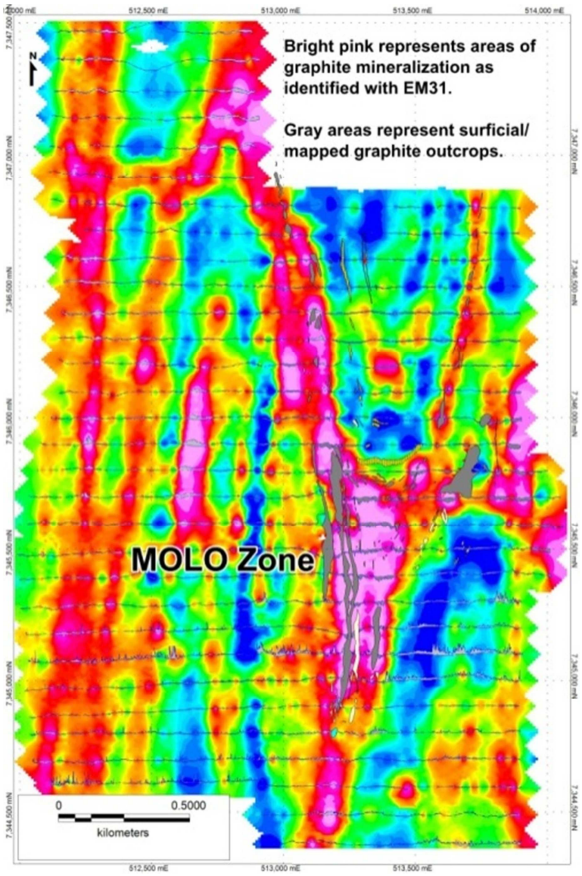
Multiple Graphitic Horizons Identified Within Each Zone With EM31
Field observations indicated that each graphitic zone identified was comprised of multiple 'stacked' graphitic horizons. This observation was validated by surveying a number of the zones in detail with an EM31 ground conductivity instrumentation. In total, 160.5 line kilometres of EM31 surveying was completed over 5 target areas, the Fondrana, Fotsy, Molo, Seta, and Besavoa targets.

The EM31 geophysical tool was invaluable in delineating the extents of the graphitic zones, as well as their continuity. The EM31 has the capability to also identify multiple graphitic horizons within each zone. As an example, the Fotsy zone has a delineated strike length of 6 kilometres, but the EM31 identified at least 4 separate graphite horizons within the zone, for an aggregate strike length of 24 kilometres. The table below summarizes the graphite strike length analysis as determined by EM31 testing over 5 zones:

Zone	Zone Length (km)	Number of Graphite Horizons	Aggregate EM31 Measured Strike Length (km)
Besavoa	3	4	12
Fondrana	1	3	3
Fotsy	6	4	24
Molo	2	5	10
Seta	1.6	2	3.2
Totals	13.6	18	52.2

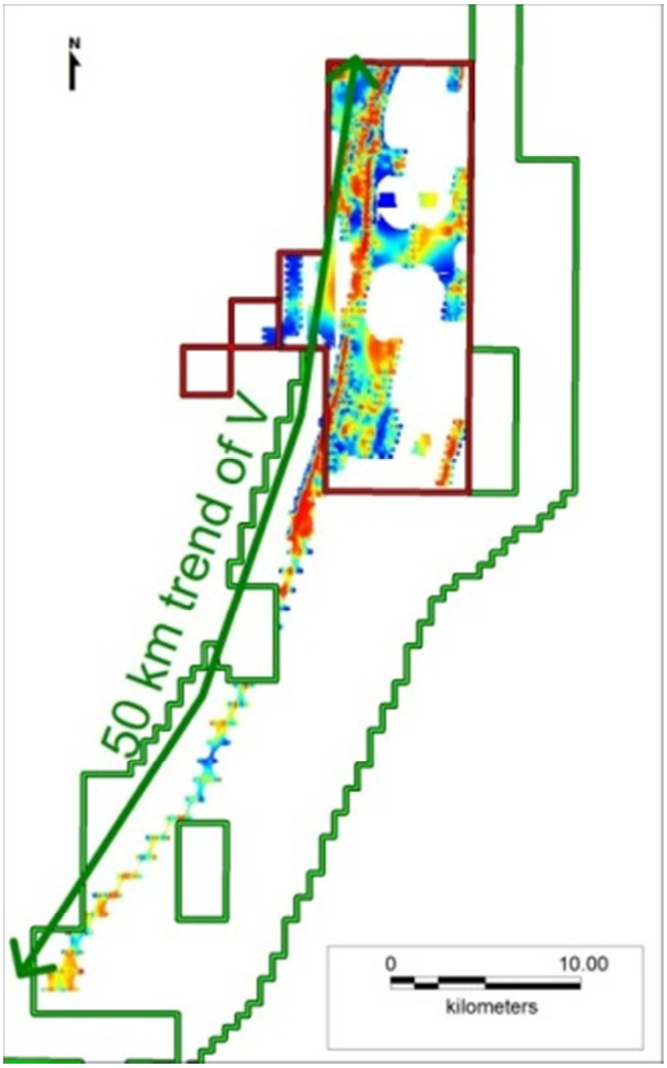
Structurally 'Thickened' Graphite Zone Identified

Our outside geoscientists have identified a graphitic zone consisting of multi-folded graphitic strata with a surficially exposed strike length of over 2 kilometres. This zone, called Molo, is characterized by resistant ridges of graphitic schist, and abundant graphitic schist float, with fracture-lined vanadium mineralization yielding field XRF values as high as 0.7% V_2O_5. Geologic mapping has revealed the individual graphitic ridges to be between 20 and 150 metres in width within this zone. EM31 surveys indicate the graphite mineralization is pervasive in the area, and that the mineralization is not always exposed. Wide-spaced drilling of 6 diamond drill holes conducted over a strike length of 1.2 kilometres, intersected graphitic mineralization to a vertical depth of 75 metres with down-hole thicknesses between 60 and 150 metres in width. Graphite mineralization intersected in drill core was open along strike, and at depth.



Vanadium Trend Extended On To Joint Venture Property by 30 kilometres
The vanadium trend found on the Green Giant Property has now been increased by an additional 30 kilometres on the Joint Venture Property. This trend was delineated through the analysis of soil samples with a hand-held XRF analyzer at 25 metre station intervals, and 200 metre line spacing. XRF analysis was an invaluable tool in delineating the original Green Giant Property vanadium trend, and enables our Company to make 'real-time' exploration decisions based on field results.

In the course of XRF soil analysis on the Joint Venture property, a 1.6 kilometre outcrop of graphitic schist, named the Seta zone, was identified adjacent to the vanadium trend. Geologic mapping in the area indicates that this zone is sub-horizontal, and roughly 20 metres in thickness. Geologic mapping in the area indicates that this zone is sub-horizontal, and roughly 20 metres in thickness.



2011 Diamond Drilling
Petrographic work completed on the 2010 drilling samples resulted in the realization that a significant graphitic resource may exist on the Green Giant Property. Therefore, a 2-phase reconnaissance drilling program was implemented to test the viability and potential of graphitic resources defined during prospecting and mapping activities. Phase I of this program then resulted in the completion of 10 holes, for a combined aggregate of 1,157 metres. Of these 10 holes, 2 were cut and quartered, and sent to labs in South Africa for metallurgical samples. No assurances can be provided as to the results of the analysis. Phase II of the program targeted significant graphitic occurrences on both the Green Giant and Joint Venture properties, with the aim of better defining known deposits and better understanding the new locations. This resulted in 19 holes for a combined aggregate of 1701m of drilling. Of these 19 holes, one larger diameter PQ hole

was completed and sent to labs in Ancaster, Ontario, Canada for metallurgical analysis. No assurances can be provided as to the results of the analysis.

Target	Area	HoleID	UTMX	UTMY	Az	Dip	Depth	Elev
Graphite	FONDRANA	FOND-01	502132	7355354	110	-45	170	520
Graphite	FONDRANA	FOND-02	502103	7355162	110	-45	137	488
Graphite	FONDRANA	FOND-03	502108	7355455	110	-45	165	486
Graphite	FONDRANA	FOND-04	501962	7354981	115	-45	156	517
Graphite	FONDRANA	FOND-05	501987	7355555	90	-45	131	499
Graphite	FONDRANA	FOND-06	501797	7355061	95	-45	137.29	467
Graphite	FOTSY	FOTSY-01	507809	7335215	110	-45	173	500
Graphite	FOTSY	FOTSY-02	507808	7335015	90	-45	113	500
Graphite	FOTSY	FOTSY-03	507744	7334815	90	-45	113	500
Graphite	FOTSY	FOTSY-04	507818	7334820	90	-45	65	500
Graphite	FOTSY	FOTSY-05	507657	7334615	90	-45	104	500
Graphite	FOTSY	FOTSY-06	507651	7334415	90	-45	59	500
Graphite	FOTSY	FOTSY-07	507905	7335415	90	-45	71.5	500
Graphite	FOTSY	FOTSY-09	507815	7335336	90	-45	164	500
Graphite	FOTSY	FOTSY-10	507749	7335136	95	-45	161	500
Graphite	FOTSY	FOTSY-11	507715	7335015	90	-45	164	500
Graphite	FOTSY	FOTSY-12	507814	7335277	107	-45	149	432
Graphite	FOTSY	FOTSY-13	507945	7335578	107	-45	150	497
Graphite	FOTSY	FOTSY-14	507769	7335640	107	-45	155	413
Graphite	MOLO	MOLO-01	513173	7345735	90	-45	166	460
Graphite	MOLO	MOLO-02	513184	7345737	265	-45	47	460
Graphite	MOLO	MOLO-03	513177	7345478	105	-45	206	540
Graphite	MOLO	MOLO-04	513188	7345191	85	-45	137	540
Graphite	MOLO	MOLO-05	513065	7346400	90	-45	131	541
Graphite	MOLO	MOLO-06	512199	7345902	90	-45	200	541
Graphite	MOLO	MOLO-07	513186	7345615	90	-45	142.5	541
Vanadium	SETA	SETA-01	500125	7332500	100	-45	85	437
Graphite	SETA	SETA-02	500242	7332238	90	-45	90	437
Graphite	SETA	SETA-03	500242	7332238	95	-70	40	437

With this most recent drill program, a total of one hundred and sixty (160) diamond drill holes, comprising an aggregate of 24,814.3 metres have been completed on the Green Giant and JV property. Assays received to date from the Phase I exploration program, have yielded drill intersections assaying up to 6.24% carbon (C) over 118.6 metres in length. Within the 100% owned Green Giant Property, numerous significant drill hole intersections have been made. Intersections include:

- Hole ID: Fotsy 02 - Composite grade: 6.19%/10.77m (23.93 to 34.7m)
- Hole ID: Fotsy 05 - Composite grade: 6.47%/23.0m (11.0 to 34.0m)
- Hole ID: Fondrana 01 - Composite grade: 8.85%/25.5m (53.0 to 78.5m)
- Hole ID: Fondrana 02 - Composite grade: 10.55%/39.52m (10.78 to 50.3m)

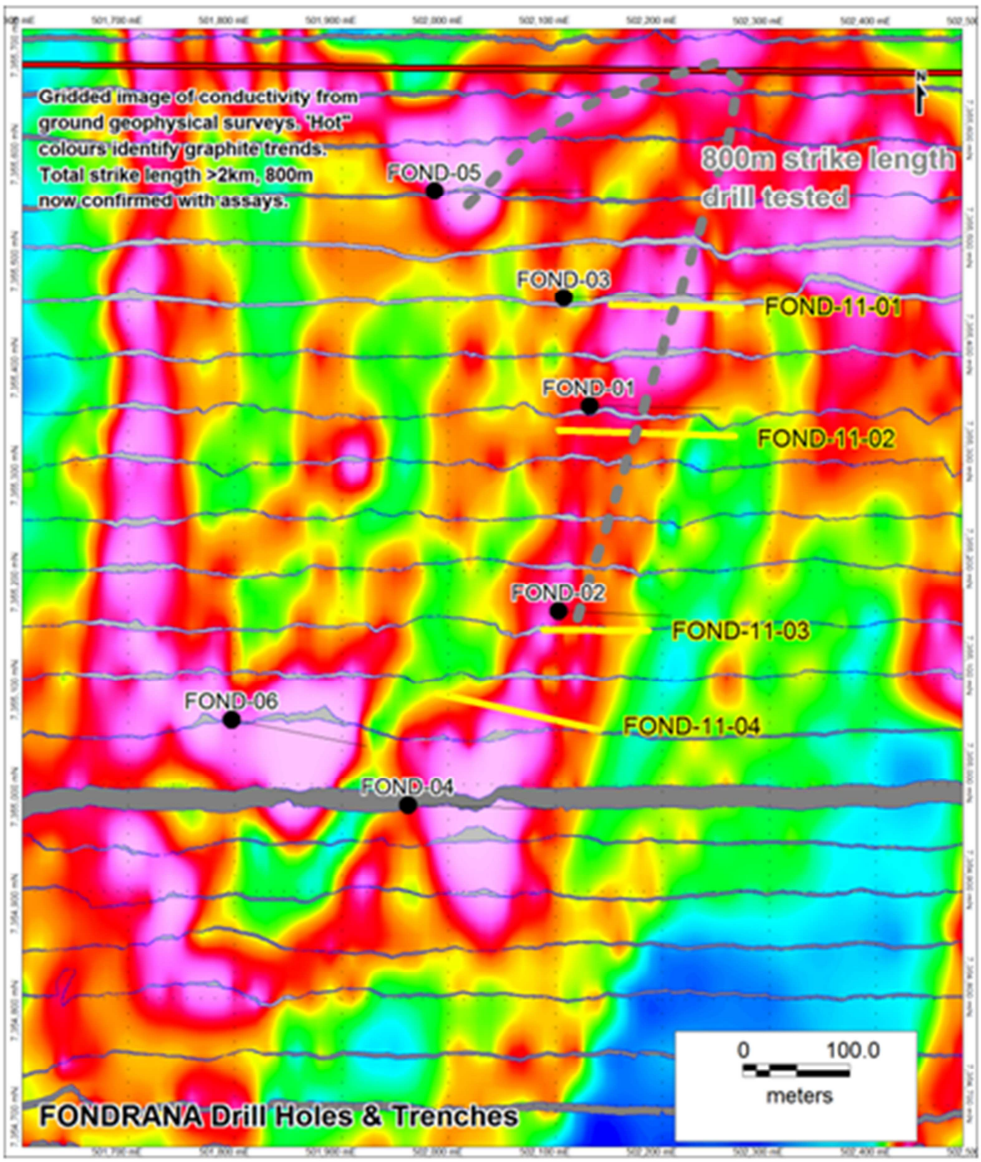
Fondrana Zone (Green Giant Property)

The Fondrana zone is located in the NW corner of the Green Giant Property. Complete assay results for 3 drill holes and 4 trenches have been received and, based on this information, our geoscientists are comfortable in commenting on the widths, depth, and strike extents of graphite mineralization in the Fondrana zone. The average aggregate graphite intersection from drilling is 73 metres with a weighted average carbon assay of 6.14% C, while the average aggregate trench intersection is 82.5 metres with a weighted average of 6.73% C. The Fondrana zone is found at surface and extends to a vertical depth of at least 120 metres. Geophysically, geologically, and now through drilling and trenching, the zone is confirmed to extend for at least 800 metres in strike length. Mineralization is open along strike, and at depth. Highlights of Phase I drilling the Fondrana Zone include:

- FOND-01: 118.6 m @ 6.24% C
- FOND-02: 12 m @ 4.73% C
- FOND-02: 41.5 m @ 7.01% C
- FOND-02: 5.9 m @ 5.88% C
- FOND-05: 24 m @ 5.63% C

- FOND-05: 18 m @ 5.18% C

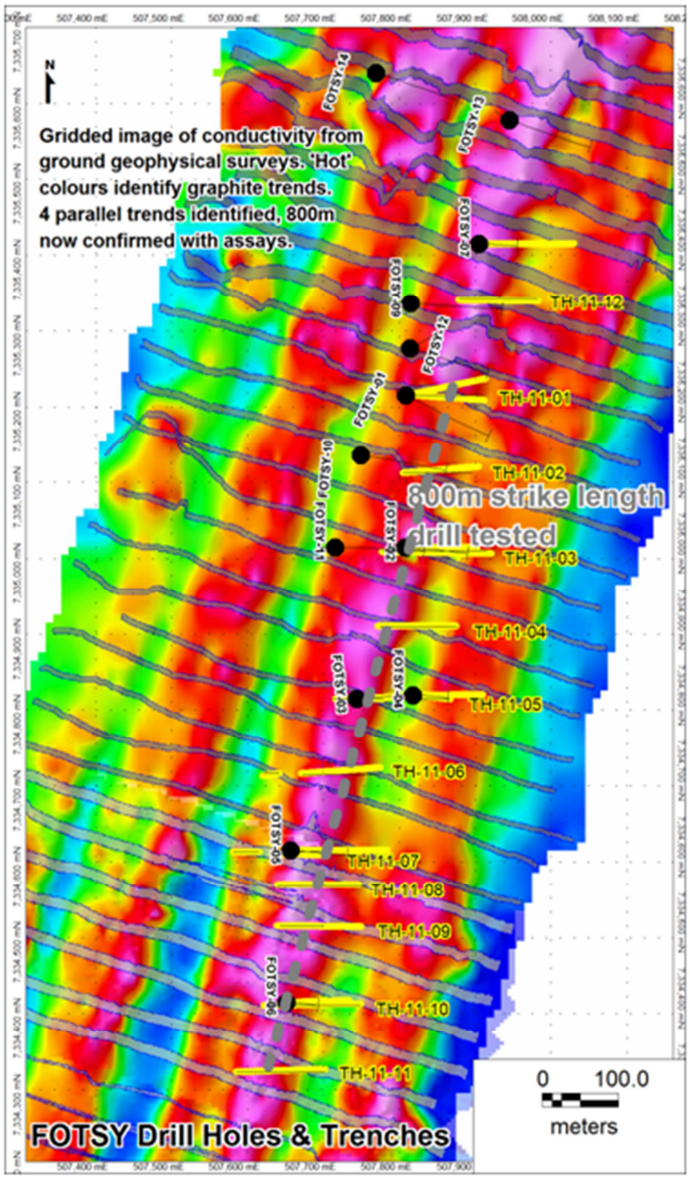
During the 2011 program (Phase II) an EM-31 geophysical survey was conducted over an area known to have significant outcrops with very notable graphitic content. The survey outlined a zone length of over 800 metres, with an aggregate EM-31 measured strike length of 3 kilometres. This, along with the confirmation of 3 strong graphitic horizons supported drilling and trenching evidence.



EM-31 Geophysical Survey Map of the Fondrana zone.

Fotsy Zone (Green Giant Property)

The Fotsy zone is located in the SE corner of the Green Giant Property. Assay results for 7 drill holes and 16 trenches are currently available. Based on the information available, widths, depth, and strike extents of graphite mineralization in the Fotsy zone have been defined. The average aggregate graphite intersection from drilling along the 'Fotsy Main Zone' is 20.8 metres with a weighted average carbon assay of 5.62% C, while the average aggregate trench intersection is 10.9 metres with a weighted average of 6.33% C. The Fotsy zone is found at surface, extends to a vertical depth of at least 115 metres, and is open along strike and at depth. Geophysically, geologically, and now through drilling and trenching, the zone is confirmed to extend for at least 800 metres in strike length. Mapping and prospecting have indicated that this zone likely extends for over 6 kilometres in length.



EM-31 Geophysical Survey Map of the Fotsy zone.

Highlights of Phase I drilling the Fotsy Zone include:

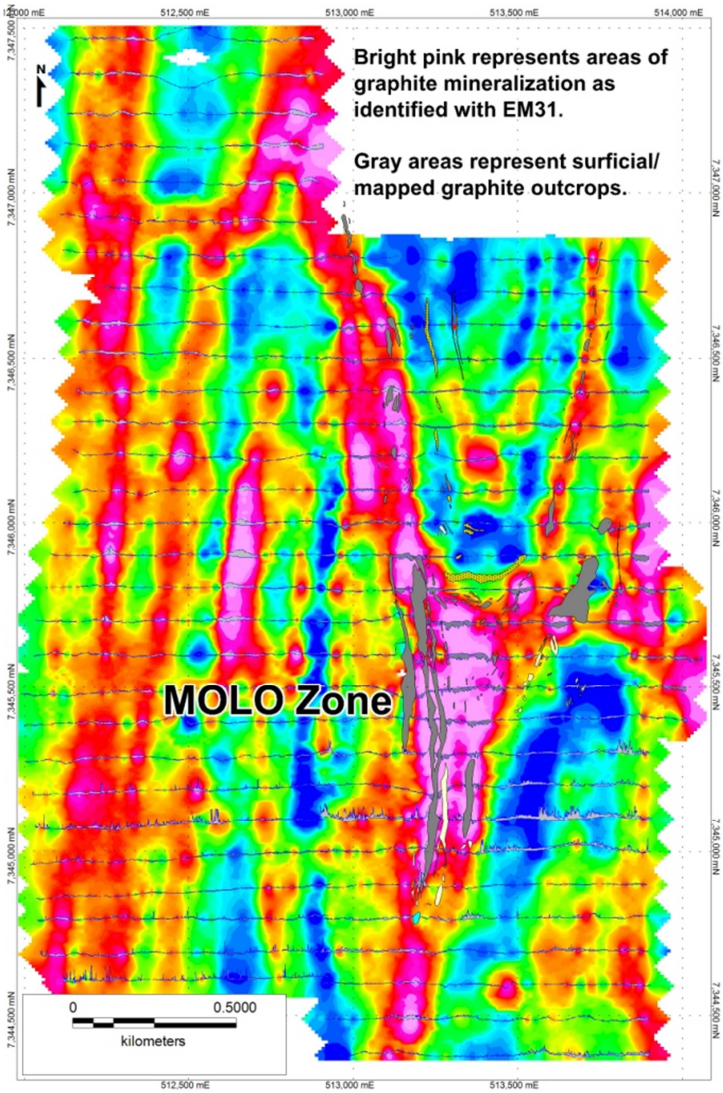
- FOTSY-5: 8.35m @ 7.01%
- FOTSY-5: 23.0m @ 6.47%
- FOTSY-10: 11 m @ 4.39% C
- FOTSY-10: 15 m @ 5% C
- FOTSY-10: 5 m @ 5.18% C

Molo Zone (Joint Venture Property)

The Molo zone is located in the central portion of the Joint Venture Property. During 2011 (Phase II) exploration activities, our geoscientists identified this graphitic zone consisting of multi-folded graphitic strata with a surficially exposed strike length of over 2 kilometres. The zone is surficially characterized by resistant ridges of graphitic schist, and abundant graphitic schist float.

During the 2011 program (Phase II) an EM31 geophysical survey was also conducted over the Molo area concurrently with prospecting and subsequent geological mapping of stronger graphitic zones in the zone. The survey aided in outlining a zone length of over 2 kilometres, with an Aggregate EM31 Measured Strike Length of 10 kilometres. This,

along with the confirmation of 5 strong graphitic horizons supported drilling and trenching, providing significant interest in the zone where future efforts will likely be focused.



EM-31 Geophysical Survey Map of the Molo zone.

Wide-spaced drilling of 6 diamond drill holes conducted over a strike length of 1.2 kilometres, intersected graphitic mineralization to a vertical depth of 75 metres with down-hole thicknesses between 60 and 150 metres in width. Graphite mineralization intersected in drill core was open along strike, and at depth.

2011 Trenching

The 2011 exploration focus on graphite mineralization resulted in the implementation of a number of new areas to be trenched for graphitic potential. Phase I of the program focussed primarily on the Fondrana and Fotsy locations and resulted in the completion of 20 trenches for 1912 metres. All activities completed during 2011 were completed "in-house" by our technical team of geologist, geo-physicists and geo-techs.

Standardized sampling methods included two metre long continuous chip samples collected along the trench floor, consisting of about 3 kg to 4 kg of material per sample. The samples were collected in numbered plastic bags with the sample location noted in the assay tag book. The trench samples were then transported daily to camp and stored in a secure building. When sufficient sample material was collected, the samples were trucked or flown to Energizer's office storage location in Antananarivo accompanied by an Energizer employee. From there, samples were further shipped to either South Africa or Canada for ICP-MS analysis.

Area	Trench ID	UTMX West	UTMY West	UTMX East	UTMY East	Az	Length (m)
FOTSY	FOTSY_TH_11_01	507818	7335216	507912	7335209	90	94
FOTSY	FOTSY_TH_11_02	507805	7335113	507904	7335121	90	99
FOTSY	FOTSY_TH_11_03	507777	7335009	507921	7335007	270	144
FOTSY	FOTSY_TH_11_04	507772	7334911	507875	7334911	90	103
FOTSY	FOTSY_TH_11_05A	507715	7334815	507780	7334816	270	65
FOTSY	FOTSY_TH_11_05B	507838	7334818	507867	7334815	270	29
FOTSY	FOTSY_TH_11_06A	507620	7334713	507642	7334716	270	22
FOTSY	FOTSY_TH_11_06B	507671	7334716	507775	7334724	270	104
FOTSY	FOTSY_TH_11_07A	507581	7334614	507616	7334613	90	35
FOTSY	FOTSY_TH_11_07B	507644	7334611	507705	7334609	90	61
FOTSY	FOTSY_TH_11_08	507639	7334570	507747	7344571	90	108
FOTSY	FOTSY_TH_11_09	507638	7334516	507750	7334514	90	112
FOTSY	FOTSY_TH_11_10	507621	7334411	507749	7334413	90	128
FOTSY	FOTSY_TH_11_11	507585	7334323	507702	7334327	90	117
FOTSY	FOTSY_TH_11_12A	507878	7335341	507983	7335339	90	105
FOTSY	FOTSY_TH_11_12B	508048	7335334	508098	7335318	90	50
FONDRANA	FOND_TH_11_01	502152	7355448	502274	7355445	90	118
FONDRANA	FOND_TH_11_02	502103	7355331	502268	7355326	90	166
FONDRANA	FOND_TH_11_03	502089	7355145	502187	7355144	90	100
FONDRANA	FOND_TH_11_04	501989	7355085	502141	7355051	90	152

Initial graphitic carbon results from the 2011 trenching are, management believes, encouraging in that they indicate that there are multiple graphitic horizons present in each zone, and that the graphitic zones are of significant widths and grades.

Trench	From (m)	To (m)	C (%)	Interval (m)
FOND-TH-11-02	24	29	4.194	5
FOND-TH-11-02	58	94	6.09833	36
FOND-TH-11-02	104	110	9.66667	6
FOND-TH-11-02	112	128	6.87625	16
FOND-TH-11-02	129	136	4.60429	7
FOND-TH-11-02	138	151	13.9592	13
FOND-TH-11-02	154	164	5.542	10
FOND-TH-11-03	3	12	4.95333	9
FOND-TH-11-03	22	51	6.44103	29
FOND-TH-11-03	64	76	5.095	12
FOND-TH-11-03	83	92	9.10444	9
FOTSY-TH-11-01	76	82	4.43667	6
FOTSY-TH-11-02	19	24	5.566	5
FOTSY-TH-11-03	21	26	7.512	5
FOTSY-TH-11-03	96	102	10.1433	6
FOTSY-TH-11-03	125	134	8.59111	9
FOTSY-TH-11-04	20	28	4.2425	8

Trench	From (m)	To (m)	C (%)	Interval (m)
FOTSY-TH-11-04	82	90	6.67	8
FOTSY-TH-11-05A	7	17	9.9315	10
FOTSY-TH-11-05A	59	65	5.33667	6
FOTSY-TH-11-06B	21	27	9.525	6
FOTSY-TH-11-06B	35	43	7.7875	8
FOTSY-TH-11-06B	67	77	8.485	10
FOTSY-TH-11-07B	31	43	11.26	12
FOTSY-TH-11-08	28	38	13.818	10
FOTSY-TH-11-08	69	77	6.38125	8
FOTSY-TH-11-09	13	21	5.335	8
FOTSY-TH-11-09	29	35	6.72667	6
FOTSY-TH-11-10	7	13	6.23667	6
FOTSY-TH-11-11	57	62.5	6.31818	5.5
FOTSY-TH-11-11	65	73	7.005	8
FOTSY-TH-11-12A	21.5	29	10.2967	7.5
FOTSY-TH-11-12A	40	46	5.72667	6

2012 Graphite Resource Delineation Drill Program

Our 2011 exploration program provided the basis to evaluate several potential graphite deposits on its properties. The objective of this evaluation was to select which zones would present the best overall parameters, including economics and quality of product, to move forward to production. Included in the analysis were the Molo, Fondrana, Fotsy and Seta zones.

Based on the above evaluation, we selected the Molo Deposit to be brought to mine development. We intend to expedite this process and, while no assurances can be provided, we are targeting 2015/2016 for production. It should be noted that this evaluation included metallurgical analysis, which confirmed that jumbo flake (i.e. +50 mesh) graphite at an average purity of 93% C can be easily liberated through simple crushing of the Molo deposit graphite.

We are targeting a resource between 50 and 100 million tonnes on the Molo deposit with a grade range of between 6 to 10% C. The resource drill program commenced in May 2012, and concluded in August. It utilized two Boart Longyear diamond drills. The Company anticipates releasing a National Instrument (NI) 43-101 Resource statement for the Molo deposit in Q4 of 2012, followed shortly thereafter with a Preliminary Economic Assessment (PEA) of the deposit. The PEA study will be authored by the Company's Engineering, Procurement, and Construction Management (EPCM) contractor based in South Africa.

The potential quantity and grade of the Molo deposit is conceptual in nature and there has been insufficient assay data received at this time to properly define a mineral resource in accordance with NI 43-101 requirements. Although the Company sees no reason why a compliant mineral resource could not be defined, there is no guarantee that further exploration will result in the Molo being defined as a mineral resource. The potential quantity and grade of the Molo is being determined through the progression of exploration and the assays received. To date, the company's exploration activities include airborne geophysical surveys, ground geophysics, mapping, drilling and trenching. The deposit target range is based on drilling and trenching results obtained to date.

Molo Deposit Characteristics

A key characteristic of the Molo deposit is that the graphite is immediately at surface, which our management believes will allow for very cost-effective open pit mining. In addition to having the significant surficial expression of graphite, the Molo is also located in an area with a favorable geographical setting. The terrain is semi-arid and almost flat. We believe that the climate also adds to the ease of mining, as this area of Madagascar has a very temperate climate with a mild rainy season from December to March.

2012 Diamond Drilling

The discovery of potentially significant graphite mineralization from the 2011 exploration programs resulted in the initiation of a resource delineation drill program during May-August 2012. This program consisted of 41 diamond drill holes over an aggregate of 8,459 metres. All analytical results from the drilling program will be incorporated in our company's NI 43-101 Resources statement anticipated for release during late 2012. No assurances can be provided as to the results of the analysis, but initial results indicate the project is a viable mining opportunity.

DDH I.D.	Easting	Northing	AZ	DIP	Depth (m)	ELEV	START DATE	FINISH DATE
MOLO-12-01	513121	7345600	90	-45	463.60	565	19/05/2012	23/05/2023
MOLO-12-02	513185	7345601	270	-45	89.00	571	24/05/2012	25/05/2012
MOLO-12-03	513236	7345598	90	-45	311.00	574	25/05/2012	27/05/2012
MOLO-12-04	513299	7345598	90	-45	221.00	570	27/05/2012	29/05/2012
MOLO-12-05	513356	7345598	90	-45	170.00	568	29/05/2012	30/05/2012
MOLO-12-06	513146	7345396	90	-50	364.50	558	30/05/2012	07/06/2012
MOLO-12-07	513207	7345400	90	-50	299.00	557	07/06/2012	10/06/2012
MOLO-12-08	513274	7345402	90	-50	212.00	555	10/06/2012	12/06/2012
MOLO-12-09	513331	7345402	90	-50	137.00	542	12/06/2012	13/06/2013
MOLO-12-10	513151	7345199	90	-50	320.00	538	07/07/2012	10/07/2012
MOLO-12-11	513210	7345197	90	-50	221.00	538	10/07/2012	12/07/2012
MOLO-12-12	513271	7345200	90	-50	182.00	556	12/07/2012	14/07/2012
MOLO-12-13	513322	7345202	90	-50	95.00	555	14/07/2012	15/07/2012
MOLO-12-14	513177	7344998	90	-50	218.00	552	15/07/2012	17/07/2012
MOLO-12-15	513238	7345001	90	-50	194.00	554	17/07/2012	19/07/2012
MOLO-12-16	513305	7344999	90	-50	80.00	550	19/07/2012	20/07/2012
MOLO-12-17	513092	7345801	90	-50	258.40	564	08/07/2012	12/07/2012
MOLO-12-18	513151	7345799	90	-50	132.00	565	12/07/2012	14/07/2012
MOLO-12-19	513204	7345805	90	-50	77.00	574	20/07/2012	21/07/2012
MOLO-12-20	513089	7346000	90	-50	234.00	564	14/07/2012	17/07/2012
MOLO-12-21	513150	7346002	90	-50	156.50	567	17/07/2012	19/07/2012
MOLO-12-22	513215	7346007	90	-50	54.00	573	19/07/2012	20/07/2012
MOLO-12-23	513202	7345517	270	-50	126.40	562	20/07/2012	22/07/2012
MOLO-12-24	513245	7345513	270	-50	176.00	566	24/07/2012	26/07/2012
MOLO-12-25	513210	7345292	270	-50	85.50	556	23/07/2012	24/07/2012
MOLO-12-26	513274	7345295	270	-50	186.50	554	24/07/2012	26/07/2012
MOLO-12-27	513226	7345702	270	-50	212.00	573	21/07/2012	24/07/2012
MOLO-12-28	513170	7345909	270	-50	84.00	572	06/08/2012	09/08/2012
MOLO-12-29	513215	7345907	270	-50	143.00	580	10/08/2012	11/08/2012
MOLO-12-30	513188	7345713	270	-50	126.80	565	03/08/2012	06/08/2012
MOLO-12-31	513322	7345513	270	-50	293.00	569	26/07/2012	29/07/2012
MOLO-12-32	513119	7345697	90	-50	327.50	562	26/07/2012	31/07/2012
MOLO-12-33	513169	7345702	90	-50	252.50	569	01/08/2012	03/08/2012
MOLO-12-34	513232	7345702	90	-50	236.00	565	07/08/2012	09/08/2012
MOLO-12-35	513285	7345700	90	-50	185.00	565	04/08/2012	07/08/2012
MOLO-12-36	513341	7345702	90	-50	200.00	563	29/07/2012	31/07/2012
MOLO-12-37	513403	7345703	90	-50	200.00	552	31/07/2012	02/08/2012

DDH I.D.	Easting	Northing	AZ	DIP	Depth (m)	ELEV	START DATE	FINISH DATE
MOLO-12-38	513465	7345706	90	-50	152.00	565	02/08/2012	04/08/2012
MOLO-12-39	513190	7345498	90	-70	329.00	568	11/08/2012	14/08/2012
MOLO-12-40	513179	7345301	90	-70	326.00	560	14/08/2012	17/08/2012
MOLO-12-41	513187	7345102	90	-70	329.00	550	17/08/2012	20/08/2012

We have received assay results from 36 (of 41) drill holes, and 18 (of 18) trenches completed over the Molo deposit in 2012. This dataset confirms that the Molo deposit has a very large footprint.

Our company has focused its resource delineation program on the Molo deposit. The deposit's description and shape consists of a 2 km strike length with a south plunging antiformal fold. In the north, the graphite mineralization is between 50-100 metres in width. The deposit then flares to over 500 metres in width as you move south, after which the graphite deposit width tapers to approximately 250-350 metres before splitting into two 'arms'. The widths of these arms range in size between 50 and 100 metre widths respectively. The deposit is open at depth, and along strike. Drill and trench data received to date, as well as mapping, prospecting and geophysical surveying, confirms graphite mineralization at surface, and over an area of at least 250,000 m^2. The depth of mineralization that has been confirmed by drilling is in excess of 300 metres.

DDH	From (m)	To (m)	Length (m)	C%
MOLO-12-01	26	460	421.3	6.12
MOLO-12-02	16.5	78	61.5	4.64
MOLO-12-03	1.2	303.5	302.3	5.92
MOLO-12-04	0.8	221	220.2	5.42
MOLO-12-05	2	163.6	161.6	5.90
MOLO-12-06	3.5	38.5	35	4.66
MOLO-12-06	67	356	289	6.37
MOLO-12-07	3	293.5	290.5	6.51
MOLO-12-08	1.2	212	210.8	6.45
MOLO-12-09	20	132	112	7.84
MOLO-12-10	72.5	278	205.5	6.58
MOLO-12-11	24	105.5	81.5	7.49
MOLO-12-11	129.3	221	91.7	5.68
MOLO-12-12	0.5	23.5	23	5.37
MOLO-12-12	80	131	51	7.13
MOLO-12-13	0.77	68	67.23	6.42
MOLO-12-14	56	125	69	6.28
MOLO-12-14	166	258.5	92.5	5.06
MOLO-12-15	0.87	17	16.13	4.34
MOLO-12-15	42	57.5	15.5	4.53
MOLO-12-15	74	194	120	5.02
MOLO-12-16	14	80	66	5.37
MOLO-12-17	96	166.36	70.36	6.77
MOLO-12-18	10	117	107	6.60
MOLO-12-19	0.43	72.5	72.07	5.27
MOLO-12-20	61.5	188.5	127	7.19
MOLO-12-21	0.38	116.63	116.25	6.59

DDH	From (m)	To (m)	Length (m)	C%
MOLO-12-23	25.9	106.6	80.7	4.84
MOLO-12-24	0.6	124	123.4	7.21
MOLO-12-26	0.45	140	139.55	7.25
MOLO-12-27	0.92	102	101.08	8.13
MOLO-12-28	0.8	31	30.2	5.24
MOLO-12-29	0.6	129	128.4	7.89
MOLO-12-30	0.6	33	32.4	5.63
MOLO-12-30	77.5	91	13.5	4.54
MOLO-12-31	1.5	262.5	261	6.35
MOLO-12-32	26.5	47.5	21	4.50
MOLO-12-32	74.5	197.5	123	7.00
MOLO-12-33	6.5	252.5	246	8.19
MOLO-12-34	0.4	110	109.6	6.96
MOLO-12-34	123.5	221.92	98.42	7.01
MOLO-12-35	0.65	26	25.35	6.38
MOLO-12-35	54.5	185	130.5	7.32
MOLO-12-36	0	200	200	5.83
MOLO-12-37	4.5	163.5	159	6.80
MOLO-12-38	0.6	89.42	88.82	6.60
MOLO-12-39	24.5	329	304.5	5.71
MOLO-12-40	48	326	278	6.36
MOLO-12-41	42.17	60.5	18.33	4.56
MOLO-12-41	84.5	303.5	219	7.02

Trench	From (m)	To (m)	Length (m)	C%
MOLO-TH-12-01	28	318	290	6.58
MOLO-TH-12-02	2.5	358	355.5	6.01
MOLO-TH-12-03	5	380	375	7.74
MOLO-TH-12-04	37	119	82	8.89
MOLO-TH-12-05	32	90	58	7.40
MOLO-TH-12-06	45	125	80	6.56
MOLO-TH-12-07	52	138	86	7.34
MOLO-TH-12-08	88	140	52	7.65
MOLO-TH-12-08	186	286	100	7.25
MOLO-TH-12-09	38	128	90	6.92
MOLO-TH-12-09	166	220	54	8.79
MOLO-TH-12-10	92	121	29	7.18
MOLO-TH-12-10	214	230	16	5.06
MOLO-TH-12-11	34	94	60	5.01
MOLO-TH-12-11	158	194	36	5.74
MOLO-TH-12-12	84.5	257	172.5	5.68
MOLO-TH-12-13	16	52	36	4.51
MOLO-TH-12-13	74	320	246	6.55

Trench	From (m)	To (m)	Length (m)	C%
MOLO-TH-12-14	82	176	94	7.87
MOLO-TH-12-15	84	152	68	6.94
MOLO-TH-12-16	80	96	16	4.37
MOLO-TH-12-18	38	65	27	4.88

Next Steps
The Company anticipates releasing a National Instrument (NI) 43-101 Resource statement for the Molo deposit in late 2012, followed shortly thereafter with a Preliminary Economic Assessment (PEA) of the deposit. The PEA study will be authored by the Company's Engineering, Procurement, and Construction Management (EPCM) contractor based in South Africa.

Future Programs
The economic potential of the property rests upon the ability to extract vanadium and graphite using reasonable, potentially economic parameters. Initial metallurgical results indicate that an economic processing method is available to extract graphite. This will be determined within the PEA study anticipated for release in late 2012. The results of this study will dictate how our management proceeds with project development.

SAGAR PROPERTY

Property Description and Location
The Sagar Property comprises 219 blocks of claims in the Province of Québec, Canada. The approximate centre of exploration activity is circa 56°22' N latitude and circa 68° 00' W longitude. Details on the individual claims are available on-line at the Government of Québec's Ministère des Resources Naturelles et de la Faune GESTIM website at https://gestim.mines.gouv.qc.ca. This property can be accessed by air.

These claims comprise approximately 6,580 hectares. In this region of the Province of Québec, "map staking" predetermines claim outlines. Previously, the map-staking grid, producing some of the small parcels, superimposes upon staked claims. There are no carried environmental liabilities on the property. All surface work requires provincial government permits, including camp construction permits. Our company is current with these permits.

Agreement

On May 2, 2006, we signed a letter of intent with Virginia Mines Inc. ("Virginia") for an option to acquire a 75% interest in 200 claims located in northern Québec, Canada. Virginia had the right and option to sell the remaining 25% interest in the property. This agreement was subject to a 2% NSR. Virginia had previously acquired a 100% interest in the property, subject to a 1% NSR on certain claims, and a 0.5% NSR on other claims. Virginia has the right to buy back half of the 1% NSR for $200,000 and half of the 0.5% NSR for $100,000. In order to exercise its option, we issued Virginia 2,000,000 of our common shares, 2,000,000 now expired common share purchase warrants and incurred exploration expenditures greater than $2,000,000 on the property before September 1, 2008. Further, on February 28, 2007 Virginia exercised its option to sell its remaining 25% interest on the property to us for 1,000,000 of our common shares valued at $1,219,000 and 1,000,000 now expired common share purchase warrants. As a result of these agreements, we now own a 100% interest in this property. We are currently up to date with all obligations required to maintain the property in good standing.

FERDERBER

Property Description and Location

We acquired a 100% undivided right, title and interest in and to 19 mining claims (0036315, 0036316, 0036317, 0036318, 0036319, 0036320, 0036321, 0036322, 0036323, 0036324, 0036325, 0036326, 0036327, 0030649, 0030650, 0030640, 0030638, 0030612, 0030613) held by Mr. Peter Ferderber, covering an area of approximately 64 hectares located in the Central Labrador Trough Region of Québec, 13 of which are contiguous to our Sagar Property. This property can be accessed by air. In consideration of our receiving a 100% interest in these claims, subject to any NSR royalties, we paid Mr. Ferderber CAD$6,000, and issued 150,000 of our common shares and 75,000 now expired common share purchase warrants. Mr. Ferderber retained a 1% NSR on this property and agreed that we shall have a first right of refusal to purchase the 1% NSR should Mr. Ferderber elect to sell the royalty. We are currently up to date with all obligations required to maintain the property in good standing.

Sagar and Ferderber Property Geological Highlights

The geological setting of the property is the northwest trending Romanet Horst within the Labrador Trough. The significant mineral potential of this geological setting is well demonstrated, we believe, by the abundance and diversity of uranium-gold showings, which range from veins to breccia's to shear zones. There is also locally significant sedimentary-hosted copper mineralization. Our management contends that the most significant mineralization found to date is the 500 x 200 metre Mistamisk boulder field which contains 150 boulders that range up to 640 g/t gold and 4.11% uranium, with 70 tested boulders averaging 64.9g/t gold and 1.3% uranium. The boulders discovered within the Mistamisk boulder field range in length from 0.30 to 2.0 metres. Previous work has not determined the bedrock source of this boulder field.

Copper mineralization has been defined in several spots, the most significant being the Dehli-Pacific showing, which has reported 4.2% copper over 7.6 metres within a drill hole that intersected a shear zone along a sediment-gabbro contact.

Potential Future Programs

In light of empirical observations collected during the course of 2007 exploration activities, other targets have been identified which could prove to be volumetrically more significant than the source of the Mistamisk Boulder Field. In order of priority, management believes future exploration on the Sagar Property should focus on the discovery of:

- Gold and uranium mineralization at redox boundaries along major faults. This work should focus on the intersection between the Romanet fault and the reducing lithologies of the Dunphy and Lace Lake formations.
- Unconformity associated polymetallic uranium-style mineralization at the Archean basement contact. The 'Kilo' soil anomaly should be targeted for this exploration due to the anomalous soil, RC, and DDH geochemistry, as well as the numerous coincident geophysical anomalies.
- Iron-Oxide Copper Gold (IOCG) mineralization. This work should focus on the east-west structure bisecting the Romanet Horst. In particular, the area to the southwest of the Lac Plisse showing should be drill tested as it has coincident gravity and magnetic highs, and has an anomalous IOCG-related geochemical signature for RC, soil, and water geochemical data. Additionally, the DDH geochemistry and alteration mineralogy observed from holes in the 'Alpha' soil target area should be re-examined in the context of IOCG mineralization.

- Source mineralization for the Mistamisk Boulder Field. The anomalous Alpha, Delta, and Kilo soil targets, as well as A, B, and E RC targets identified during the course of the 2007 exploration program should be examined to ascertain the source mineralization for the Mistamisk Boulder Field.

Other Expenses

Management anticipates spending approximately $350,000 - $450,000 in ongoing general office and administration expenses and professional fees per quarter for the next twelve months. Expenses will vary in direct proportion with the level of activity relating to future acquisitions and exploration programs.

RESULTS OF OPERATIONS

We have had no operating revenues from inception on March 1, 2004 through to the quarter ended September 30, 2012. Our activities have been financed from the proceeds of securities subscriptions. From inception, on March 1, 2004, to September 30, 2012, we raised net aggregate proceeds of $38,099,105 from private offerings of our securities and $1,075,500 through the exercise of common share purchase warrants and stock options. For the three month period ending September 30, 2012, a total of $105,000 (September 30, 2011: $nil) was raised through the exercise of stock options.

For the period from inception, March 1, 2004, to September 30, 2012, we incurred a loss before income taxes of $69,949,438. Expenses included $36,534,925 in mineral property and exploration costs and impairment losses on mineral properties. These costs include acquisition costs relating to the Madagascar properties, Sagar properties and other abandoned properties. We have also incurred $5,901,926 in professional fees since inception and general and administrative expenses of $6,761,691; stock based compensation valued at $23,115,904, net foreign exchange translation gains totaling $966,422, donated services and expenses of $18,750, and total other income (including interest) of $1,489,130.

The following are explanations for the fluctuations during the three month period ended September 30, 2012:

- Amounts spent on mineral properties totaled $1,968,587 (September 30, 2011: $976,377). The change of $992,210 was primarily a result of higher drilling costs, due to more metres drilled, during firscal 2013 compared to fiscal 2012 and costs incurred in respect of our company's forthcoming National Instrument (NI) 43-101 Resource statement for the Molo deposit, followed shortly thereafter with a Preliminary Economic Assessment (PEA) of the deposit. Following our accounting policies of expensing acquisition costs and exploration expenses on mineral properties as incurred, this amount increased the net loss for the period.
- Professional fees totaled $402,072 up $85,539 from the September 30, 2012 total of $316,533. Legal fees increased between the periods by approximately $25,000 due to costs incurred relating to both our Mauritius and Madagascar entities. In addition, we utilized more professionals internally increasing our costs.
- General and administration relates to fees associated with running the Toronto and Madagascar offices. These costs decreased by $128,384 between periods (September 30, 2012: $235,238, September 30, 2011: $363,622). A sharp (by $58,500) decrease in travel costs plus a $25,000 decrease in office costs was the main reasons for the decrease. For the period ending September 30, 2012 travel costs where high mainly due to trips to Madagascar, Mauritius, Europe and to Australia to finalize the Malagasy joint venture agreement.
- Investment income increased by $230,879 from $33,845 for September 30, 2011 to $264,724 for September 30, 2012. Returns on the company's passive investments was the reason for this increase.

Liquidity, Capital Resources and Foreign Currencies

As at September 30, 2012, we had cash on hand of $2,329,076. Our working capital was $356,577.

We hold a significant portion of cash reserves in Canadian dollars. Due to foreign exchange rate fluctuations, the value of these Canadian dollar reserves can result in translation gains or losses in US dollar terms. If there was to be a significant decline in the Canadian dollar against the US dollar, the US dollar value of that Canadian dollar cash position presented on our balance sheet would also significantly decline. If the US dollar significantly declines relative to the Canadian dollar, our quoted US dollar cash position would also significantly decline. Such foreign exchange declines could cause us to experience losses.

In addition to paying certain expenses in Canadian dollars, we are also required, from time to time, to pay expenses in South African Rand, Australian Dollars and Madagascar Ariary. Therefore, we are subject to risks relating to movements in those currencies.

There are no assurances that we will be able to achieve further sales of common shares or any other form of additional financing. If we are unable to achieve the financing necessary to continue the plan of operations, then we will not be able to continue our exploration and our venture will fail.

Capital Financing

- From inception to June 30, 2004, we raised $59,750 through the issuance of 9,585,000 common shares.
- For the year ended June 30, 2005, we did not raise any capital from new financings.
- For the year ended June 30, 2006, we raised $795,250 through the issuance of 2,750,000 common shares and 2,265,000 common share purchase warrants.
- For the year ended June 30, 2007, we raised $17,300,000 through the issuance of 34,600,000 common shares and 29,000,250 common share purchase warrants.
- For the year ended June 30, 2008, we did not raise any capital from new financings.
- For the year ended June 30, 2009, we raised $680,000 through the issuance of 6,800,000 common shares and 3,400,000 common share purchase warrants.
- For the year ended June 30, 2010, we raised $6,500,000 through the issuance of 21,666,667 common shares and 21,666,667 common share purchase warrants.
- For the year ended June 30, 2011, we raised net proceeds of $13,178,708 through the issuance of 30,936,654 common shares and 15,468,328 common share purchase warrants and $886,501 (by issuing 4,549,500 common shares) through the exercise of common share purchase warrants.
- For the year ended June 30, 2012, we raised proceeds of $635,000 (by issuing 2,540,000 common shares) through the issuance of common shares and $84,000 (by issuing 510,000 common shares) through the exercise of common stock purchase options.
- For the three month period ended September 30, 2012, we raised proceeds of $105,000 (by issuing 700,000 common shares) through the issuance of common shares.

We will likely require additional funding during fiscal 2013. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of common shares for additional phases of exploration. Our management will continue to attempt to secure additional financing through both the public and private market sectors to meet our continuing commitments of capital expenditures. No assurance can be given that we will be able to obtain additional financing or that we will be able to obtain additional financing on terms that are favorable to us. If we are successful in completing additional financing in the form of an equity financing or securities convertible into equity, as necessary, existing shareholders will experience dilution of their interest in our company (see "Cautionary Note" above)

Issuances of Securities

We have funded our business to date from sales of our securities. During the period ended September 30, 2012, and since July 1, 2011, we issued the following unregistered securities:

On December 16, 2011, we issued 7,500,000 shares of common stock at $0.18 per share valued at $1,350,000 as consideration for the Joint Venture Agreement with Malagasy Minerals Ltd.

On March 4, 2012, $69,000 was raised through the exercise of 460,000 stock options at $0.15 per common share.

On March 25, 2012, we closed a private placement with DRA Minerals Inc. ("DRA") whereby we raised a total of $635,000 by issuing 2,540,000 shares of common stock at $0.25 per common share. This results in DRA having a current equity position in our company of approximately 1.5%. Under the terms of a Memorandum of Understanding signed during early 2012, DRA has the right to acquire up to a 5% equity position our company through private placement. Future private placements will be done at market conditions.

During July 2012, $105,000 was raised through the exercise of 700,000 stock options at $0.15.

On July 13, 2012, we issued 1,695,000 stock options to directors, officers and consultants of our company.

The offer and sale of all shares of our common shares and warrants listed above were affected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Regulation S promulgated under the Securities Act. The Investor acknowledged the following: Subscriber is not a United States Person, nor is the Subscriber acquiring the shares of our common stock and warrants directly or indirectly for the account or benefit of a United States

Person. None of the funds used by the Subscriber to purchase the shares of our common stock and warrants have been obtained from United States Persons. For purposes of this Agreement, "United States Person" within the meaning of U.S. tax laws, means a citizen or resident of the United States, any former U.S. citizen subject to Section 877 of the Internal Revenue Code, any corporation, or partnership organized or existing under the laws of the United States of America or any state, jurisdiction, territory or possession thereof and any estate or trust the income of which is subject to U.S. federal income tax irrespective of its source, and within the meaning of U.S. securities laws, as defined in Rule 902(o) of Regulation S, means: (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. person; (iv) any trust of which any trustee is a U.S. person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if organized under the laws of any foreign jurisdiction, and formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts. Further, we anticipate that additional funding will be in the form of equity financing from the sale of our common stock. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding for additional phases of exploration. We currently believe that debt financing will not be an alternative for funding additional phases of exploration. We do not have any arrangements in place for any future equity financing.

There are no assurances that we will be able to achieve further sales of our common stock or any other form of additional financing. If we are unable to achieve the financing necessary to continue our plan of operations, then we will not be able to continue our exploration and our venture will fail.

Off-balance sheet arrangements

We have no off-balance sheet arrangements including arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

ITEM 3. - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not hold any derivative instruments and do not engage in any hedging activities. Most of our activity is the development and mining of our mining claim.

ITEM 4. - CONTROLS AND PROCEDURES

Our management team, under the supervision and with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of the last day of the fiscal period covered by this report, September 30, 2012. The term disclosure controls and procedures means our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and our principal financial officer concluded that, given the size of our Company and its finance department, that our disclosure controls and procedures were effective as of September 30, 2012.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ended September 30, 2012, no changes were made to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. - LEGAL PROCEEDINGS

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

ITEM 1A. - RISK FACTORS

Our business is subject to a variety of risks and uncertainties, including, but not limited to, the risks and uncertainties described below. If any of the risks described below, or elsewhere in this report on Form 10-Q, or our Company's other filings with the Securities and Exchange Commission (the "SEC"), were to occur, our financial condition and results of operations could suffer and the trading price of our common stock could decline. Additionally, if other risks not presently known to us, or that we do not currently believe to be significant, occur or become significant, our financial condition and results of operations could suffer and the trading price of our common stock could decline.

You should carefully consider the following risk factors together with the other information contained in this Interim Report on Form 10-Q, and in prior reports pursuant to the Securities Exchange Act of 1934, as amended and the Securities Act of 1933, as amended. If any of the risk factors actually occur, our business, financial condition or results of operations could be materially adversely affected. Additionally, if other risks not presently known to us, or that we do not currently believe to be significant, occur or become significant, our financial condition and results of operations could suffer and the trading price of our common stock could decline. There have been no material changes to the risk factors previously discussed in Item 1A of our Company's Form 10-K for the year ended June 30, 2012, including but not limited, to the following:

SHOULD ONE OR MORE OF THE FOREGOING RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD THE UNDERLYING ASSUMPTIONS OF OUR BUSINESS PROVE INCORRECT, ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED, BELIEVED, ESTIMATED, EXPECTED, INTENDED OR PLANNED.

The report of our independent registered public accounting firm contains explanatory language that substantial doubt exists about our ability to continue as a going concern.

The independent auditor's report on our financial statements contains explanatory language that substantial doubt exists about our ability to continue as a going concern. Due to our lack of operating history and present inability to generate revenues, we have sustained operating losses since our inception. Since our inception, up to September 30, 2012, we had accumulated net losses of $69,949,438. If we are unable to obtain sufficient financing in the near term as required or achieve profitability, then we would, in all likelihood, experience severe liquidity problems and may have to curtail our operations. If we curtail our operations, we may be placed into bankruptcy or undergo liquidation, the result of which will adversely affect the value of our common shares.

We may not have access to sufficient capital to pursue our business and therefore would be unable to achieve our planned future growth.

We intend to pursue a strategy that includes development of our Company's business plan. Currently we have limited capital, which is insufficient to pursue our plans for development and growth. Our ability to implement our Company's plans will depend primarily on our ability to obtain additional private or public equity or debt financing. Such financing may not be available, or we may be unable to locate and secure additional capital on terms and conditions that are acceptable to us. Financing exploration plans through equity financing will have a dilutive effect on our common shares. Our failure to obtain additional capital will have a material adverse effect on our business.

Our primary exploration efforts are in the African country of Madagascar, where there is uncertainty with regard to its leader's commitment to democratic elections.

Any adverse developments to the political situation in Madagascar could have a material effect on our Company's business, results of operations and financial condition. The timing of democratic elections in Madagascar remains uncertain. To date, our Company has not been placed under any constraints or experienced disruptions in our exploration efforts due to the political situation in Madagascar. Depending on future actions taken by the transitional government, our Company and its business operations could be impacted.

A roadmap, designed by the Southern African Development Community, was signed by the various political factions on September 17, 2011, a government of national unity was formed during November 2011 and the transition parliament was re-structured to include opposition members. An independent elections commission was established in April 2012. The African Union has endorsed this roadmap. This roadmap provides a path for democratic elections. However, at the date of this report, presidential elections were scheduled for May 8, 2013, while parliamentary elections and second-round presidential elections were set for July 3, 2013, as announced by the elections commission and the United Nations. The consequences of the outcome of these elections (or the failure to hold them) may adversely affect our business plan and operations.

We are actively monitoring the political climate in Madagascar and continue to hold meetings with representatives of the government and the Ministry of Mines. The transformation or amendment of exploration and research mining permits within the country continues to be suspended. Our Company has continued to pay taxes and administrative fees in Madagascar with respect to all the mining permits we hold. These payments have been acknowledged and accepted by the Madagascar government.

Our common shares have been subject to penny stock regulation in the United States of America.
Our common shares have been subject to the provisions of Section 15(g) and Rule 15g-9 of the (US) Securities Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock" rule. Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act. The Commission generally defines penny stock to be any equity security that has a market price less than US$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the Commission; issued by a registered investment company; excluded from the definition on the basis of price (at least US$5.00 per share) or the registrant's net tangible assets; or exempted from the definition by the Commission. If our common shares are deemed to be "penny stock", trading in common shares will be subject to additional sales practice requirements on broker/dealers who sell penny stock to persons other than established customers and accredited investors.

Financial Industry Regulatory Authority, Inc. ("FINRA") sales practice requirements may limit a shareholder's ability to buy and sell our common shares.
In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a client, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that client. Prior to recommending speculative low priced securities to their non-institutional clients, broker-dealers must make reasonable efforts to obtain information about the client's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some clients. FINRA requirements make it more difficult for broker-dealers to recommend that their clients buy our common shares, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

As a public company we are subject to complex legal and accounting requirements that will require us to incur significant expenses and will expose us to risk of non-compliance.
As a public company, we are subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Our relative inexperience with these requirements may increase the cost of compliance and may also increase the risk that we will fail to comply. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence, delisting of our securities and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis privately held and larger public competitors.

Compliance with changing regulation of corporate governance and public disclosure will result in additional expenses and pose challenges for our management.
Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform, Consumer Protection Act, Jumpstart our Business Startups Act of 2012, and the rules and regulations promulgated thereunder, the Sarbanes-Oxley Act and SEC regulations, have created uncertainty for public companies and significantly increased the costs and risks associated with accessing the U.S. public markets. Our management team will need to devote significant time and financial resources to comply with both existing and evolving

standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

Because we are quoted on the OTCBB and the OTCQB instead of a national securities exchange in the United States, our U.S. investors may have more difficulty selling their stock or experience negative volatility on the market price of our stock in the United States.
In the United States, our common shares are quoted on the OTCBB and the OTCQB. The OTCBB and the OTCQB can be highly illiquid, in part because they do not have a national quotation system by which potential investors can follow the market price of shares except through information received and generated by a limited number of broker-dealers that make markets in particular stocks. There is a greater chance of volatility for securities that trade on the OTCBB or the OTCQB as compared to a national securities exchange in the United States, such as the New York Stock Exchange, the NASDAQ Stock Market or the NYSE MKT. This volatility may be caused by a variety of factors, including the lack of readily available price quotations, the absence of consistent administrative supervision of bid and ask quotations, lower trading volume, and market conditions. U.S. investors in our common shares may experience high fluctuations in the market price and volume of the trading market for our securities. These fluctuations, when they occur, have a negative effect on the market price for our common shares. Accordingly, our U.S. shareholders may not be able to realize a fair price from their shares when they determine to sell them or may have to hold them for a substantial period of time until the market for our common shares improves.

In addition to being quoted on the OTCBB and the OTCQB, on June 16, 2011, our common shares commenced trading on the Toronto Stock Exchange ("TSX"), Canada's national stock exchange, under the symbol EGZ. From May 5, 2010 to June 15, 2011, our common shares traded on the TSX – Venture Exchange. Our common shares are also listed on the Frankfurt Exchange under the symbol YE5.

The price at which you purchase our common shares may not be indicative of the price that will prevail in the trading market. You may be unable to sell your common shares at or above your purchase price, which may result in substantial losses to you. The market price for our common shares is particularly volatile given our status as a relatively unknown company with a small and thinly traded public float, limited operating history and lack of profits which could lead to wide fluctuations in our share price.
The market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer. The volatility in our share price is attributable to a number of factors. First our common shares, at times, are thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Second, we are a speculative or "risky" investment due to our limited operating history, lack of profits to date and uncertainty of future market acceptance for our potential products. As a consequence, more risk-adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our common shares, regardless of our performance. We cannot make any predictions as to what the prevailing market price for our common shares will be at any time or as to what effect that the sale of shares or the availability of common shares for sale at any time will have on the prevailing market price.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

Volatility in our common share price may subject us to securities litigation, thereby diverting our resources that

may have a material effect on our profitability and results of operations.
The market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. This type of litigation could result in substantial costs and could divert management's attention and resources.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") could have a material adverse effect on our business & operating results.
If we fail to comply with the requirements of Section 404 of the Sarbanes-Oxley Act regarding internal control over financial reporting or to remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our common shares.

Pursuant to Section 404 of the Sarbanes-Oxley Act and current SEC regulations, we are required to prepare assessments regarding internal controls over financial reporting. In connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover "material weaknesses" in our internal controls as defined in standards established by the Public Company Accounting Oversight Board, or the PCAOB. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The PCAOB defines "significant deficiency" as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected.

In the event that a material weakness is identified, we will employ qualified personnel and adopt and implement policies and procedures to address any material weaknesses that we identify. However, the process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that the measures we will take will remediate any material weaknesses that we may identify or that we will implement and maintain adequate controls over our financial process and reporting in the future.

Any failure to complete our assessment of our internal control over financial reporting, to remediate any material weaknesses that we may identify or to implement new controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could adversely affect the results of the management evaluations of our internal controls. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common shares.

Should we lose the services of our key executives, our financial condition and proposed expansion may be negatively impacted.
We depend on the continued contributions of our executive officers to work effectively as a team, to execute our business strategy and to manage our business. The loss of key personnel, or their failure to work effectively, could have a material adverse effect on our business, financial condition, and results of operations. Specifically, we rely on J.A. Kirk McKinnon, our Chief Executive Officer, and Richard E. Schler, our Executive Vice-President, Craig Scherba, our newly appointed President and Chief Operating Officer and Peter D. Liabotis, our newly appointed Chief Financial Officer. We do not maintain key man life insurance on these individuals. Should we lose any or all of their services and we are unable to replace their services with equally competent and experienced personnel, our operational goals and strategies may be adversely affected, which will negatively affect our potential revenues.

Minnesota law and our articles of incorporation protect our directors from certain types of lawsuits, which could make it difficult for us to recover damages from them in the event of a lawsuit.
Minnesota law provides that our directors will not be liable to our Company or to our stockholders for monetary damages for all but certain types of conduct as directors. Our articles of incorporation require us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require our Company to use its assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

We have not identified any mineral reserves or resources and due to the speculative nature of mineral property exploration, there is substantial risk that no commercially exploitable minerals will be found and our business will fail.
Exploration for minerals is a speculative venture involving substantial risk. We cannot provide investors with any assurance that our claims and properties contain commercially exploitable reserves. The exploration work that we intend to conduct on our claims or properties may not result in the discovery of commercial quantities of graphite, vanadium, gold, uranium, or other minerals. Problems such as unusual and unexpected rock formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

We are a mineral exploration company with a limited operating history and expect to incur operating losses for the foreseeable future.
We are a mineral exploration company. We have not earned any revenues and we have not been profitable. Prior to completing exploration on our claims, we may incur increased operating expenses without realizing any revenues. There are numerous difficulties normally encountered by mineral exploration companies, and these companies experience a high rate of failure. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. We have no history upon which to base any assumption as to the likelihood that our business will prove successful, and we can provide no assurance to investors that we will generate any operating revenues or ever achieve profitable operations.

Because of the speculative nature of mineral property exploration, there is substantial risk that no commercially exploitable minerals will be found and our business will fail.
Exploration for minerals is a speculative venture involving substantial risk. We cannot provide investors with any assurance that our claims and properties contain commercially exploitable reserves. The exploration work that we intend to conduct on our claims or properties may not result in the discovery of commercial quantities of graphite, vanadium, gold, uranium or other minerals. Problems such as unusual and unexpected rock formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

Because of the inherent dangers involved in mineral exploration, there is a risk that we may incur liability or damages as we conduct our business.
The search for valuable minerals involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot, or may elect not, to insure against. We currently have no such insurance, but our management intends to periodically review the availability of commercially reasonable insurance coverage. If a hazard were to occur, the costs of rectifying the hazard may exceed our asset value and cause us to liquidate all our assets.

If we confirm commercial concentrations of graphite, vanadium, gold, uranium or other minerals on our claims and interests, we can provide no assurance that we will be able to successfully bring those claims or interests into commercial production.
If our exploration programs are successful in confirming deposits of commercial tonnage and grade, we will require significant additional funds in order to place the claims and interests into commercial production. This may occur for a number of reasons, including because of regulatory or permitting difficulties, because we are unable to obtain any adequate funds or because we cannot obtain such funds on terms that we consider economically feasible.

Because access to most of our properties is often restricted by inclement weather or proper infrastructure, our exploration programs are likely to experience delays.
Access to most of the properties underlying our claims and interests is restricted due to their remote locations and because of weather conditions. Most of these properties are only accessible by air. As a result, any attempts to visit, test, or explore the property are generally limited to those periods when weather permits such activities. These limitations can result in significant delays in exploration efforts, as well as mining and production efforts in the event that commercial amounts of minerals are found. This could cause our business to fail.

As we undertake exploration of our claims and interests, we will be subject to the compliance of government regulation that may increase the anticipated time and cost of our exploration program.
There are several governmental regulations that materially restrict the exploration of minerals. We will be subject to the mining laws and regulations in force in the jurisdictions where our claims are located, and these laws and regulations

may change over time. In order to comply with these regulations, we may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to land. While our planned budget for exploration programs includes a contingency for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration program, or that our budgeted amounts are inadequate.

Our operations are subject to strict environmental regulations, which result in added costs of operations and operational delays.
Our operations are subject to environmental regulations, which could result in additional costs and operational delays. All phases of our operations are subject to environmental regulation. Environmental legislation is evolving in some countries and jurisdictions in a manner that may require stricter standards, and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that any future changes in environmental regulation will not negatively affect our projects.

We have no insurance for environmental problems.
Insurance against environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production, has not been available generally in the mining industry. We have no insurance coverage for most environmental risks. In the event of a problem, the payment of environmental liabilities and costs would reduce the funds available to us for future operations. If we are unable to fund fully the cost of remedying an environmental problem, we might be required to enter into an interim compliance measure pending completion of the required remedy.

We do not intend to pay dividends.
We do not anticipate paying cash dividends on our common shares in the foreseeable future. We may not have sufficient funds to legally pay dividends. Even if funds are legally available to pay dividends, we may nevertheless decide in our sole discretion not to pay dividends. The declaration, payment and amount of any future dividends will be made at the discretion of our board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors our board of directors may consider relevant. There is no assurance that we will pay any dividends in the future, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

Due to external market factors in the mining business, we may not be able to market any minerals that may be found.
The mining industry, in general, is intensely competitive. Even if commercial quantities of minerals are discovered, we can provide no assurance to investors that a ready market will exist for the sale of these minerals. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, mineral importing and exporting and environmental protection. The exact effect of these factors cannot be accurately predicted, but any combination of these factors may result in our not receiving an adequate return on invested capital.

Our performance may be subject to fluctuations in market prices of graphite, vanadium, gold, uranium, and other minerals.
The profitability of a mineral exploration project could be significantly affected by changes in the market price of the relevant minerals. Market prices of graphite have increased over the past several months due to possible new applications. The price of vanadium has increased due to the markets in China as well as the expanded uses including large-scale power storage application. The price of gold has fallen slightly after recently reaching record highs. Demand for gold can also be influenced by economic conditions, attractiveness as an investment vehicle and the relative strength of the U.S. dollar and local investment currencies. The market price of uranium has increased due in large measure to projections as to the number of new nuclear energy plants that will be constructed in China, the United States and other jurisdictions. A number of other factors affect the market prices for other minerals. The aggregate effect of the factors affecting the prices of various minerals is impossible to predict with accuracy. Fluctuations in mineral prices may adversely affect the value of any mineral discoveries made on the properties with which we are involved, which may in turn affect the market price and liquidity of our common shares and our ability to pursue and implement our business plan. In addition, the price of both graphite and vanadium can fluctuate significantly on a month-to-month and year-to-year basis.

Because from time to time we hold a significant portion of our cash reserves in Canadian dollars, we may

experience losses due to foreign exchange translations.
From time to time we hold a significant portion of our cash reserves in Canadian dollars. Due to foreign exchange rate fluctuations, the value of these Canadian dollar reserves can result in translation gains or losses in U.S. dollar terms. If there was a significant decline in the Canadian dollar versus the U.S. dollar, our converted Canadian dollar cash balances presented in U.S. dollars on our balance sheet would significantly decline. If the US dollar significantly declines relative to the Canadian dollar our quoted US dollar cash position would significantly decline as it would be more expensive in US dollar terms to pay Canadian dollar expenses. We have not entered into derivative instruments to offset the impact of foreign exchange fluctuations.

Our Company's business is impacted by any instability and fluctuations in global financial systems.
The recent credit crisis and related instability in the global financial system, although somewhat abated, has had, and may continue to have, an impact on our Company's business and our Company's financial condition. Our Company may face significant challenges if conditions in the financial markets do not continue to improve. Our Company's ability to access the capital markets may be severely restricted at a time when our Company wishes or needs to access such markets, which could have a materially adverse impact on our Company's flexibility to react to changing economic and business conditions or carry on our operations.

Until we can validate otherwise, the properties described below have no known mineral reserves of any kind and we are planning programs that are exploratory in nature.
Further details regarding our Company's properties, although not incorporated by reference, including the comprehensive geological report prepared in compliance with Canada's National Instrument 43-101 on the Sagar Property in Northern Québec and on the Green Giant Property in Madagascar, have been filed within our Company's filings on Sedar at http://www.sedar.com (which website is expressly not incorporated by reference into this filing).

Climate change and related regulatory responses may impact our business.
Climate change as a result of emissions of greenhouse gases is a significant topic of discussion and may generate government regulatory responses in the near future. It is impracticable to predict with any certainty the impact of climate change on our business or the regulatory responses to it, although we recognize that they could be significant. However, it is too soon for us to predict with any certainty the ultimate impact, either directionally or quantitatively, of climate change and related regulatory responses.

To the extent that climate change increases the risk of natural disasters or other disruptive events in the areas in which we operate, we could be harmed. While we maintain rudimentary business recovery plans that are intended to allow us to recover from natural disasters or other events that can be disruptive to our business, our plans may not fully protect us from all such disasters or events.

The current financial environment may have impacts on our business and financial condition that we cannot predict.
The continued instability in the global financial system and related limitation on availability of credit may continue to have an impact on our business and our financial condition, and we may continue to face challenges if conditions in the financial markets do not improve. Our ability to access the capital markets has been restricted as a result of the economic downturn and related financial market conditions and may be restricted in the future when we would like, or need, to raise capital. The difficult financial environment may also limit the number of prospects for potential joint venture, asset monetization or other capital raising transactions that we may pursue in the future or reduce the values we are able to realize in those transactions, making these transactions uneconomic or difficult to consummate.

SHOULD ONE OR MORE OF THE FOREGOING RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD THE UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED, BELIEVED, ESTIMATED, EXPECTED, INTENDED OR PLANNED.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS
For the period from July 1, 2011 through September 30, 2012, our Company issued the following unregistered securities:

On December 16, 2011 our Company issued 7,500,000 of our common shares valued at $1,350,000 as consideration for the Joint Venture Agreement with Malagasy Minerals Ltd.

On March 4, 2012, $69,000 was raised through the exercise of 460,000 stock options at $0.15 per share.

On March 25, 2012, the Company closed a private placement with DRA whereby the Company raised a total of $635,000 by issuing 2,540,000 of our common shares at $0.25 per share.

During July 2012, $105,000 was raised through the exercise of 700,000 stock options at $0.15 per share.

On July 13, 2012, we issued 1,695,000 stock options to directors, officers and consultants of the Company.

The offer and sale of all shares of our common shares and warrants listed above were affected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Regulation S promulgated under the Securities Act. The Investor acknowledged the following: Subscriber is not a United States Person, nor is the Subscriber acquiring the shares of our common stock and warrants directly or indirectly for the account or benefit of a United States Person. None of the funds used by the Subscriber to purchase the shares of our common stock and warrants have been obtained from United States Persons. For purposes of this Agreement, "United States Person" within the meaning of U.S. tax laws, means a citizen or resident of the United States, any former U.S. citizen subject to Section 877 of the Internal Revenue Code, any corporation, or partnership organized or existing under the laws of the United States of America or any state, jurisdiction, territory or possession thereof and any estate or trust the income of which is subject to U.S. federal income tax irrespective of its source, and within the meaning of U.S. securities laws, as defined in Rule 902(o) of Regulation S, means: (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. person; (iv) any trust of which any trustee is a U.S. person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if organized under the laws of any foreign jurisdiction, and formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts. Further, we anticipate that additional funding will be in the form of equity financing from the sale of our common stock. However, we cannot provide investors with any assurance that we will be able to raise sufficient funding for additional phases of exploration. We currently believe that debt financing will not be an alternative for funding additional phases of exploration. We do not have any arrangements in place for any future equity financing.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There were no defaults upon senior securities during the period ended September 30, 2012.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

There is no information with respect to which information is not otherwise called for by this form.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Commission. Our Commission filings are available to the public over the Internet at the Commission's website at http://www.sec.gov. The public may also read and copy any document we file with the Commission at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, on official business days during the hours of 10:00 am to 3:00 pm. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. We maintain a website at http://www.energizerresources.com, (which website is expressly not incorporated by reference into this filing). Information contained on our website is not part of this report on Form 10-Q.