
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended June 30, 2012

**[] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 000-51151

ENERGIZER RESOURCES INC.

(Name of small business issuer as specified in its charter)

Minnesota

20-0803515

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

520 – 141 Adelaide Street West, Toronto, Ontario, Canada M5H 3L5

(Address of principal executive offices)

(416) 364-4911

(Issuer's telephone number)

(Former name or former address, if changed since last report)

Securities Registered under Section 12(b) of the Exchange Act:
None

Securities Registered Under Section 12(g) of the Exchange Act:
Common Stock, \$0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or

information statements incorporated by reference in Part III of this Form 10K or any amendment to this Form 10-K or any amendment to this Form 10-K. ☒]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$26,128,520.

The number of shares outstanding of the registrant's Common Stock, par value \$0.01 per share (the "Common Stock"), as of September 21, 2012, was 157,447,178.

Documents Incorporated By Reference: None



Energizer Resources Inc.

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FORWARD-LOOKING STATEMENTS

This Annual Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA") regarding management's plans and objectives for future operations including plans and objectives relating to our planned marketing efforts and future economic performance. The forward-looking statements and associated risks set forth in this Annual Report include or relate to, among other things, (a) our growth strategies, (b) anticipated trends in the mining industry, (c) our ability to obtain and retain sufficient capital for future operations, and (d) our anticipated needs for working capital. These statements may be found under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Business,". Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors". In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this report will in fact occur.

The forward-looking statements herein are based on current expectations that involve a number of risks and uncertainties. Such forward-looking statements are based on assumptions described herein. The assumptions are based on judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Accordingly, although we believe that the assumptions underlying the forward-looking statements are reasonable, any such assumption could prove to be inaccurate and therefore there can be no assurance that the results contemplated in forward-looking statements will be realized. In addition, as disclosed in "Risk Factors", there are a number of other risks inherent in our business and operations, which could cause our operating results to vary markedly, and adversely from prior results or the results contemplated by the forward-looking statements. Management decisions, including budgeting, are subjective in many respects and periodic revisions must be made to reflect actual conditions and business developments, the impact of which may cause us to alter marketing, capital investment and other expenditures, which may also materially adversely affect our results of operations. In light of significant uncertainties inherent in the forward-looking information included in the report statement, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved.

Any statement in this report that is not a statement of an historical fact constitutes a "forward-looking statement". Further, when we use the words "may", "expect", "anticipate", "plan", "believe", "seek", "estimate", "internal", and similar words, we intend to identify statements and expressions that may be forward-looking statements. We believe it is important to communicate certain of our expectations to our investors. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions that could cause our future results to differ materially from those expressed in any forward-looking statements. Many factors are beyond our ability to control or predict. You are accordingly cautioned not to place undue reliance on such forward-looking statements. Important factors that may cause our actual results to differ from such forward-looking statements include, but are not limited to, the risks outlined under "Risk Factors" herein. The reader is cautioned that our Company does not have a policy of updating or revising forward-looking statements and thus the reader should not assume that silence by management of our Company over time means that actual events are bearing out as estimated in such forward-looking statements.

All references to "dollars", "\$" or "US\$" are to United States dollars and all references to "CAD\$" are to Canadian dollars. United States dollar equivalents of Canadian dollar figures are based on the noon exchange rate as reported by the Bank of Canada on the applicable date. All references to "common shares" refer to the common shares in our capital stock.

PART 1

FINANCIAL INFORMATION

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.

ITEM 1. DESCRIPTION OF BUSINESS

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\$5,000.

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 an equity financing, 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

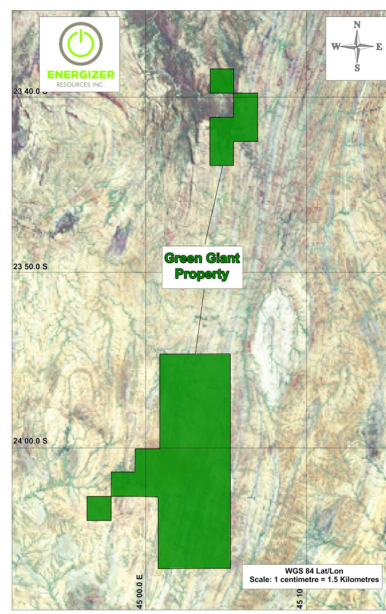
As of June 30, 2012, we had 6 total employees and 6 full-time employees. In addition to our full time employees, we engage consultants to serve several important managerial and non-managerial functions for us including serving as officers and to performing professional, geological and administrative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

MADAGASCAR PROPERTIES



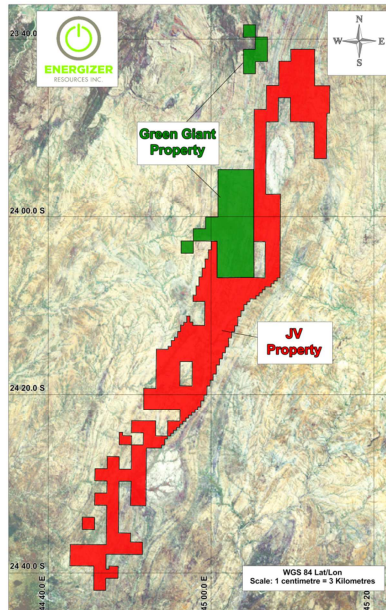
Green Giant Property Description and Location

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 defined 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 stratigraphic 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% V₂O₅ 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:

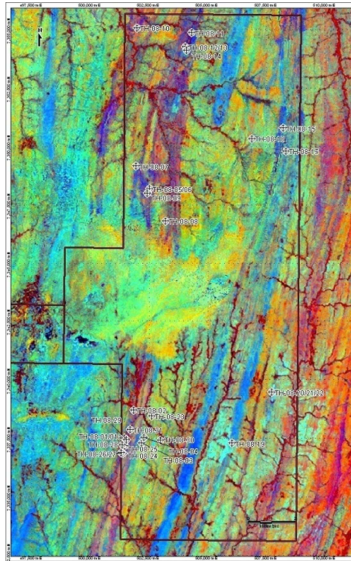
- Diamond drilling of 20 holes over 2,842 metres
- Prospecting over selected target areas
- EM31 ground geophysical survey over selected target areas (160.5 km)

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.



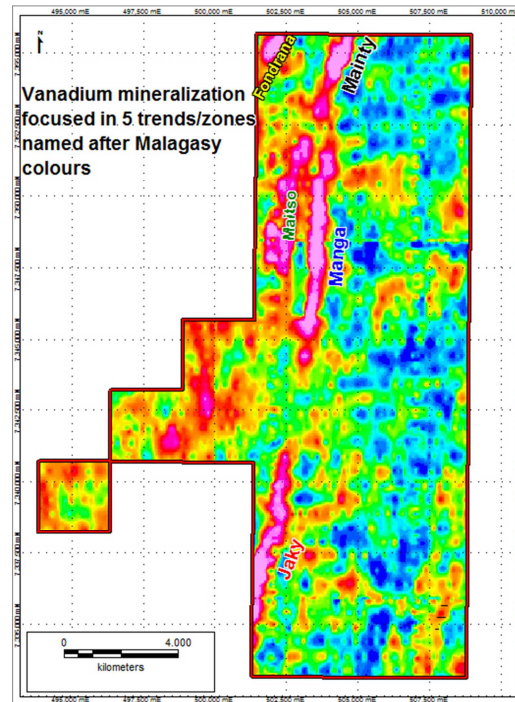
Composited Vanadium Mineralization in 2008 Drill Holes

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
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

Hole	Depth in Metres			V2O5
	From	To	Interval	%
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% V₂O₅

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 AGP Mining Consultants (“AGP”), 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:

<u>INTERVAL</u>					<u>INCLUDING</u>			
<u>Hole ID</u>	<u>V205 Grade</u>	<u>From (m)</u>	<u>To (m)</u>	<u>Interval (m)</u>	<u>V205</u>	<u>From (m)</u>	<u>To (m)</u>	<u>Interval (m)</u>
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	-	-	-	-

<u>INTERVAL</u>					<u>INCLUDING</u>			
<u>Hole ID</u>	<u>V205 Grade</u>	<u>From (m)</u>	<u>To (m)</u>	<u>Interval (m)</u>	<u>V205</u>	<u>From (m)</u>	<u>To (m)</u>	<u>Interval (m)</u>
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
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

INTERVAL					INCLUDING			
Hole ID	V205 Grade	From (m)	To (m)	Interval (m)	V205	From (m)	To (m)	Interval (m)
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 AGP 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 ₂ O ₅ Extraction	Roasting	Grind K ₈₀	Feed % Solids	Na ₂ CO ₃ Kg/t	Na ₂ CO ₃ g/L	°C	Hours
10	80.6	Pre-roast – 1,000 °C / 3 h	105	10	n/r	100	240	4
11	82.0	Pre-roast – 1,100 °C / 3 h	105	10	n/r	100	240	4
18	75.3	Pre-roast – 1,000 °C / 3 h	105	10	147	50	220	4
20	64.0	Pre-roast – 1,100 °C / 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, AGP 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% V₂O₅. 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% V₂O₅ 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% V₂O₅, containing 756.3 Mlb of vanadium pentoxide. The total Inferred resource is 9.7 Mt at a grade of 0.632% V₂O₅, 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 AGP 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

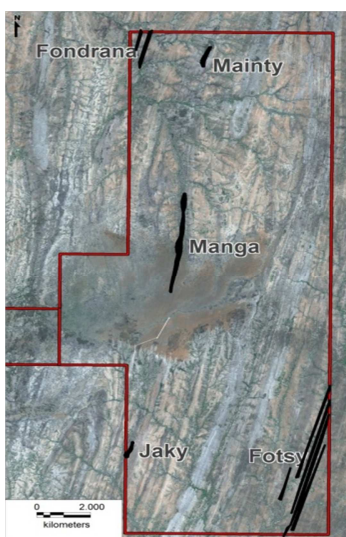
The mineralization delineated in our NI43-101 compliant vanadium resource was found in two types of rocks, silicates and oxides. Petrographic descriptions undertaken on thin sections of selected rocks submitted for metallurgical analysis to Mintek labs of South Africa, identified 17.17% modal graphite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

Three additional composite samples were submitted to Mintek at the conclusion of the 2010 exploration program. The QEMSCAN¹ 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%.

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 by Mintek using LECO CS200 and Eltra CS2000 analyzers.

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.



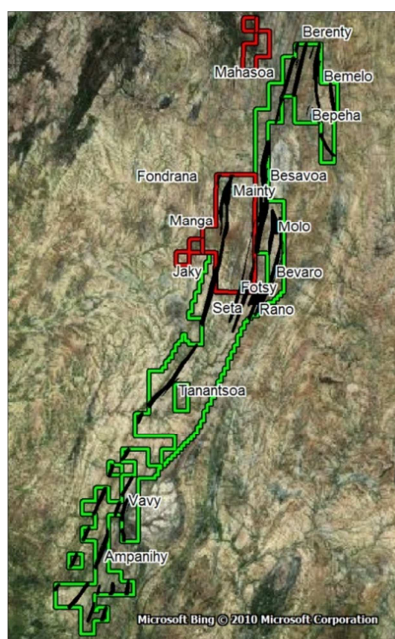
2011 Phase II Exploration

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

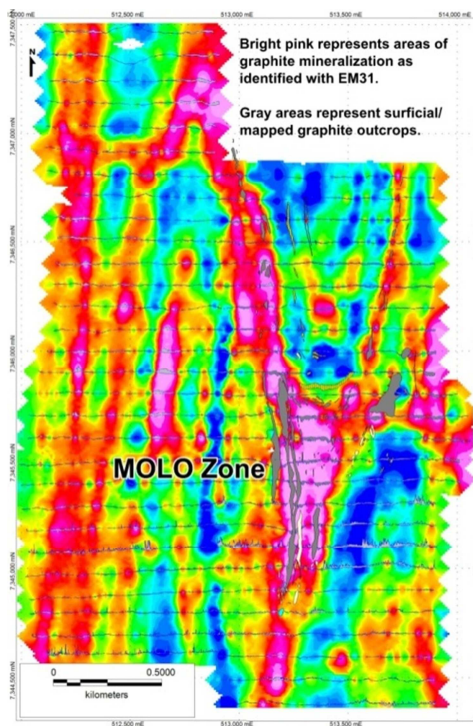
Field observations indicated that each graphitic zone identified was comprised of multiple ‘stacked’ graphitic horizons. This observation was validated by surveying a number of the zones in detail with an EM31 ground conductivity instrumentation. In total, 160.5 line kilometres of EM31 surveying was 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

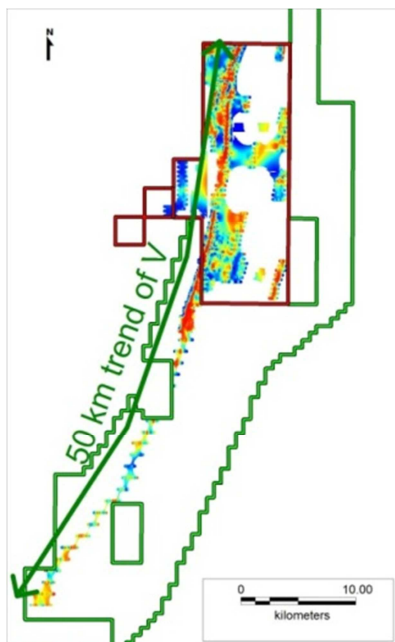
Our outside geoscientists have identified a graphitic zone consisting of multi-folded graphitic strata with a surficially exposed strike length of over 2 kilometres. This zone, called Molo, is characterized by resistant ridges of graphitic schist, and abundant graphitic schist float, with fracture-lined vanadium mineralization yielding field XRF values as high as 0.7% V₂O₅. 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 Mintek, 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 Activation 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)

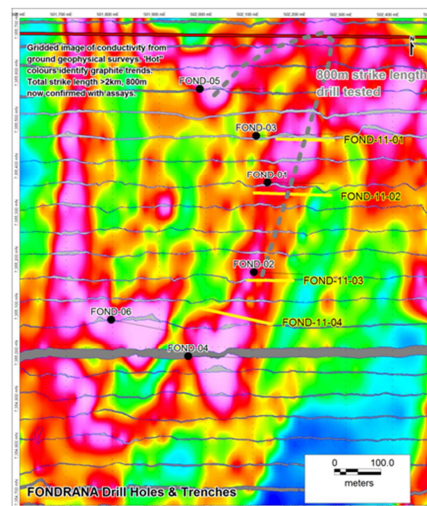
Fondrana Zone (Green Giant Property)

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

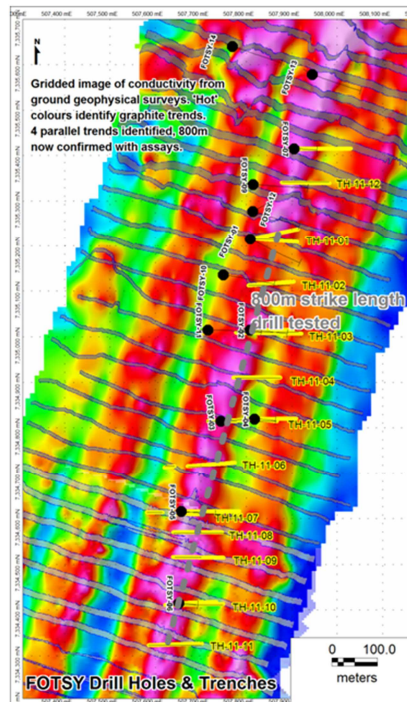
During the 2011 program (Phase II) an EM-31 geophysical survey was conducted over an area known to have significant outcrops with very notable graphitic content. The survey outlined a zone length of over 800 metres, with an aggregate EM-31 measured strike length of 3 kilometres. This, along with the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

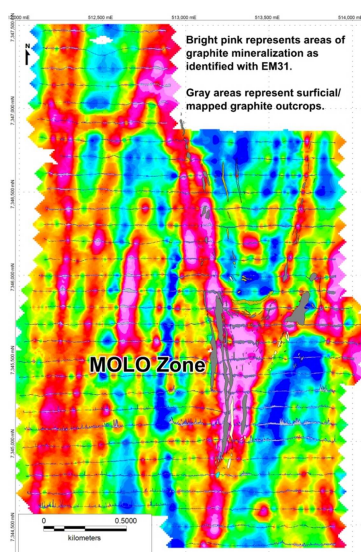
Highlights of Phase I drilling the Fotsy Zone include:

- 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 (Mintek) or Canada (Activation Labs) for ICP-MS analysis.

<u>Area</u>	<u>Trench ID</u>	<u>UTMX</u>	<u>UTMY</u>	<u>UTMX</u>	<u>UTMY</u>	<u>Az</u>	<u>Length</u>
		<u>West</u>	<u>West</u>	<u>East</u>	<u>East</u>		<u>(m)</u>
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

<u>Area</u>	<u>Trench ID</u>	<u>UTMX</u>	<u>UTMY</u>	<u>UTMX</u>	<u>UTMY</u>	<u>Az</u>	<u>Length</u>
		<u>West</u>	<u>West</u>	<u>East</u>	<u>East</u>		<u>(m)</u>
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
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

Trench	From (m)	To (m)	C (%)	Interval (m)
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

The Company's 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, the Company selected the Molo Deposit to be brought to mine development. The Company intends to expedite this process and, while no assurances can be provided, the Company is 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.

The Company is 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, the DRA Group 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 the Company 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 - two features that give the Molo a unique topographical signature not found in most deposits. The Company believes 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 the 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	23/05/2012
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

DDH I.D.	Easting	Northing	AZ	DIP	Depth (m)	ELEV	START DATE	FINISH DATE
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
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

The Company has received assay results from 18 (of 41) drill holes, and 10 (of 18) trenches completed over the Molo deposit in 2012. This dataset confirms that the Molo deposit has a very large footprint.

The 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 m². 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	31.3	452.65	421.3	0.0612
MOLO-12-02	19	56.5	37.5	0.0611
MOLO-12-03	1.2	291.3	290.1	0.0608
MOLO-12-04	0.8	221	220.2	5.42
MOLO-12-05	10.5	163.6	153.1	6.01
MOLO-12-06	0.5	362	361.5	5.60
MOLO-12-07	1.5	293.5	292	6.48
MOLO-12-08	1.2	212	210.8	6.45
MOLO-12-09	0.2	137	136.8	6.83
MOLO-12-10	71	278	207	6.55
MOLO-12-11	0.64	97.45	96.81	6.9
MOLO-12-11	129.3	221	91.7	5.68
MOLO-12-12	0.5	24.5	24	5.18
MOLO-12-12	80	137	57	6.56
MOLO-12-13	0.77	69.5	68.73	6.3
MOLO-12-14	35.09	128	92.91	5.44
MOLO-12-14	166	250	84	5.43
MOLO-12-15	0.87	159	158.13	5.1
MOLO-12-17	96	170	74	6.49
MOLO-12-18	7.5	118.5	111	6.39
MOLO-12-20	58.2	188.5	130.3	7.08

Trench	From (m)	To (m)	Length (m)	C%
MOLO-TH-12-01	10	335	325	0.0635
MOLO-TH-12-02	2.5	361	358.5	0.0621
MOLO-TH-12-03	5	418	413	7.20
MOLO-TH-12-04	2	119	117	6.64
MOLO-TH-12-05	22	90	68	6.73
MOLO-TH-12-06	52	118	66	7.49
MOLO-TH-12-07	37	138	101	6.45
MOLO-TH-12-08	86	140	54	7.45
MOLO-TH-12-08	186	296	110	6.70
MOLO-TH-12-09	22	130	108	6.02
MOLO-TH-12-09	166	220	54	8.79

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, the DRA Group 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 the Company proceeds with project development.

SAGAR PROPERTY



Property Description and Location

The Sagor 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 Ressources 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 Sagor 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.

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-K, 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 Annual Report on Form 10-K, and in prior reports pursuant to the Securities Exchange Act of 1934, as amended and the Securities Act of 1933, as amended. Our risk factors, including but not limited to the risk factors listed below, are as follows:

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 June 30, 2012, we had accumulated net losses of \$67,249,393. 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 granting, 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 and Consumer Protection Act 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.

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the Jumpstart our Business Startups Act of 2012 or JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. In addition,

Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. An "emerging growth company" can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We will incur increased costs and demands upon management as a result of complying with the laws and regulations that affect public companies, which could materially adversely affect our results of operations, financial condition, business and prospects.

As a public company and particularly after we cease to be an "emerging growth company," we will incur significant legal, accounting and other expenses that we have not incurred to date, including increased costs associated with public company reporting and corporate governance requirements. These requirements include compliance with Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as rules implemented by the SEC. The increased costs associated with operating as a public company will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business. Additionally, if these requirements divert our management's attention from other business concerns, they could have a material adverse effect on our results of operations, financial condition, business and prospects. However, for as long as we remain an "emerging growth company" as defined in the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an "emerging growth company." If the market value of our common stock that is held by non-affiliates exceeds \$700 million as of any June 30, we would cease to be an "emerging growth company" as of the following June 30, or if we issue more than \$1 billion in non-convertible debt in a three-year period, we would cease to be an "emerging growth company" immediately.

Because we are quoted on 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 OTCQB. The OTCQB can be highly illiquid, in part because it does 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 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 Amex. 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 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.

We will incur increased costs and demands upon management as a result of complying with the laws and regulations that affect public companies, which could materially adversely affect our results of operations, financial condition, business and prospects.

As a public company and particularly after we cease to be an “emerging growth company,” we will incur significant legal, accounting and other expenses that we have not incurred to date, including increased costs associated with public company reporting and corporate governance requirements. These requirements include compliance with Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as rules implemented by the SEC. The increased costs associated with operating as a public company will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business. Additionally, if these requirements divert our management’s attention from other business concerns, they could have a material adverse effect on our results of operations, financial condition, business and prospects. However, for as long as we remain an “emerging growth company” as defined in the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an “emerging growth company.” If the market value of our common stock that is held by non-affiliates exceeds \$700 million as of any June 30, we would cease to be an “emerging growth company” as of the following June 30, or if we issue more than \$1 billion in non-convertible debt in a three-year period, we would cease to be an “emerging growth company” immediately.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. – DESCRIPTION OF PROPERTY

The Company’s executive offices are currently located at 520–141 Adelaide Street West, Toronto, Ontario, Canada M5H 3L5. These offices are leased on a month-to-month basis, and the Company’s monthly rental payments are approximately CAD\$5,000.

ITEM 3. - 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 4. – MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

As of September 21, 2012, there were 157,447,178 common shares issued and outstanding and 66,609,695 common shares underlying outstanding options and warrants to purchase, or securities convertible into, our common shares. Our common shares are quoted on the OTCQB under the symbol "ENZR", the TSX under the symbol "EGZ" and the Frankfurt Stock Exchange under the symbol "YE5". On September 20, 2012 the last reported sale price for our common shares on the OTCQB and TSX was US\$0.37 and CAD\$0.36 per share, respectively. The table below sets forth the high and low closing sale prices of our common shares for the fiscal quarters indicated as reported on the OTCQB and TSX. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

	OTCBB (US\$)		TSX / TSX-V (CDN\$)	
Period	High	Low	High	Low
Fiscal year ended June 30, 2013				
First quarter ended September 30, 2012 (through September 20, 2012)	\$0.41	\$0.27	\$0.39	\$0.27
Fiscal year ended June 30, 2012				
First quarter ended September 30, 2011	\$0.36	\$0.18	\$0.34	\$0.17
Second quarter ended December 31, 2011	\$0.26	\$0.15	\$0.23	\$0.15
Third quarter ended March 31, 2012	\$0.44	\$0.17	\$0.43	\$0.165
Fourth quarter ended June 30, 2012	\$0.48	\$0.22	\$0.48	\$0.22
Fiscal year ended June 30, 2011				
First quarter ended September 30, 2010	\$0.33	\$0.18	\$0.34	\$0.185
Second quarter ended December 31, 2010	\$0.50	\$0.195	\$0.51	\$0.20
Third quarter ended March 31, 2011	\$0.585	\$0.39	\$0.63	\$0.38
Fourth quarter ended June 30, 2011	\$0.45	\$0.30	\$0.42	\$0.285
Fiscal year ended June 30, 2010				
First quarter ended September 30, 2009	\$0.68	\$0.14	N/A	N/A
Second quarter ended December 31, 2009	\$0.64	\$0.39	N/A	N/A
Third quarter ended March 31, 2010	\$0.48	\$0.29	N/A	N/A
Fourth quarter ended June 30, 2010	\$0.45	\$0.20	\$0.49	\$0.22

Our common shares commenced trading on the TSX-V on May 5, 2010. Our common shares ceased trading on the TSX-V and commenced trading on the TSX on June 16, 2011.

Holders

As of September 21, 2012, there were approximately 2,500 holders of record of common shares.

Dividends

We have never declared any cash dividends with respect to our common shares. Future payment of dividends is within 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. Although there are no material restrictions limiting, or that are likely to limit, our ability to pay dividends on our common shares, we presently intend to retain future earnings, if any, for use in our business and have no present intention to pay cash dividends on our common shares.

Equity Compensation Plan Information

The following table sets forth information as of June 30, 2012 for (i) all compensation plans previously approved by the Company's security holders and (ii) all compensation plans not previously approved by the Company's security holders. Options reported below were issued under the Company's amended 2006 Stock Option Plan.

On April 21, 2009, the Company re-priced the 7,630,000 outstanding common stock purchase options by amending the exercise price ranging between \$0.55 to \$0.85 per share to \$0.15 per share.

Plan Category	Number of securities to be issued upon exercise of outstanding options, and warrants	Weighted-average exercise price of outstanding options and warrants	Number of securities remaining available for future under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	--	--	--
Equity compensation plans not approved by security holders	7,630,000	\$0.15	5,080,000

Recent Issuances of Unregistered Securities

From July 1, 2010 to June 30, 2012, the Company issued the following unregistered securities:

On July 2, 2010, the Company issued 500,000 common share purchase warrants valued at \$78,100 to a company who assisted us in listing on the TSX Venture Exchange. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.54%; expected volatility – 172%; dividend yield – NIL; and expected life – 4 years.

On October 21, 2010, the Company issued 1,100,000 common stock purchase options to a director of the Company valued at \$237,710. The common stock purchase options, which vested immediately, were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.54%; expected volatility – 172%; dividend yield – NIL; and expected life – 4 years.

On December 17, 2010, the Company issued 200,000 shares of common stock valued at \$90,000 pursuant to a contract with a party to provide advisory services in China.

During January and February 2011, the Company closed a private placement of 30,936,654 units for gross proceeds of \$13,921,495. Each unit consisted of one common share and one half of one common share purchase warrant. Each of the 15,468,327 warrants issued can be used to purchase one common share at an exercise price of \$0.75 for two years from the date of issue. In connection with the private placement, the Company paid \$704,115, TSX-V fees of \$38,411 and 1,564,700 compensation warrants. The compensation warrant entitles the holder to acquire one unit at \$0.45 per unit and expires on February 25, 2013.

During the year ended June 30, 2011, the Company issued 4,549,500 shares of common stock for consideration of \$886,500. The shares were issued pursuant to the exercise of several common share purchase warrants.

On July 1, 2011, the Company issued 5,175,000 common stock purchase options to directors, officers and consultants of the Company valued at \$1,364,648. The common stock purchase options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.95%; expected volatility – 137%; dividend yield – NIL; and expected life – 5 years. These common stock purchase options vested on the grant date.

On October 24, 2011, the Company issued 1,850,000 common stock purchase options to directors, officers and consultants of the Company valued at \$321,530. The common stock purchase options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.60%; expected volatility – 133%; dividend yield – NIL; and expected life – 5 years. These common stock purchase options vested on the grant date.

On December 16, 2011, the Company issued 2,365,000 common stock purchase options to directors, officers and consultants of the Company valued at \$431,613. The common stock purchase options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.60%; expected volatility – 133%; dividend yield – NIL; and expected life – 5 years. These common stock purchase options vested on the grant date.

On December 16, 2011, the Company 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, the Company issued 460,000 shares of common stock for consideration of \$69,000. The shares were issued pursuant to the exercise of common stock purchase options.

On March 7, 2012, the Company issued 6,275,000 common stock purchase options to directors, officers and consultants of the Company valued at \$1,513,530. The common stock purchase options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.00%; expected volatility – 131%; dividend yield – NIL; and expected life – 5 years. These common stock purchase options vested on the grant date.

On March 25, 2012, the Company closed a private placement with DRA Minerals Inc, a process development and mine engineering company, raising \$635,000 by issuing 2,540,000 shares of common stock at \$0.25 per share.

On April 9, 2012, the Company issued 50,000 shares of common stock for consideration of \$15,000. The shares were issued pursuant to the exercise of common stock purchase options.

On May 23, 2012, the Company issued 180,000 common stock purchase options to directors, officers and consultants of the Company valued at \$35,982. The common stock purchase options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.00%; expected volatility – 134%; dividend yield – NIL; and expected life – 5 years. These common stock purchase options vested on the grant date.

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.

Issuer Repurchases of Equity Securities

None

ITEM 6. – SELECTED FINANCIAL DATA

As a "smaller reporting company", we are not required to provide the information required by this Item. Refer to the financial statements included within this report.

ITEM 7. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION

Management's Discussion and Analysis of Results of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the financial statements included herein. Further, this MD&A should be read in conjunction with the Company's Financial Statements and Notes to Financial Statements included in this Annual Report on Form 10-K for the years ended June 30, 2012 and June 30, 2011, as well as the "Business" and "Risk Factors" sections within this Annual Report on Form 10-K. The Company's financial statements have been prepared in accordance with United States generally accepted accounting principles.

Management's Discussion and Analysis contains various "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding future events or the future financial performance of the Company that involve risks and uncertainties. Certain statements included in this Form 10-K, including, without limitation, statements related to anticipated cash flow sources and uses, and words including but not limited to "anticipates", "believes", "plans", "expects", "future" and similar statements or expressions, identify forward looking statements. Any forward-looking statements herein are subject to certain risks and uncertainties in the Company's business and any changes in current accounting rules, all of which may be beyond the control of the Company. The Company adopted at management's discretion, the most conservative recognition of revenue based on the most astringent guidelines of the SEC. Management will elect additional changes to revenue recognition to comply with the most conservative SEC recognition on a forward going accrual basis as the model is replicated with other similar markets (i.e. SBDC). The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth therein. Undue reliance should not be placed on these forward-looking statements which speak only as of the date hereof. We undertake no obligation to update these forward-looking statements.

Based on the nature of our business, we anticipate incurring operating losses in 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: (1) our ability to raise additional funding; - the market price for graphite, vanadium, gold and uranium; (2) the results of our proposed exploration programs on our mineral properties; (3) the political instability in Madagascar; and (4) our ability to find joint venture partners for the development of our property interests.

Any future equity financing will cause existing shareholders to 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. Any business opportunity would require our management to perform diligence on possible acquisition of additional resource properties. Such due diligence would likely include purchase investigation costs such as professional fees by consulting geologists, preparation of geological reports on the properties, conducting title searches and travel costs for site visits. It is anticipated that such costs will not be sufficient to acquire any resource property and additional funds will be required to close any possible acquisition.

During this period, we will need to maintain our periodic filings with the appropriate regulatory authorities and 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 business. 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 substantial doubt about our ability to continue as a going concern.

Estimated Exploration Budget

From the date of this report, our plan is to incur approximately \$500,000 - \$1,000,000 on exploration up to December 31, 2012 on our Madagascar properties and approximately \$5,000 - \$10,000 on other projects.

RESULTS OF OPERATIONS

We have had no operating revenues from inception on March 1, 2004 through to the year ended June 30, 2012. Our activities have been financed from the proceeds of securities subscriptions. From inception, on March 1, 2004, to June 30, 2012, we raised net aggregate proceeds of \$38,099,105 from private offerings of our securities and \$970,500 through the exercise of common share purchase warrants and common stock purchase options. For the year ended June 30, 2012 a total of \$719,000 (June 30, 2011: \$14,065,208) was raised through private offerings and

the exercise of common stock purchase options. \$635,000 of this amount was raised through the DRA private placement with the remaining \$84,000 (June 30, 2011: \$886,500) raised through the exercise of warrants and common stock purchase options. For the year ended June 30, 2011, \$13,178,708 was raised by private placement.

For the period from inception, March 1, 2004, to June 30, 2012, we incurred a loss before income taxes of \$67,249,393. Expenses included \$34,566,338 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 also incurred \$5,499,854 in professional fees since inception; general and administrative expenses of \$6,526,453; stock based compensation valued at \$22,704,866; net foreign exchange translation gains totaling \$907,495; donated services and expenses of \$18,750 and total other income (including interest) of \$1,224,406.

The following are explanations for the material fluctuations during the year ended June 30, 2012 when compared to the year ended June 30, 2011:

- Amounts spent on mineral properties totalled \$8,309,874 (June 30, 2011: \$2,172,223), an increase of \$6,137,651 year over year. Included within this total were property acquisition costs relating to the transaction with Malagasy totalling \$3,770,129 (recorded within the statement of operations under impairment losses), drilling costs associated with the fall 2011 and the spring 2012 drill programs, metallurgical testing analysis and various geological testing incurred during the year. The costs were higher during fiscal 2012 compared to fiscal 2011 due to both the acquisition of the joint venture ground coupled with increased drilling on the properties, mainly the joint venture ground. Following our accounting policies of expensing acquisition costs and exploration expenses on mineral properties as incurred, this amount increased the net loss for the year.
- Professional fees totalled \$1,801,659 up \$552,963 from the June 30, 2011 total of \$1,248,696. The increase is due to the utilization of more professionals internally as well as increased legal and accounting service fees paid to external parties in Canada, Australia, Mauritius and Madagascar.
- General and administration relates to fees associated with running the Toronto office and the Madagascar operations on the property. These costs decreased by \$55,395 between periods (June 30, 2012: \$1,487,669, June 30, 2011: \$1,543,064). Significant costs within the fiscal 2012 amount include travel expenses for trips to the exploration site in Madagascar, to the capital of Madagascar and Mauritius to meet government officials, to Europe for graphite conferences and meeting with investors and interested parties, and to Australia to negotiate and finalize the Malagasy joint venture agreement.
- Investment income increased by \$54,174 from \$110,759 for the year ended June 30, 2011 to \$164,933 for the year ended June 30, 2012. Due to the companies higher cash position in the early part of fiscal 2012, more funds were available to be invested in various money market funds, bond funds and dual currency deposits.

Liquidity, Capital Resources and Foreign Currencies

As at June 30, 2012, we had cash on hand of \$3,479,484. Our working capital was \$2,549,632.

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 expenses in Canadian dollars, we also pay expenses in South African Rand, Madagascar Ariary and Australian Dollars. 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.

We will likely require additional funding during fiscal 2013, which will likely be in the form of equity financing from the sale of our common shares. 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.

Issuances of Securities

We have funded our business to date from sales of our securities. During the year ended June 30, 2012 and since July 1, 2010, the Company issued the following unregistered securities:

- On July 2, 2010, the Company issued 500,000 common share purchase warrants valued at \$78,100 to a company who assisted us with listing on the TSX Venture Exchange. The common share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate – 1.54%; expected volatility – 172%; dividend yield – NIL; and expected life – 4 years.
- On December 17, 2010, the Company issued 200,000 shares of common stock valued at \$90,000 pursuant to a contract with a party to provide advisory services in China.
- During January and February 2011, the Company closed a private placement of 30,936,654 units for gross proceeds of \$13,921,495. Each unit consisted of one common share and one half of one common share purchase warrant. Each of the 15,468,327 warrants issued can be used to purchase one common share at an exercise price of \$0.75 for two years from the date of issue. In connection with the private placement, the Company paid \$704,115, TSX-V fees of \$38,411 and 1,564,700 compensation warrants. Each compensation warrant entitles the holder to acquire one unit at \$0.45 per unit expiring February 25, 2013.
- During the year ended June 30, 2011, the Company issued 4,549,500 shares of common stock for consideration of \$886,500. The shares were issued pursuant to the exercise of several common share purchase warrants.
- On December 16, 2011, the Company 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, the Company issued 460,000 shares of common stock for consideration of \$69,000. The shares were issued pursuant to the exercise of common stock purchase options.
- On March 25, 2012, the Company closed a private placement with DRA Minerals Inc, a process development and mine engineering company, raising \$635,000 by issuing 2,540,000 common stock at \$0.25 per share.
- On April 9, 2012, the Company issued 50,000 shares of common stock for consideration of \$15,000. The shares were issued pursuant to the exercise of common stock purchase options.

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.

CRITICAL ACCOUNTING POLICIES

Principals of Consolidation and Basis of Presentation

These consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), and are expressed in US dollars. These consolidated financial statements include the accounts of Energizer Resources Inc. and its wholly-owned subsidiaries, Energizer Resources (Mauritius) Ltd., THB Ventures Ltd, Energizer Resources Madagascar Sarl, and Energizer Resources Minerals Sarl. In addition, these consolidated financial statements include the Company's 75% interest in Madagascar-ERG Joint

Venture (Mauritius) Ltd. and its 100% owned subsidiary ERG (Madagascar) Sarl. All inter-company balances and transactions have been eliminated on consolidation.

Mineral Property Costs

The Company has been in the exploration stage since its inception on March 1, 2004, and has not yet realized any revenues from its mineral operations. Mineral property exploration costs are expensed as incurred.

When it has been determined that a mineral property can be economically developed as a result of establishing probable and proven reserves, the costs then incurred to develop such property will be capitalized. Such costs will be amortized using the units of production method over the estimated life of the probable reserve. If properties are abandoned or the carrying value is determined to be in excess of possible future recoverable amounts the Company will write off the appropriate amount

Financial Instruments

The fair value of cash and cash equivalents, amounts receivable, marketable securities, dual currency deposits and accounts payable and accrued liabilities were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The Company's exploration operations are primarily in Madagascar but also in Canada, which result in exposure to market risks from changes in foreign currency rates. Financial risk is the risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates.

Foreign Currency Translation

The Company's functional and reporting currency is United States Dollars. Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC Topic-830, "Foreign Currency Translation", using the exchange rate prevailing at the balance sheet date. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in the consolidated statement of operations

Stock Based Compensation

The Company has a stock option plan. All stock-based awards granted, including those granted to directors not acting in their capacity as directors, are accounted for using the fair value based method. The fair value of common stock purchase options granted is recognized as an expense within the income statement and a corresponding increase in shareholder equity. Any consideration paid by eligible participants on the exercise of common stock purchase options is credited to capital stock. The additional paid in capital amount associated with common stock purchase options is transferred to capital stock upon exercise

Use of Estimates

The consolidated financial statements include estimates, which, by their nature, are uncertain. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and other factors as the basis for its judgments and estimates. Actual results may differ from those estimates. The impacts of estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects current and future periods.

RECENT ACCOUNTING PRONOUNCEMENTS

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

- "Comprehensive Income (Topic-220): Presentation of Comprehensive Income": ("ASU 2011-05") was issued during June 2011. FASB issued guidance regarding the presentation of Comprehensive Income within financial statements. The guidance was effective for interim and annual periods beginning after December 15, 2011.
- "Comprehensive Income (Topic-202): Deferral of the Effective date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No 2011-05": ("ASU 2011-12") was issued during December 2011. FASB provides clarification and guidance relating to the effects of reclassifications of amounts out of accumulated other comprehensive income and into net income. The guidance is effective for annual periods beginning after December 15, 2011 and interim periods within those years.
- "Intangibles - Goodwill and Other (Topic-350): Indefinite-Lived Intangible Assets for Impairment": ("ASU 2011-08") was issued during September 2011. FASB issued guidance on how to determine whether goodwill

amounts on the balance sheet have been impaired. The guidance was effective for annual periods beginning after September 15, 2012 and interim periods within those years.

- "Balance Sheet (Topic 201): Disclosures about Offsetting Assets and Liabilities": ("ASU 2011-11") was issued during December 2011. FASB issued guidance on how to determine whether it is appropriate to offset or net certain assets and liabilities on the balance sheet and the additional disclosure that this entails. The guidance is effective annual periods beginning on or after January 1, 2013.

The adoption of the Topic-220, Topic-350 and Topic-202 did not have a material impact on the Company's consolidated financial statements. The Company is currently evaluating its impact of Topic 201 on these consolidated financial statements.

ITEM 7.A. - 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 8. - FINANCIAL STATEMENTS

The financial statements required by this Item, the accompanying notes thereto and the reports of independent accountants are included, as part of this Form 10-K immediately following the signature page.

ITEM 9. - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. - 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, June 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 June 30, 2012.

Management's report on internal control over financial reporting

Our principal executive officer and our principal financial officer, are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Management is required to base its assessment of the effectiveness of our internal control over financial reporting on a suitable, recognized control framework, such as the framework developed by the Committee of Sponsoring Organizations (COSO). The COSO framework, published in *Internal Control-Integrated Framework*, is known as the COSO Report. Our principal executive officer and our principal financial officer, have has chosen the COSO framework on which to base its assessment. Based on this evaluation, we have concluded that, as of June 30, 2011, internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules as described below.

The matters involving internal controls and procedures that the Company's management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) inadequate segregation of duties consistent with control objectives; (2) lack of a majority of independent directors on the Company's board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (3) insufficient written policies and procedures for accounting and financial

reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements; and (4) ineffective controls over period end financial disclosure and reporting processes.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, smaller reporting companies, like ours, face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, only a few individuals control every aspect of the Company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

This annual report does not include an attestation report of our independent registered public accounting firm over management's assessment regarding internal control over financial controls due to rules of the SEC for non-accelerated filers and legislation whereby emerging growth companies have an exemption from this requirement pursuant to the Jumpstart Our Business Startups Act, H.R. 3606.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of certain events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ended June 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.

ITEM 9B. - OTHER INFORMATION

On September 19, 2012, Craig Scherba was appointed as the Company's President and Chief Operating Officer. In addition, on September 19, 2012, Richard E. Schler resigned as the Company's Chief Financial Officer (remaining as Executive Vice-President and a member of the Board of Directors) and Peter D. Liabotis was appointed as the Company's Chief Financial Officer. The Company does not have an employment agreement or consulting agreement with Mr. Scherba, Mr. Schler or Mr. Liabotis. All three individuals receive approximately CAD\$12,000 per month, although the compensation varies from month to month depending on various factors.

Mr. Scherba's biography is as follows:

Mr. Scherba was appointed as our President and Chief Operating Officer during September 2012 and a director during January 2010. Mr. Scherba served as Vice President, Exploration of the Company from January 2010 to September 2012. Mr. Scherba also serves as Vice President, Exploration of MacDonald Mines Exploration Ltd., Red Pine Exploration Inc. and Honey Badger Exploration Inc., all of which are resource exploration companies trading on the TSX - Venture Exchange. In addition, Mr. Scherba was professional geologist with Taiga Consultants Ltd. ("Taiga"), a mining exploration consulting company from March 2003 to December 2009. He was a managing partner of Taiga between January 2006 and December 2009. Mr. Scherba has been a professional geologist (P. Geol.) since 2000, and his expertise includes supervising large Canadian and international exploration. Mr. Scherba was an integral member of the exploration team that developed Nevsun Resources' high grade gold, copper and zinc Bisha project in Eritrea. Mr. Scherba served as the Company's Country and Exploration Manager in Madagascar during its initial exploration stage.

Mr. Liabotis' biography is as follows:

Mr. Liabotis was appointed as our Senior Vice President and Chief Financial Officer on September 19, 2012. From October 2009 through September 18, 2012, Mr. Liabotis served as our company's Vice President – Finance. Mr. Liabotis also currently serves as Vice President - Finance of MacDonald Mines Exploration Ltd., Red Pine Exploration Inc. and Honey Badger Exploration Inc., all of which are resource exploration companies trading on the TSX - Venture Exchange. From August 2008 to September 2009 Mr. Liabotis worked for EFG Wealth Management (Canada), Ltd assisting with accounting matters and Canadian mutual fund launches. From July 1998 through July 2008, Mr. Liabotis was the Senior Vice-President and Chief Financial Officer of Olympia Capital (Bermuda) Ltd, a Bermuda corporation. Prior to July 1998, Mr. Liabotis worked for two years at PriceWaterhouseCoopers in Bermuda and two years with KPMG in Canada. Mr. Liabotis is a member of the Board

of Directors of Honey Badger Exploration, Inc. Mr. Liabotis is a Chartered Accountant (through the Institute of Chartered Accountants of Ontario), received his Bachelor of Commerce, Honours from the University of Windsor and received his Bachelor of Arts from the Western University (in Ontario, Canada).

PART III

ITEM 10. - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The following table sets forth the name, age, and position of each executive officer and director the Company as at September 21, 2012.

Name	Age	Position
J.A. Kirk McKinnon	69	Chief Executive Officer, Chairman and Director
Craig Scherba	40	President, Chief Operating Officer and Director
Richard E. Schler	59	Executive Vice-President and Director
John Sanderson	77	Vice Chairman and Director
Peter D. Liabotis	42	Chief Financial Officer
V. Peter Harder	60	Director
Quentin Yarie	47	Director
Johann de Bruin	42	Director
Albert A. Thiess, Jr.	65	Director

Directors of the Company hold their offices until the next annual meeting of the Company's shareholders and until their successors have been duly elected and qualified or until their earlier resignation, removal of office or death. Executive officers of the Company are elected by the board of directors to serve until their successors are elected and qualified. There are no family relationships between any director or executive officer of the Company.

J.A. Kirk McKinnon (Brampton, Canada)

Mr. McKinnon has served as the Company's Chairman and Chief Executive Officer since October 1, 2009 and a director since April 2006. Mr. McKinnon also served as the Company's President and Chief Executive Officer from April 2006 to September 30, 2009. He brings over 25 years of senior management experience to the Company. Mr. McKinnon is currently President and CEO of MacDonald Mines Exploration Ltd., Red Pine Exploration Inc. and Honey Badger Exploration Inc., all of which are resource exploration companies trading on the TSX - Venture Exchange headquartered in Toronto, Canada. Previously, Mr. McKinnon held senior management positions with several high profile Canadian corporations, including Nestle Canada. Mr. McKinnon is well versed in business management and he has been very successful in raising funds in the capital markets.

Richard E. Schler, MBA (Toronto, Canada)

Mr. Schler has served as our Company's Executive Vice President since September 2012 and as a director since April 2006. Prior to that, he was our company's Vice President and Chief Financial Officer from October 2009 to September 2012. Mr. Schler was the Company's Vice President, Chief Operating Officer and Chief Financial Officer from February 2009 to September 30, 2009 and served as the Company's Vice President and Chief Financial Officer from April 2006 to January 2009. He is also currently serving as Chief Operating Officer and Chief Financial Officer of MacDonald Mines Exploration Ltd., Red Pine Exploration Inc. and Honey Badger Exploration Inc., all of which are resource exploration companies trading on the TSX - Venture Exchange headquartered in Toronto, Canada. Before joining these companies, Mr. Schler held various senior management positions with noted corporations. He also has over 25 years of experience in the manufacturing sector. Mr. Schler is very experienced in financial management and business operations. Together with Mr. McKinnon, they have been very successful in raising funds in the capital markets.

John Sanderson Q.C. (Vancouver, Canada)

John P. Sanderson Q.C. (Vancouver, Canada) Mr. Sanderson has been Vice Chairman of the Board of Directors of the Company since October 1, 2009 and a director of the Company since January 2009. Mr. Sanderson was Chairman of the Board of Directors of the Company from January 2009 to September 2009. Mr. Sanderson is a mediator, arbitrator, consultant and lawyer called to the Bar in the Canadian Provinces of Ontario and British Columbia. Mr. Sanderson's qualifications to serve as a director of the Company include his many years of legal and mediation experience in various industries. He has acted as mediator, facilitator and arbitrator in British Columbia, Alberta, Ontario and the Northwest Territories, in numerous commercial transactions, including insurance claims, corporate contractual disputes, construction matters and disputes, environmental disputes, inter-governmental disputes, employment matters, and in relation to aboriginal claims. He is a member of mediation and arbitration panels with the British Columbia Arbitration and Mediation Institute, the British Columbia International Commercial Arbitration Centre and Mediate BC.

Craig Scherba, P.Geol. (Oakville, Canada)

Mr. Scherba was appointed as our President and Chief Operating Officer during September 2012 and a director during January 2010. Mr. Scherba served as Vice President, Exploration of the Company from January 2010 to September 2012. Mr. Scherba also serves as Vice President, Exploration of MacDonald Mines Exploration Ltd., Red Pine Exploration Inc. and Honey Badger Exploration Inc., all of which are resource exploration companies trading on the TSX - Venture Exchange. In addition, Mr. Scherba was a professional geologist with Taiga Consultants Ltd. ("Taiga"), a mining exploration consulting company from March 2003 to December 2009. He was a managing partner of Taiga between January 2006 and December 2009. Mr. Scherba has been a professional geologist (P. Geol.) since 2000, and his expertise includes supervising large Canadian and international exploration. Mr. Scherba was an integral member of the exploration team that developed Nevsun Resources' high grade gold, copper and zinc Bisha project in Eritrea. Mr. Scherba served as the Company's Country and Exploration Manager in Madagascar during its initial exploration stage.

Peter D. Liabotis, CA (Oakville, Canada)

Mr. Liabotis was appointed as our Senior Vice President and Chief Financial Officer on September 19, 2012. From October 2009 through September 18, 2012, Mr. Liabotis served as our company's Vice President – Finance. Mr. Liabotis also currently serves as Vice President - Finance of MacDonald Mines Exploration Ltd., Red Pine Exploration Inc. and Honey Badger Exploration Inc., all of which are resource exploration companies trading on the TSX - Venture Exchange. From August 2008 to September 2009 Mr. Liabotis worked for EFG Wealth Management (Canada), Ltd assisting with accounting matters and Canadian mutual fund launches. From July 1998 through July 2008, Mr. Liabotis was the Senior Vice-President and Chief Financial Officer of Olympia Capital (Bermuda) Ltd, a Bermuda corporation. Prior to July 1998, Mr. Liabotis worked for two years at PriceWaterhouseCoopers in Bermuda and two years with KPMG in Canada. Mr. Liabotis is a member of the Board of Directors of Honey Badger Exploration, Inc. Mr. Liabotis is a Chartered Accountant (through the Institute of Chartered Accountants of Ontario), received his Bachelor of Commerce, Honours from the University of Windsor and received his Bachelor of Arts from the Western University (in Ontario, Canada).

V. Peter Harder, LL.D, M.A., B.A. (Hons) (Manotick, Canada)

Mr. Harder has served as a director of the Company since July 2, 2009. He is a Senior Policy Advisor to Fraser Milner Casgrain, LLP ("FMC"), a Canadian national law firm. Prior to joining FMC, Mr. Harder was a long-serving Deputy Minister in the Government of Canada. First appointed a Deputy Minister in 1991, he served as the most senior public servant in a number of federal departments including Treasury Board, Solicitor General, Citizenship and Immigration, Industry and Foreign Affairs and International Trade. At Foreign Affairs, Mr. Harder assumed the responsibilities of the Personal Representative of the Prime Minister to three G8 Summits (Sea Island, Gleneagles and St. Petersburg). Mr. Harder is also a director of Power Financial Corporation (TSX: PWF), IGM Financial Corporation (TSX: IGM), Telesat Canada, Northland Power Inc. (TSX: NPI), Timberwest Forest Company and Magna International Inc. (TSX: MG, NYSE: MGA). In 2008, Mr. Harder was elected the President of the Canada China Business Council (CCBC).

Quentin Yarie, P.Geol. (Toronto, Canada)

Mr. Yarie has served as a director of the Company since 2008. Mr. Yarie is an experienced geophysicist and a successful entrepreneur. He has over 20 years of experience in the mining and environmental/engineering sectors. Mr. Yarie has project management and business development experience as he has held positions of increasing responsibility with a number of Canadian-based geophysical service providers. Since January 2010, Mr. Yarie has been Senior Vice President Exploration for MacDonald Mines Exploration Ltd, Red Pine Exploration Inc. and Honey Badger Exploration Inc. From October 2007 to December 2009, Mr. Yarie was a business development officer with Geotech Ltd, a geo-physical airborne survey company. From September 2004 to October 2007, Mr. Yarie was a senior representative of sales and business development for Aeroquest Limited. From 1992-2001, he was a partner of a specialized environmental and engineering consulting group where he managed a number of large projects including the ESA of the Sydney Tar Ponds, the closure of the Canadian Forces Bases in Germany and the Maritime and Northeast Pipeline project.

Johann de Bruin, Pr. Eng (Pretoria, South Africa)

Johann de Bruin, Pr. Eng, will be appointed to the Company's Board of Directors as the Project Leader and key interface for mine development. Mr. de Bruin is a Director of DRA with a 15-year track record of bringing numerous greenfield mining projects throughout Africa to feasibility. He currently leads the initiative of business development into Africa for the DRA Group and has acted as the primary liaison between DRA and the Company over the past four years.

Albert A. Thiess, Jr. (Bluffton, United States of America)

Mr. Thiess brings over 35 years of accounting, finance and management experience to the Company. Mr. Thiess served as an audit partner in Coopers & Lybrand, LLP and with PricewaterhouseCoopers LLP following the merger of those firms in 1998. He served clients in the automotive, banking, retail and manufacturing industries, as well as serving as the Managing Partner of the Detroit, Michigan and Los Angeles, California offices. He also was elected to the Governing Council of Coopers & Lybrand. Following the merger with PricewaterhouseCoopers, Mr. Thiess managed various global functions for the newly merged firm.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, during the past ten years, none of the following occurred with respect to a director or executive officer of the Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the commodities futures trading commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated; (5) being subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any federal or state securities or commodities law or regulation or any law or regulation respecting financial institutions or insurance companies or prohibiting mail or wire fraud or fraud in connection with any business entity; or (6) being subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization, any registered entity of the Commodity Exchange Act, or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Audit Committee and Audit Committee Financial Expert

The Company has an audit committee and is comprised of John Sanderson, Peter Harder and Quentin Yarie, all of whom are financially literate. Messers Sanderson, Harder and Yarie are independent directors as they do not have involvement in the day to day operations of the Company. The audit committee is a key component of the Company's commitment to maintaining a higher standard of corporate responsibility.

The audit committee assists our board of directors in its oversight of the company's accounting and financial reporting processes and the audits of the company's financial statements, including (i) the quality and integrity of the company's financial statements, (ii) the company's compliance with legal and regulatory requirements, (iii) the independent auditors' qualifications and independence and (iv) the performance of the company's internal audit functions and independent auditors, as well as other matters which may come before it as directed by the board of directors. Further, the audit committee, to the extent it deems necessary or appropriate, among its several other responsibilities, shall:

- be responsible for the appointment, compensation, retention, termination and oversight of the work of any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- discuss the annual audited financial statements and the quarterly unaudited financial statements with management and the independent auditor prior to their filing with the SEC in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q;
- review with the company's financial management on a periodic basis (a) issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles, and (b) the effect of any regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company;
- monitor the Company's policies for compliance with federal, state, local and foreign laws and regulations and the Company's policies on corporate conduct;
- maintain open, continuing and direct communication between the board of directors, the committee and both the company's independent auditors and its internal auditors; and
- monitor our compliance with legal and regulatory requirements, with the authority to initiate any special investigations of conflicts of interest, and compliance with federal, state and local laws and regulations, including the Foreign Corrupt Practices Act.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of beneficial ownership and changes in beneficial ownership of the Company's securities with the SEC on Form 3 (Initial Statement of Beneficial Ownership), Form 4 (Statement of Changes of Beneficial Ownership of Securities) and Form 5 (Annual Statement of Beneficial Ownership of Securities). Directors, executive officers and beneficial owners of more than 10% of the Company's Common Stock are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms that they filed.

Except as otherwise set forth herein, based solely on review of the copies of such forms furnished to the Company, or written representations that no reports were required, the Company believes that for the fiscal year ended June 30, 2012, beneficial owners and executives complied with Section 16(a) filing requirements applicable to them.

Code of Ethics

The Company has adopted a code of business conduct and ethics that applies to its directors, officers, and employees, including its principal executive officers, principal financial officer, principal accounting officer, controller or persons performing similar functions. The Financial Code of Business Conduct was filed as Exhibit 14.1 to our Annual Report on Form 10-QSB for June 30, 2004 as filed on May 19, 2004.

ITEM 11. - EXECUTIVE COMPENSATION

Summary Compensation

The following table sets forth certain summary information concerning the compensation paid or accrued during each of our last three completed fiscal years to our principal executive officer and four other most highly compensated executive officers who received compensation in excess of \$100,000 for the fiscal year ended June 30, 2012 (collectively, the “Named Executive Officers”):

	Annual Compensation			Long Term Compensation				
				Awards		Payouts		
Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s)	Securities Underlying Options/ SARs (#)	LTIP Payouts	All Other Compensation (\$) NOTE 1
J.A. Kirk McKinnon, CEO and Director	2012	248,207 ⁽⁵⁾	--	--	--	--	--	739,062 ⁽¹⁾
	2011	261,810 ⁽⁴⁾	--	--	--	--	--	--
	2010	134,178 ⁽³⁾	--	80,750 ⁽²⁾	--	--	--	512,469 ⁽¹⁾
Richard E. Schler, Executive Vice-President, Past CFO, and Director	2012	201,407 ⁽⁵⁾	--	--	--	--	--	557,033 ⁽¹⁾
	2011	189,490 ⁽⁴⁾	--	--	--	--	--	--
	2010	129,953 ⁽³⁾	--	76,500 ⁽²⁾	--	--	--	488,218 ⁽¹⁾
Craig Scherba, President, COO and Director	2012	105,214 ⁽⁵⁾	--	--	--	--	--	260,035 ⁽¹⁾
	2011	71,048 ⁽⁴⁾	--	--	--	--	--	--
	2010	--	--	--	--	--	--	83,325 ⁽¹⁾
Brent Nykoliotion Sr. Vice President – Corporate Development	2012	162,085 ⁽⁵⁾	--	--	--	--	--	275,345 ⁽¹⁾
	2011	99,488 ⁽⁴⁾	--	--	--	--	--	--
	2010	42,231 ⁽³⁾	--	\$34,000 ⁽²⁾	--	--	--	138,715 ⁽¹⁾
Peter D. Liabotis Sr. Vice President – Chief Financial Officer	2012	155,764 ⁽⁵⁾	--	--	--	--	--	247,975 ⁽¹⁾
	2011	67,309 ⁽⁴⁾	--	--	--	--	--	--
	2010	--	--	--	--	--	--	83,325 ⁽¹⁾

- (1) The values in the “All Other Compensation” above do not represent a cash payment of any kind. Rather these values represent the calculated Black-Scholes value of granted options. It is important to note that these granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company’s future stock price and whether the granted options become “in-the-money”. If these granted options are unexercised and expire, the cash value or benefit to the above noted people will be \$nil.
- (2) Shares valued at \$0.17 per share based on quoted market price issued to these individuals and/or to companies controlled by them.
- (3) Consulting fees paid and accrued for fiscal year ended June 30, 2010.
- (4) Consulting fees paid and accrued for the fiscal year ended June 30, 2011.
- (5) Salary and/or consulting fees paid and accrued for the fiscal year ended June 30, 2012.

Outstanding Equity Awards at the 2012 Fiscal Year-End – June 30, 2012

The following table provides information regarding the outstanding equity awards held by our Named Executive Officers (“NEO”) as of June 30, 2012.

Name	Option Awards			
	No. of Securities Underlying Unexercised Options Exercisable (#)	No. of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date
J.A. Kirk McKinnon, NEO	975,000	--	0.15	July 11, 2012
	225,000		0.352	Sept 2, 2013
	1,150,000		0.395	May 11, 2014
	675,000		0.30	July 1, 2016
	575,000		0.20	Oct 24, 2016
	650,000		0.21	Dec 1, 2016
	1,420,000		0.28	March 7, 2017
Richard E. Schler, NEO	875,000	--	0.15	July 11, 2012
	200,000		0.352	Sept 2, 2013
	1,100,000		0.395	May 11, 2014
	600,000		0.30	July 1, 2016
	225,000		0.20	Oct 24, 2016
	200,000		0.21	Dec 1, 2016
	1,340,000		0.28	March 7, 2017
Craig Scherba, NEO	250,000	--	0.395	May 11, 2014
	350,000		0.30	July 1, 2016
	200,000		0.20	Oct 24, 2016
	200,000		0.21	Dec 1, 2016
	400,000		0.28	March 7, 2017
Brent Nykoliati, NEO	75,000	--	0.352	Sept 2, 2013
	400,000		0.395	May 11, 2014
	450,000		0.30	July 1, 2016
	200,000		0.20	Oct 24, 2016
	200,000		0.21	Dec 1, 2016
	350,000		0.28	March 7, 2017
Peter D. Liabotis, NEO	250,000	--	0.395	May 11, 2014
	350,000		0.30	July 1, 2016
	200,000		0.20	Oct 24, 2016
	200,000		0.21	Dec 1, 2016
	350,000		0.28	March 7, 2017

Aggregated Option Exercises and Fiscal Year-End Option Values

On March 9, 2006, the Company filed a Form S-8 registration statement in connection with its newly adopted 2006 Stock Option Plan (the “2006 Plan”) allowing for the direct award of shares or granting of common stock purchase options to acquire up to a total of 2,000,000 common shares. On December 18, 2006, February 16, 2007, July 11, 2007, September 29, 2009, May 3, 2011 and March 1, 2012, the 2006 Plan was amended to increase the common stock purchase option pool by a total of 25,000,000 additional common shares. A total of 700,000 common stock purchase options were exercised in July 2012. The Company granted a further 1,695,000 common stock purchase options on July 13, 2012 which will expire on July 13, 2016.

The following table summarizes the continuity of the Company's common stock purchase common stock purchase options:

	Number of Shares	Weighted average exercise price (\$)
Outstanding, June 30, 2010	13,620,000	0.30
Granted	1,100,000	0.25
Cancelled	(590,000)	0.57
Outstanding June 30, 2011	14,130,000	0.29
Granted	15,845,000	0.27
Exercised	(510,000)	0.15
Expired	(2,475,000)	0.15
Cancelled	(3,300,000)	0.31
Outstanding, June 30, 2012	23,690,000	0.29

Additional information regarding options outstanding as at June 30, 2012 is as follows:

Exercise price	Outstanding			Exercisable	
	Number of shares	Weighted average remaining life (years)	Weighted average exercise price	Number of shares	Weighted average exercise price
\$0.15	2,395,000	0.03	\$0.15	2,395,000	\$0.15
\$0.35	750,000	1.18	\$0.35	750,000	\$0.35
\$0.40	5,350,000	1.86	\$0.40	5,350,000	\$0.40
\$0.30	4,525,000	4.01	\$0.30	4,525,000	\$0.30
\$0.20	1,850,000	4.32	\$0.20	1,850,000	\$0.20
\$0.21	2,365,000	4.42	\$0.21	2,365,000	\$0.21
\$0.28	6,275,000	4.69	\$0.28	6,275,000	\$0.28
\$0.23	180,000	4.90	\$0.23	180,000	\$0.23
Total/Average	23,690,000	3.31	\$0.29	23,690,000	\$0.29

Long-Term Incentive Plan Awards Table

There are no Long-Term Incentive Plans in place at this time.

Pension Benefits Table

None.

Nonqualified Deferred Compensation Table

None.

All Other Compensation Table

None

Perquisites Table

None

Potential Payments Upon Termination Or Change In Control Table

None

Employment Agreements

The Company does not have an employment agreement or consulting agreement with Messrs. McKinnon, Schler, Scherba or Liabotis. Each receive consulting fees and/or monthly salaries. Mr. McKinnon receives approximately CAD\$15,000 per month. Messrs. Scherba, Schler and Liabotis receive approximately CAD\$12,000 per month, although the compensation varies from month to month depending on various factors.

Compensation of Directors

Directors who are also Named Executive Officers or officers of the Company are remunerated for their services rendered as officers of the Company. Directors who are not also officers of the Company or do not otherwise provide services to the Company receive only stock based compensation in the form of common shares and common stock purchase options for their services as directors of the Company. Appended in the table below are compensation award to directors other than Named Executive Officers for the fiscal year ended June 30, 2012. The Company also reimburses our non-employee directors for expenses incurred in connection with their service on our Board of Directors. No additional amounts are payable to our directors for committee participation or special assignments. The compensation paid to directors who provide services to the Company in other capacities has been previously reported under “Summary Compensation”. The following table summarizes compensation paid to or earned by our directors who are not Named Executive Officers for their service as directors of our company during the fiscal year ended June 30, 2012.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All other Compensation (\$)	Total ⁽¹⁾ (\$)
John Sanderson, Director	--	--	74,898 ⁽¹⁾	--	--	--	74,898 ⁽¹⁾
Quentin Yarie, Director	--	--	187,535 ⁽¹⁾	--	--	--	187,535 ⁽¹⁾
Peter Harder, Director	--	--	101,485 ⁽¹⁾	--	--	--	101,485 ⁽¹⁾
Johann de Bruin, Director	--	--	48,240 ⁽¹⁾	--	--	--	48,240 ⁽¹⁾
Albert A. Thiess, Jr Director	--	--	35,982 ⁽¹⁾	--	--	--	35,982 ⁽¹⁾

- (1) The values in the “Option Awards” and included within the “Total” columns above do not represent a cash payment of any kind. Rather these values represent the calculated Black-Scholes value of granted options. It is important to note that these granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company’s future stock price and whether the granted options become “in-the-money”. If these granted options are unexercised and expire, the cash value or benefit to the above noted Directors will be \$nil.

ITEM 12. – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our common shares as of September 21, 2012, by: (i) each person who is known by the Company to own beneficially more than 5% of our common shares; (ii) each director of the Company; (iii) each of the Named Executive Officers; and (iv) all directors and executive officers of the Company as a group.

The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 under the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. The Company believes that each individual or entity named has sole investment and voting power with respect to the securities indicated as beneficially owned by them, subject to community property laws, where applicable, except where otherwise noted. The “Number of Common Shares Beneficially Owned” is calculated based on total shares held plus warrants held (plus common stock purchase options entitled to exercise). The aggregate of these items, which totals 224,056,873, will be used as the denominator for the percentage calculation below.

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned	Percentage of Outstanding Common Shares Beneficially Owned⁽¹⁾
Consolidated Thompson Iron Mines Limited 1155 University Street, Suite 508 Montréal, Québec, Canada	13,333,334	5.95%
Dundee Corporation 1 Adelaide Street East, Suite 2800 Toronto, Ontario, Canada	11,896,450	5.31%
J.A. Kirk McKinnon, Chairman, CEO & Director 46 Ferndale Crescent Brampton, Ontario, Canada ^{(2) (13)}	10,457,000	4.67%
Richard E. Schler, Vice President, EVP & Director 80 Greybeaver Trail Toronto, Ontario, Canada ^{(3) (13)}	9,100,000	4.06%
John Sanderson, Director 1721 – 27 th Street West Vancouver, BC, Canada ^{(4) (10) (13)}	825,000	0.37%
Quentin Yarie, Director 196 McAllister Road North York, Ontario ^{(5) (10) (13)}	1,425,000	0.64%
Peter Harder, Director 5538 Pattapiece Crescent Manotick, Ontario, Canada ^{(6) (10) (13)}	1,000,000	0.44%
Craig Scherba, Director 1480 Willowdown Road, Oakville, Ontario, Canada ^{(7) (13)}	1,400,000	0.62%
Johann de Bruin, Director 1283 Dunwoodie Ave Pretoria, South Africa ^{(8) (13)}	200,000	0.09%
Albert A. Thiess, Jr., Director 8 Lawson’s Pond Court Bluffton, SC, USA ^{(9) (13)}	280,000	0.12%
Peter D. Liabotis, SVP and CFO 2261 Rockingham Drive, Oakville, Ontario, Canada ^{(11) (13)}	1,481,000	0.66%
Brent Nykoliati, SVP 161 Fallingbrook Road Toronto, Ontario, Canada ^{(12) (13)}	2,350,000	1.05%
All directors and executive officers as a group (10 persons) ⁽¹²⁾	28,518,000	12.72%

Sources – www.sedi.ca, U.S. regulatory filings and the Company’s registered shareholder register.

⁽¹⁾ Denominator used for calculation is 224,056,873. Based on total issued and outstanding common shares of 157,447,178 plus warrants outstanding of 43,619,695 plus common stock purchase common stock purchase options outstanding of 22,990,000 as of September 21, 2012.

⁽²⁾ Totals include items held by “Badger Resources Inc.”, a related company and certain family members. Includes 1,000,000 warrants and 4,087,000 common shares. The warrants are exercisable until April 26, 2013 at a price of \$0.15 per share. Also includes 5,370,000 common stock purchase common stock purchase options exercisable between \$0.15 to \$0.40 per share with expiry dates between July 11, 2012 to March 7, 2017.

⁽³⁾ Totals include items held by “Sarmat Resources Inc.”, a related company, plus certain family members. Includes 900,000 warrants and 3,860,000 common shares. The warrants are exercisable until April 26, 2013 at a price of \$0.15 per share. Also includes 4,340,000 common stock purchase common stock purchase options exercisable between \$0.15 to \$0.40 per share with expiry dates between July 11, 2012 to March 7, 2017.

⁽⁴⁾ Includes 250,000 common shares and 575,000 common stock purchase common stock purchase options exercisable between \$0.20 to \$0.35 per share with expiry dates between September 2, 2013 to March 7, 2017.

⁽⁵⁾ Includes 325,000 common shares and 1,100,000 common stock purchase common stock purchase options exercisable between \$0.20 to \$0.35 per share with expiry dates between September 2, 2013 to March 7, 2017.

⁽⁶⁾ Includes 325,000 common shares and 675,000 common stock purchase common stock purchase options exercisable between \$0.20 to \$0.40 per share with expiry dates between May 11, 2014 and March 7, 2017.

⁽⁷⁾ Appointed President and Chief Operating Officer on September 19, 2012. Includes 1,400,000 common stock purchase common stock purchase options exercisable between \$0.20 to \$0.40 per share with expiry dates between May 11, 2014 to March 7, 2017.

⁽⁸⁾ Includes 200,000 common stock purchase common stock purchase options exercisable at \$0.28 per share with a expiry date of March 7, 2017.

⁽⁹⁾ Includes 100,000 common shares and 180,000 common stock purchase common stock purchase options exercisable at \$0.23 per share with a expiry date of May 23, 2017.

⁽¹⁰⁾ Members of the Audit Committee.

⁽¹¹⁾ Appointed as Senior Vice President and Chief Financial Officer on September 19, 2012. Includes 131,000 common shares and 1,350,000 common stock purchase common stock purchase options exercisable between \$0.20 to \$0.35 per share with expiry dates between May 11, 2014 to March 7, 2017.

⁽¹²⁾ Includes 675,000 common shares and 1,675,000 common stock purchase common stock purchase options exercisable between \$0.20 to \$0.35 per share with expiry dates between September 2, 2013 to March 7, 2017.

⁽¹³⁾ Parties whose shareholdings are a part of the total of “All directors and executive officers as a group (10 persons)”.

Changes in Control

We are not aware of any arrangements that may result in a change in control of the Company.

Description of Capital Structure

General

Our authorized capital stock consists of 350,000,000 shares of common stock, par value \$ 0.001.

Common Stock

The shares of our common stock presently outstanding, and any shares of our common stock issues upon exercise of common stock purchase options and/or warrants, will be fully paid and non-assessable. Each holder of common stock is entitled to one vote for each share owned on all matters voted upon by shareholders, and a majority vote is required for all actions to be taken by shareholders. In the event we liquidate, dissolve or wind-up our operations, the holders of the common stock are entitled to share equally and ratably in our assets, if any, remaining after the payment of all our debts and liabilities and the liquidation preference of any shares of preferred stock that may then be outstanding. The common stock has no preemptive rights, no cumulative voting rights, and no redemption, sinking fund, or conversion provisions. Holders of common stock are entitled to receive dividends, if and when declared by the Board of Directors, out of funds legally available for such purpose, subject to the dividend and liquidation rights of any preferred stock that may then be outstanding.

Voting Rights

Each holder of Common Stock is entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding securities with greater rights, if any, and any other restrictions, holders of Common Stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the Company’s board of directors out of legally available funds. The Company and its predecessors have not declared any dividends in the past and does not presently contemplate that there will be any future payment of any dividends on Common Stock.

ITEM 13. - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as noted under the section entitled “Executive Compensation”, none of the following parties, since July 1, 2010, had any material interest, direct or indirect, in any transaction with us or in any presently proposed transaction with us that has or will materially affect us: (1) any of our directors or officers; (2) any person proposed as a nominee for election as a director; (3) any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to our outstanding shares of common stock; (4) any of our promoters; and (5) any relative or spouse of any of the foregoing persons who has the same house as such person.

The following directors were independent under the independence standards of both the Toronto Stock Exchange and the NYSE Amex during the past fiscal year: Quentin Yarie, Peter Harder and John Sanderson.

Given the size of the Company, the only formal committee in place is an audit committee. The following independent directors serve on the audit committee: John Sanderson, Peter Harder and Quentin Yarie.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC’s website at <http://www.sec.gov>. The public may also read and copy any document we file with the SEC 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 SEC 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-K.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Minnesota corporation law provides that:

- a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful;
- a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper; and
- to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding, or in defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense.

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.

Our bylaws provide that we will advance all expenses incurred to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suite or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request. This advanced of expenses is to be made upon receipt of an undertaking by or on behalf of such person to repay said amounts should it be ultimately determined that the person was not entitled to be indemnified under our bylaws or otherwise.

Our bylaws also provide that no advance shall be made by us to any officer in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made: (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding; or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to our best interests.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Commission this indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

ITEM 14. - PRINCIPAL ACCOUNTANT FEES AND SERVICES

Year ended June 30, 2012 and June 30, 2011

Audit Fees: The aggregate fees, including expenses, billed by the Company's principal accountant in connection with the audit of our financial statements for the most recent fiscal year and for the review of our financial information included in our Annual Report on Form 10-K; and our quarterly reports on Form 10-Q during the fiscal year ending June 30, 2012 was \$83,500 CAD (June 30, 2011: \$50,925 CAD).

Audit Related Fees: The aggregate fees, including expenses, billed by the Company's principal accountant for services reasonably related to the audit for the year ended June 30, 2012 were \$16,500 CAD (June 30, 2011: \$23,690 CAD).

All Other Fees: The aggregate fees, including expenses, billed for all other services rendered to the Company by its principal accountant during year ended June 30, 2012 was \$Nil CAD (June 30, 2011: \$Nil CAD).

Auditor Independence

Our Board of Directors considers that the work done for us in the year ended June 30, 2012 by MSCM LLP Chartered Accountants is compatible with maintaining MSCM LLP, Chartered Accountants.

Auditor's Time on Task

All of the work expended by MSCM LLP, Chartered Accountants on our June 30, 2012 audit was attributed to work performed by MSCM LLP, Chartered Accountant's full-time, permanent employees.

ITEM 15. – EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit Number & Description

- 3.1 Articles of Incorporation of Uranium Star Corp. (now known as Energizer Resources Inc.) (Incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K as filed with the SEC on May 20, 2008)
- 3.2 Articles of Amendment to Articles of Incorporation of Uranium Star Corp. changing its name to Energizer Resources Inc. (Incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on July 16, 2010)
- 3.3 Amended and Restated By-Laws of Energizer Resources Inc. (Incorporated by reference to Exhibit 3.2 to the registrant's current report on Form 8-K as filed with the SEC on July 16, 2010)
- 4.1 Amended and Restated 2006 Stock Option Plan of Energizer Resources, Inc. (as of February 2009) (Incorporated by reference to Exhibit 4.1 to the registrant's Form S-8 registration statement as filed with the SEC on February 19, 2010)
- 4.2 Form of broker Subscription Agreement for Units (Canadian and Offshore Subscribers) (Incorporated by reference to Exhibit 4.1 to the registrant's current report on Form 8-K as filed with the SEC on March 19, 2010)
- 4.3 Form of standard Subscription Agreement for Units (Canadian and Offshore Subscribers) (Incorporated by reference to Exhibit 4.2 to the registrant's current report on Form 8-K as filed with the SEC on March 19, 2010)
- 4.4 Form of Warrant to Purchase common shares (Incorporated by reference to Exhibit 4.3 to the registrant's current report on Form 8-K as filed with the SEC on March 19, 2010)
- 4.5 Form of Class A broker warrant to Purchase common shares (Incorporated by reference to Exhibit 4.4 to the registrant's current report on Form 8-K as filed with the SEC on March 19, 2010)
- 4.6 Form of Class B broker warrant to Purchase common shares (Incorporated by reference to Exhibit 4.5 to the registrant's current report on Form 8-K as filed with the SEC on March 19, 2010)
- 4.7 Agency Agreement, dated March 15, 2010, between Energizer Resources, Clarus Securities Inc. and Byron Securities Limited (Incorporated by reference to Exhibit 4.6 to the registrant's current report on Form 8-K filed with the SEC on March 19, 2010)
- 10.1 Property Agreement effective May 14, 2004 between Thornton J. Donaldson and Thornton J. Donaldson, Trustee for Yukon Resources Corp. (Incorporated by reference to Exhibit 10.1 to the registrant's Form SB-2 registration statement as filed with the SEC on September 14, 2004)
- 10.2 Letter of Intent dated March 10, 2006 with Apofas Ltd. (Incorporated by reference to Exhibit 99.1 to the registrant's current report on Form 8-K as filed with the SEC on March 13, 2006)
- 10.3 Letter agreement effective May 12, 2006 between Yukon Resources Corp. and Virginia Mines Inc. (Incorporated by reference to Exhibit 99.1 to the registrant's current report on Form 8-K filed as with the SEC on May 9, 2006)
- 10.4 Joint Venture Agreement dated August 22, 2007 between Uranium Star Corp. & Madagascar Minerals and Resources Sarl (Incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K as filed with SEC on September 11, 2007)
- 21 Subsidiaries of the Registrant (Incorporated by reference to Exhibit 21.1 to the registrant's annual report on Form 10-K as filed on September 21, 2009)
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act. (filed herein)
- 31.2 Certification of Principal Financial & Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act. (filed herein)
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act. (filed herein)
- 32.2 Certification of Chief Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act. (filed herein)
- 99.1 Canadian National Instrument 43-101 Technical Report Update for Green Giant Property, Fotadrevo, Province of Toliara, Madagascar (Incorporated by reference to Exhibit 99.1 to the registrant's report on Form 8-K filed with SEC on July 9, 2010)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENERGIZER RESOURCES INC.

Dated: September 21, 2012

By: /s/ J A Kirk McKinnon
Name: J A Kirk McKinnon
Title: President, Chief Executive Officer and Director

Dated: September 21, 2012

By: /s/ Peter D. Liabotis
Name: Peter D. Liabotis, CA
Title: Chief Financial Officer (Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
<u>/S/ J A Kirk McKinnon</u> J A Kirk McKinnon	Chairman, Chief Executive Officer, Director	September 21, 2012
<u>/S/ Richard E. Schler</u> Richard Schler	Executive Vice-President, Director	September 21, 2012
<u>/S/ Craig Scherba</u> Craig Scherba	President, Director	September 21, 2012
<u>/S/ John Sanderson</u> John Sanderson	Vice-Chairman, Director	September 21, 2012
<u>/S/ Quentin Yarie</u> Quentin Yarie	Director	September 21, 2012
<u>/S/ V. Peter Harder</u> V. Peter Harder	Director	September 21, 2012
<u>/S/ Johann de Bruin</u> Johann de Bruin	Director	September 21, 2012
<u>/S/ Albert A. Thiess, Jr.</u> Albert A. Thiess, Jr.	Director	September 21, 2012

ENERGIZER RESOURCES INC.

(An Exploration Stage Company)

Consolidated Financial Statements

For the years ended June 30, 2012 and 2011

(Expressed in US Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Directors and
Stockholders of Energizer Resources Inc.**

We have audited the accompanying consolidated balance sheets of Energizer Resources Inc. as of June 30, 2012 and 2011, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the years then ended and accumulated for the period from March 1, 2004 (Date of Inception) to June 30, 2012. Energizer Resources Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Energizer Resources Inc. as of June 30, 2011 and 2010, and the results of its operations and its cash flows for each of the years then ended and accumulated for the period from March 1, 2004 (Date of Inception) to June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

Signed: **"MSCM LLP"**

**Chartered Accountants
Licensed Public Accountants**

Toronto, Ontario
September ●, 2012

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

	June 30, 2012	June 30, 2011
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,479,484	\$ 4,536,275
Dual currency deposits (note 5)	-	8,031,076
Amounts receivable and prepaid expenses (note 6)	437,876	135,392
Loan to related party (note 6)	258,416	-
Marketable securities (note 7)	20,542	40,403
Tax credits recoverable	-	12,073
Total current assets	4,196,318	12,755,219
Equipment (note 4)	50,624	6,667
Total assets	\$ 4,246,942	\$ 12,761,886
Liabilities and Stockholders' Equity		
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 1,646,686	\$ 689,857
Derivative liability	-	12,619
Total liabilities	1,646,686	702,476
Stockholders' Equity		
Common stock, 350,000,000 shares authorized, \$0.001 par value, 156,747,178 issued and outstanding (June 30, 2011 - 146,197,178) (note 9)	156,747	146,197
Additional paid-in capital	69,724,488	63,998,735
Donated capital	20,750	20,750
Accumulated comprehensive loss	(52,336)	(32,432)
Accumulated deficit during exploration stage	(67,249,393)	(52,073,840)
Total stockholders' equity	2,600,256	12,059,410
Total liabilities and stockholders' equity	\$ 4,246,942	\$ 12,761,886

The accompanying notes are an integral part of these consolidated financial statements.

Subsequent Events (Note 14)

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

	March 1, 2004 (date of inception) to June 30, 2012	For the year ended June 30, 2012	2011
Revenues	\$ -	\$ -	\$ -
Mineral exploration expense (notes 6 and 8)	23,207,701	4,539,745	2,172,223
Stock-based compensation (notes 6, 9 and 10)	22,704,866	3,667,303	237,710
Impairment loss on mineral properties (note 8)	11,358,637	3,770,129	-
General and administrative (note 6)	6,526,453	1,487,669	1,543,064
Professional and consulting fees (note 6)	5,499,854	1,801,659	1,248,696
Depreciation (note 4)	65,033	9,781	8,889
Donated services and expenses	18,750	-	-
Foreign currency translation (gain)/loss	(907,495)	64,200	(226,268)
Total expenses	68,473,799	15,340,486	4,984,314
Net loss from operations	(68,473,799)	(15,340,486)	(4,984,314)
Other Income			
Investment income	920,553	164,933	110,759
Other income	303,853	-	-
Loss before income tax recovery	(67,249,393)	(15,175,553)	(4,873,555)
Net Loss	(67,249,393)	(15,175,553)	(4,873,555)
Unrealized (loss)/gain from investments in marketable securities	(58,180)	(19,904)	11,844
Comprehensive loss	\$ (67,307,573)	\$ (15,195,457)	\$ (4,861,711)
Loss per share - basic and diluted (note 13)		\$ (0.10)	\$ (0.04)
Weighted average shares outstanding - basic and diluted		151,107,724	126,983,413

The accompanying notes are an integral part of these consolidated financial statements.

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

	March 1, 2004 (date of inception) to June 30, 2012	Year Ended June 30, 2012	Year Ended June 30, 2011
Operating Activities			
Net loss	\$ (67,249,393)	\$ (15,175,553)	\$ (4,873,555)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	65,033	9,781	8,889
Donated services and expenses	20,750	-	-
Non-cash proceeds received	(74,000)	-	(18,456)
Dual currency deposits	71,680	90,136	-
Impairment loss on mineral properties	11,358,637	3,770,129	-
Stock-based compensation	22,704,866	3,667,303	237,710
Issuance of shares and warrants for services rendered	168,100	-	168,100
Change in operating assets and liabilities:			
Amounts receivable and prepaid expenses	(437,876)	(302,484)	(66,396)
Accounts payable and accrued liabilities	1,647,512	956,829	276,736
Tax credits recoverable	(245,186)	12,073	(12,627)
Non-cash portion of marketable securities	337	-	-
Net cash used in operating activities	(31,969,540)	(6,971,786)	(4,279,599)
Financing Activities			
Proceeds from issuance of common stock, net	38,099,105	635,000	13,178,708
Exercise of warrants and stock options	970,500	84,000	886,500
Government grants received	245,186	-	245,186
Net cash provided by financing activities	39,314,791	719,000	14,310,394
Investing Activities			
Mineral property acquisition costs	(3,419,973)	(2,420,129)	-
Purchase of property and equipment	(115,656)	(53,738)	-
Investment in dual currency deposits	(32,938,800)	(24,938,800)	(8,000,000)
Redemption of dual currency deposits	32,867,078	32,867,078	-
Loan to related party	(258,416)	(258,416)	-
Net cash (used in) provided by investing activities	(3,865,767)	5,195,995	(8,000,000)
Increase (decrease) in cash and cash equivalents	3,479,484	(1,056,791)	2,030,795
Cash and cash equivalents - beginning of period	-	4,536,275	2,505,480
Cash and cash equivalents - end of period	\$ 3,479,484	\$ 3,479,484	\$ 4,536,275
Non-cash investing and financing activities:			
Issuance of common stock for mineral properties	\$ 5,190,500	\$ 1,350,000	\$ -
Issuance of common stock and warrants for services	\$ 5,811,125	\$ -	\$ 90,000
Supplemental Disclosures:			
Interest received	\$ 817,442	\$ 61,822	\$ 110,759
Income taxes paid	\$ -	\$ -	\$ -
Taxes received	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Energizer Resources Inc.
(An Exploration Stage Company)
Consolidated Statement of Stockholders' Equity
For the Period from March 1, 2004 (Date of Inception) to June 30, 2012
(Expressed in US Dollars)

	Shares #	Amount \$	Additional Paid-In Capital \$	Accumulated Comprehensive Income (loss) \$	Common Stock Subscribed \$	Donated Capital \$	Deficit Accumulated During the Exploration Stage \$	Total \$
Balance - March 1, 2004 (Date of Incorporation)	-	-	-	-	-	-	-	-
Issuance of common shares for cash-at \$0.01/share	7,500,000	7,500	17,500	-	-	-	-	25,000
Issuance of common shares for cash-at \$0.05/share	2,085,000	2,085	32,665	-	-	-	-	34,750
Issuance of common stock for mineral property	7,500,000	7,500	(5,800)	-	-	-	-	1,700
Donated services and expenses	-	-	-	-	-	5,000	-	5,000
Net loss for period	-	-	-	-	-	-	(9,991)	(9,991)
Balance - June 30, 2004	17,085,000	17,085	44,365	-	-	5,000	(9,991)	56,459
Donated services and expenses	-	-	-	-	-	9,000	-	9,000
Net loss for the year	-	-	-	-	-	-	(38,500)	(38,500)
Balance - June 30, 2005	17,085,000	17,085	44,365	-	-	14,000	(48,491)	26,959
Issuance of common shares for cash-at \$0.20/share	2,265,000	2,265	448,235	-	-	-	-	450,500
Issuance of shares to exercise stock options	255,000	255	114,495	-	-	-	-	114,750
Issuance of common shares for mineral properties:								
-at \$0.101/share	300,000	300	30,000	-	-	-	-	30,300
-at \$0.85/share	2,000,000	2,000	1,698,000	-	-	-	-	1,700,000
Issuance of common shares for services-at \$0.60/share	5,550,000	5,550	3,324,450	-	-	-	-	3,330,000
Common stock subscribed	-	-	-	-	255,000	-	-	255,000
Fair value of warrants issued	-	-	1,925,117	-	-	-	-	1,925,117
Stock-based compensation	-	-	2,228,626	-	-	-	-	2,228,626
Donated services and expenses	-	-	-	-	-	6,750	-	6,750
Net loss for the year	-	-	-	-	-	-	(9,595,317)	(9,595,317)
Balance - June 30, 2006	27,455,000	27,455	9,813,288	-	255,000	20,750	(9,643,808)	472,685

The accompanying notes are an integral part of these consolidated financial statements.

Energizer Resources Inc.
(An Exploration Stage Company)
Consolidated Statement of Stockholders' Equity - continued
For the Period from March 1, 2004 (Date of Inception) to June 30, 2012
(Expressed in US Dollars)

	Shares #	Amount \$	Additional Paid-In Capital \$	Accumulated Comprehensive Income (loss) \$	Common Stock Subscribed \$	Donated Capital \$	Deficit Accumulated During the Exploration Stage \$	Total \$
Continued from prior page:								
Issuance of common shares for mineral properties -at \$0.82/share	500,000	500	409,500	-	-	-	-	410,000
Cancellation of common stock subscribed	-	-	-	-	(25,000)	-	-	(25,000)
Stock-based compensation	-	-	5,193,315	-	-	-	-	5,193,315
Issuance of common shares for mineral properties -at \$0.69/share	150,000	150	103,350	-	-	-	-	103,500
Issuance of common shares for mineral properties -at \$1.22/share	1,000,000	1,000	1,219,000	-	-	-	-	1,220,000
Fair value of warrants issued	-	-	2,941,961	-	-	-	-	2,941,961
Issuance of common shares for services-at \$0.41/share	1,450,000	1,450	596,675	-	-	-	-	598,125
Issuance of shares to exercise stock options	343,119	343	507,157	-	-	-	-	507,500
Private placement common shares subscribed	460,000	460	229,540	-	(230,000)	-	-	-
Issuance of common shares for cash-at \$0.50/share	34,600,000	34,600	17,265,400	-	-	-	-	17,300,000
Commission	891,850	891	807,824	-	-	-	-	808,715
Cost of issue	-	-	(3,843,798)	-	-	-	-	(3,843,798)
Net loss for the year	-	-	-	-	-	-	(14,390,122)	(14,390,122)
Balance - June 30, 2007	66,849,969	66,849	35,243,212	-	-	20,750	(24,033,930)	11,296,881
Issuance of shares to exercise of warrants	561,388	561	207,152	-	-	-	-	207,713
Issuance of common shares for mineral properties -at \$0.30/share	1,250,000	1,250	373,750	-	-	-	-	375,000
Fair value of warrants issued	-	-	60,560	-	-	-	-	60,560
Issuance of common shares for services-at \$0.20/share	2,975,000	2,975	592,025	-	-	-	-	595,000
Stock-based compensation	-	-	1,827,270	-	-	-	-	1,827,270
Accumulated comprehensive loss	-	-	-	(22,952)	-	-	-	(22,952)
Net loss for the year	-	-	-	-	-	-	(9,202,295)	(9,202,295)
Balance - June 30, 2008	71,636,357	71,635	38,303,969	(22,952)	-	20,750	(33,236,225)	5,137,177

The accompanying notes are an integral part of these consolidated financial statements.

Energizer Resources Inc.
(An Exploration Stage Company)
Consolidated Statement of Stockholders' Equity - continued
For the Period from March 1, 2004 (Date of Inception) to June 30, 2012
(Expressed in US Dollars)

	Shares #	Amount \$	Additional Paid-In Capital \$	Accumulated Comprehensive Income (loss) \$	Common Stock Subscribed \$	Donated Capital \$	Deficit Accumulated During the Exploration Stage \$	Total \$
Continued from prior page:								
Issuance of common shares for services-at \$0.10/share	2,500,000	2,500	247,500	-	-	-	-	250,000
Issuance of common shares for services-at \$0.08/share	1,600,000	1,600	126,400	-	-	-	-	128,000
Issuance of common shares for services-at \$0.10/share	6,800,000	6,800	673,200	-	-	-	-	680,000
Commission	408,000	408	(408)	-	-	-	-	-
Stock-based compensation	750,000	750	131,174	-	-	-	-	131,924
Incremental value of stock options on repricing	-	-	128,328	-	-	-	-	128,328
Accumulated comprehensive loss	-	-	-	(26,134)	-	-	-	(26,134)
Net loss for the year	-	-	-	-	-	-	(3,255,471)	(3,255,471)
Balance - June 30, 2009	83,694,357	83,693	39,610,163	(49,086)	-	20,750	(36,491,696)	3,173,824
Issuance of common shares for services-at \$0.17/share	2,250,000	2,250	380,250	-	-	-	-	382,500
Stock-based compensation	-	-	2,813,517	-	-	-	-	2,813,517
Issuance of common shares for services-at \$0.68/share	500,000	500	339,500	-	-	-	-	340,000
Fair value of warrants issued	-	-	113,125	-	-	-	-	113,125
Cost of issue	-	-	(469,085)	-	-	-	-	(469,085)
Private placement common share subscribed	21,666,667	21,667	6,478,333	-	-	-	-	6,500,000
Commission	400,000	400	(400)	-	-	-	-	-
Issuance of shares to exercise stock options	2,000,000	2,000	298,000	-	-	-	-	300,000
Accumulated comprehensive gain	-	-	-	4,810	-	-	-	4,810
Net loss for the year	-	-	-	-	-	-	(10,708,589)	(10,708,589)
Balance - June 30, 2010	110,511,024	110,510	49,563,403	(44,276)	-	20,750	(47,200,285)	2,450,102

The accompanying notes are an integral part of these consolidated financial statements.

Energizer Resources Inc.
(An Exploration Stage Company)
Consolidated Statement of Stockholders' Equity - continued
For the Period from March 1, 2004 (Date of Inception) to June 30, 2012
(Expressed in US Dollars)

	Shares #	Amount \$	Additional Paid-In Capital \$	Accumulated Comprehensive Income (loss) \$	Common Stock Subscribed \$	Donated Capital \$	Deficit Accumulated During the Exploration Stage \$	Total \$
Continued from prior page:								
Private placement common shares subscribed	30,936,654	30,936	13,890,559	-	-	-	-	13,921,495
Fair value of warrants issued	-	-	78,100	-	-	-	-	78,100
Cost of issue	-	-	(742,787)	-	-	-	-	(742,787)
Issuance of common shares for services-at \$0.45/share	200,000	200	89,800	-	-	-	-	90,000
Issuance of shares to exercise warrants	4,549,500	4,551	881,950	-	-	-	-	886,501
Stock-based compensation	-	-	237,710	-	-	-	-	237,710
Accumulated comprehensive gain	-	-	-	11,844	-	-	-	11,844
Net loss for the year	-	-	-	-	-	-	(4,873,555)	(4,873,555)
Balance - June 30, 2011	146,197,178	146,197	63,998,735	(32,432)	-	20,750	(52,073,840)	12,059,410
Private placement common shares subscribed	2,540,000	2,540	632,460	-	-	-	-	635,000
Issuance of common stock for mineral property	7,500,000	7,500	1,342,500	-	-	-	-	1,350,000
Exercise of stock options	510,000	510	83,490	-	-	-	-	84,000
Stock-based compensation	-	-	3,667,303	-	-	-	-	3,667,303
Accumulated comprehensive gain	-	-	-	(19,904)	-	-	-	(19,904)
Net loss for the year	-	-	-	-	-	-	(15,175,553)	(15,175,553)
Balance - June 30, 2012	156,747,178	156,747	69,724,488	(52,336)	-	20,750	(67,249,393)	2,600,256

The accompanying notes are an integral part of these consolidated financial statements.

Energizer Resources Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the years ended June 30, 2012 and 2011
(Expressed in US Dollars)

1. Exploration Stage Company

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

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has yet to generate revenue from mining operations or pay dividends and is unlikely to do so in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. As at June 30, 2012, the Company has accumulated losses of \$67,249,393. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

Principals of Consolidation and Basis of Presentation

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

Use of Estimates

The consolidated financial statements include estimates which, by their nature, are uncertain. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and other factors as the basis for its judgments and estimates. Actual results may differ from those estimates. The impacts of estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects current and future periods.

Areas where significant estimates and assumptions are used include: the valuation of shares, warrants and stock options issued, the valuation recorded for impairment on property expenditures, the valuation recorded for future income taxes, and the valuation of derivatives.

Energizer Resources Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the years ended June 30, 2012 and 2011
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2. Significant Accounting Policies - continued

Comprehensive Income (Loss)

ASC Topic-220, "Reporting Comprehensive Income", establishes standards for the reporting and display of comprehensive income, its components and accumulated balances. As at June 30, 2012, the Company's only component of other comprehensive income is unrealized losses on marketable securities.

Basic and Diluted Net Income (Loss) Per Share

The Company computes net earnings (loss) per share in accordance with ASC Topic-260, "Earnings per Share". ASC Topic-260 requires presentation of basic and diluted earnings per share (EPS) on the consolidated statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and the "if converted" method for convertible instruments. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. Diluted EPS and the weighted average number of common shares exclude all dilutive potential shares since their effect is anti-dilutive.

Cash and Cash Equivalents

Cash and cash equivalents include money market investments that are readily convertible to known amounts of cash and have an original maturity of less than or equal to 90 days.

Marketable Securities

The Company classifies and accounts for debt and equity securities in accordance with ASC Topic-320, "Accounting for Certain Investments in Debt and Equity Securities". The Company has classified all of its marketable securities as available-for-sale, thus securities are recorded at fair market value and any associated unrealized gain or loss, net of tax, are included as a separate component of stockholders' equity, "Accumulated Comprehensive Loss".

Equipment

Equipment is recorded at cost, less accumulated depreciation, and consists of exploration equipment. Depreciation is computed on a straight-line basis over 3 years.

Mineral Property Costs

The Company has been in the exploration stage since its inception on March 1, 2004, and has not yet realized any revenues from its mineral operations. Mineral property exploration costs are expensed as incurred.

When it has been determined that a mineral property can be economically developed as a result of establishing probable and proven reserves, the costs then incurred to develop such property will be capitalized. Such costs will be amortized using the units of production method over the estimated life of the probable reserve. If properties are abandoned or the carrying value is determined to be in excess of possible future recoverable amounts the Company will write off the appropriate amount.

Energizer Resources Inc.
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2. Significant Accounting Policies - continued

Foreign Currency Translation

The Company's functional and reporting currency is United States Dollars. Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC Topic-830, "Foreign Currency Translation", using the exchange rate prevailing at the balance sheet date. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in the consolidated statements of operations and comprehensive loss.

Stock-Based Compensation

The Company has a stock option plan as described in note 10. All stock-based awards granted, including those granted to directors not acting in their capacity as directors, are accounted for using the fair value based method. The fair value of stock options granted is recognized as an expense within the consolidated statements of operations and comprehensive loss and a corresponding increase in shareholders' equity. Any consideration paid by eligible participants on the exercise of stock options is credited to common stock. The additional paid in capital amount associated with stock options is transferred to common stock upon exercise.

Income Taxes

The Company has adopted ASC Topic-740 "Accounting for Income Taxes" as of its inception. Pursuant to ASC Topic-740, the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefits of net operating losses have not been recognized in these consolidated financial statements as the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

Management does not believe unrecognized tax benefits will significantly change within one year of the balance sheet date. Interest and penalties related to income tax matters are recognized in income tax expense. As of June 30, 2012, there was no accrued interest or penalties related to uncertain tax positions.

Long Lived Assets

In accordance with the ASC Topic-360, "Accounting for Impairment or Disposal of Long Lived Assets", the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

Asset Retirement Obligations

The operations of the Company are subject to regulations governing the environment, including future site restoration for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement is incurred, the liability is recognized when a reasonable estimate of fair value can be made. The Company has determined that there are no asset retirement obligations or any other environmental obligations currently existing with respect to its mineral properties and therefore no liability has been recognized.

Government Grants

The Company makes periodic applications for financial assistance under available government incentive programs and tax credits related to the mineral property expenditures. The Company recognizes government assistance on an accrual basis when all requirements to earn the assistance have been completed and receipt is reasonably assured. Government grants are recognized on the balance sheet under tax credits recoverable and accrued as a reduction of mineral exploration expenses. Government grants relating to mineral expenditures are reflected as a reduction of the cost of the property or as a reduction to exploration expenses. Government grants relating to operating expenses are reflected as a reduction of the expense.

Energizer Resources Inc.
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Notes to Consolidated Financial Statements
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2. Significant Accounting Policies - continued

Financial Instruments

The fair value of cash and cash equivalents, amounts receivable, marketable securities, dual currency deposits and accounts payable and accrued liabilities were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The Company's exploration operations are primarily in Madagascar but also in Canada, which result in exposure to market risks from changes in foreign currency rates. Financial risk is the risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates.

Fair Value of Financial Instruments Hierarchy

ASC Topic-820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Cash and cash equivalents and marketable securities that the Company held were in Level 1 and dual currency deposits were in Level 2 within the fair value hierarchy. The three levels are as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 includes marketable securities such as listed equities and U.S. government treasury securities.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using industry-standard models or other valuation methodologies. These models consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, current market and contractual prices for the underlying instruments as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include dual currency deposits, over the counter forwards, options and repurchase agreements.

Level 3 - Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value from the perspective of a market participant. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs. At each balance sheet date, the Company performs an analysis of all instruments subject to ASC Topic-820 and includes in Level 3 all of those whose fair value is based on significant unobservable inputs.

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3. Recent Accounting Pronouncements Affecting The Company

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

- "Comprehensive Income (Topic-220): Presentation of Comprehensive Income": ("ASU 2011-05") was issued during June 2011. FASB issued guidance regarding the presentation of Comprehensive Income within financial statements. The guidance was effective for interim and annual periods beginning after December 15, 2011.
- "Comprehensive Income (Topic-202): Deferral of the Effective date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No 2011-05": ("ASU 2011-12") was issued during December 2011. FASB provides clarification and guidance relating to the effects of reclassifications of amounts out of accumulated other comprehensive income and into net income. The guidance is effective for annual periods beginning after December 15, 2011 and interim periods within those years.
- "Intangibles - Goodwill and Other (Topic-350): Indefinite-Lived Intangible Assets for Impairment": ("ASU 2011-08") was issued during September 2011. FASB issued guidance on how to determine whether goodwill amounts on the balance sheet have been impaired. The guidance is effective for annual periods beginning after September 15, 2012 and interim periods within those years.
- "Balance Sheet (Topic 201): Disclosures about Offsetting Assets and Liabilities": ("ASU 2011-11") was issued during December 2011. FASB issued guidance on how to determine whether it is appropriate to offset or net certain assets and liabilities on the balance sheet and the additional disclosure that this entails. The guidance is effective annual periods beginning on or after January 1, 2013.

The adoption of the Topic-220, Topic-350 and Topic-202 is not expected to have a material impact on the Company's consolidated financial statements. The Company is currently evaluating the impact of Topic 201 on these consolidated financial statements.

4. Equipment

	Cost	Accumulated Depreciation	June 30, 2012 Net Book Value	June 30, 2011 Net Book Value
Exploration equipment	\$ 53,738	\$ 3,114	\$ 50,624	\$ 6,667

For the year ended June 30, 2012, depreciation expense totaled \$9,781 (June 30, 2011: \$8,889).

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5. Dual Currency Deposits

From time to time, the Company has invested in dual currency deposits under which it contracts to a foreign exchange strike rate at the inception of the contract. If the spot rate is less than the strike rate on the day of maturity, the Company will receive money in the invested currency. Conversely, if the spot rate is greater than the strike rate, the Company will receive money in the underlying currency and recognize a foreign exchange loss.

The Company used this form of deposit to increase the interest rate, and hence its return, on its deposits and because it makes payments to vendors in both US dollars and Canadian dollars. Because of this during certain cycles or payment periods, the Company is indifferent as to whether the deposit is returned in Canadian dollars or US dollars. This investment posed a greater risk when compared to investing excess cash in liquid and low risk money market deposits due to the fact that the movement in the underlying foreign exchange rates is uncertain.

As of June 30, 2012, the Company held a total of \$Nil (June 30, 2011: \$8,000,000) dual currency deposits.

6. Related Party Transactions and Balances

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

The following are the related party transactions for the year ended June 30, 2012:

- a) The Company incurred a total of \$74,550 (June 30, 2011: \$59,410) in office administration and rent expense from a company related by common management.
- b) 9,600,000 (June 30, 2011: 1,100,000) stock options were issued to related parties during the period with exercise prices between \$0.20 and \$0.30. These stock options valued at \$2,181,213 (June 30, 2011: \$237,710) were issued to directors and officers of the Company.
- c) The Company incurred \$717,886 (June 30, 2011: \$821,338) in administrative, management and consulting fees to directors and officers.
- d) The Company incurred \$1,137,725 (June 30, 2011: \$Nil) in charges from a mining and engineering firm in which one of the Company's directors serves as a senior officer and a director for.

The following are the related party balances for the year ended June 30, 2012:

- a) Related party balances of \$Nil (June 30, 2011: \$168,000) were included in accounts payable and accrued liabilities and \$34,319 (June 30, 2011: \$37,000) in prepaid expenses.
- b) The Company has recorded a short-term loan to a related party totaling \$258,416 (June 30, 2011: \$Nil). This loan is interest bearing and is expected to be paid back in full within the next 12 months.

7. Marketable Securities

Marketable securities consist of available-for-sale securities over which the Company does not have significant influence or control. These investments included \$20,542 (June 30, 2011: \$40,403) invested in TSX-Venture entities.

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8. Mineral Properties

Green Giant Property, Southern Madagascar, Africa

On August 22, 2007, the Company entered into a joint venture agreement with Madagascar Minerals and Resources Sarl ("MMR"), a Madagascar incorporated company. A joint venture was established with the Company owning a 75% interest and MMR owning a 25% interest in the Green Giant Property. In order to acquire the 75% interest, the Company paid a total of \$765,000, issued 1,250,000 common shares and 500,000 now expired share purchase warrants. Further, on December 10, 2007, the Company issued 1,250,000 common shares valued at \$375,000 and 500,000 now expired share purchase warrants. As it has not yet determined whether the property has probable or proven reserves, the Company recognized an impairment loss during fiscal 2008 totaling \$1,200,560 which represented the total cash paid and the value of common shares and share purchase warrants issued.

On July 9, 2009, the Company entered into an agreement with MMR to acquire the remaining 25% interest for \$100,000 and terminated the joint venture. MMR retains a 2% net smelter return ('NSR'). The NSR on this 25% portion can be acquired by the Company for \$500,000 in cash or common shares for the first 1% and at a price of \$1,000,000 in cash or common shares for the second 1% at the Company's option.

Malagasy Joint Venture Ground, Southern Madagascar, Africa

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

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

The Company holds 219 claims located in northern Quebec, Canada which were acquired from Virginia Mines Inc. ("Virginia") on May 2, 2006. Virginia retains a 2% NSR on this property.

9. Common Stock

- a) On July 2, 2010, the Company issued 500,000 common share purchase warrants valued at \$78,100 to a company who assisted the Company with listing on the TSX Venture Exchange. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate - 1.54%; expected volatility - 172%; dividend yield - NIL; and expected life - 4 years.
- b) On October 21, 2010, the Company issued 1,100,000 stock options to a director of the Company valued at \$237,710. The stock options, which vested immediately, were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate - 1.54%; expected volatility - 172%; dividend yield - NIL; and expected life - 4 years.
- c) On December 17, 2010, the Company issued 200,000 shares of common stock valued at \$90,000 pursuant to a contract with a party to provide advisory services in China.

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9. Common Stock - continued

- d) During January and February 2011, the Company closed a private placement of 30,936,654 units for gross proceeds of \$13,921,495. Each unit consisted of one common share and one half of one common share purchase warrant. Each of the 15,468,327 warrants issued can be used to purchase one common share at an exercise price of \$0.75 for two years from the date of issue. In connection with the private placement, the Company paid \$704,115, TSX-V fees of \$38,411 and 1,564,700 compensation warrants. The compensation warrant entitles the holder to acquire one unit at \$0.45 per unit and expire on February 25, 2013.
- e) During the year ended June 30, 2011, the Company issued 4,549,500 shares of common stock for consideration of \$886,500. The shares were issued pursuant to the exercise of several share purchase warrants.
- f) On July 1, 2011, the Company issued 5,175,000 stock options to directors, officers and consultants of the Company valued at \$1,364,648. The stock options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate - 1.95%; expected volatility - 137%; dividend yield - NIL; and expected life - 5 years. These stock options vested on the grant date.
- g) On October 24, 2011, the Company issued 1,850,000 stock options to directors, officers and consultants of the Company valued at \$321,530. The stock options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate - 1.60%; expected volatility - 133%; dividend yield - NIL; and expected life - 5 years. These stock options vested on the grant date.
- h) On December 16, 2011, the Company issued 2,365,000 stock options to directors, officers and consultants of the Company valued at \$431,613. The stock options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate - 1.60%; expected volatility - 133%; dividend yield - NIL; and expected life - 5 years. These stock options vested on the grant date.
- i) On December 16, 2011, the Company 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.
- j) On March 4, 2012, the Company issued 460,000 shares of common stock for consideration of \$69,000. The shares were issued pursuant to the exercise of stock options.
- k) On March 7, 2012, the Company issued 6,275,000 stock options to directors, officers and consultants of the Company valued at \$1,513,530. The stock options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate - 1.00%; expected volatility - 131%; dividend yield - NIL; and expected life - 5 years. These stock options vested on the grant date.
- l) On March 25, 2012, the Company closed a private placement with DRA Minerals Inc, a process development and mine engineering company, raising \$635,000 by issuing 2,540,000 common stock at \$0.25 per share.
- m) On April 9, 2012, the Company issued 50,000 shares of common stock for consideration of \$15,000. The shares were issued pursuant to the exercise of stock options.
- n) On May 23, 2012, the Company issued 180,000 stock options to directors, officers and consultants of the Company valued at \$35,982. The stock options were valued using the Black-Scholes pricing model with the following assumptions: risk free interest rate - 1.00%; expected volatility - 134%; dividend yield - NIL; and expected life - 5 years. These stock options vested on the grant date.

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10. Stock Options

On March 9, 2006, the Company filed a Form S-8 registration statement in connection with its newly adopted 2006 Stock Option Plan (the '2006 Plan') allowing for the direct award of shares or granting of stock options to acquire up to a total of 2,000,000 common shares. On December 18, 2006, February 16, 2007, July 11, 2007, September 29, 2009, May 3, 2011 and March 1, 2012, the 2006 Plan was amended to increase the stock option pool by a total of 25,000,000 additional common shares.

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

	Number of Options	Weighted-Average Exercise Price (\$)
Outstanding and exercisable, June 30, 2010	13,620,000	0.30
Granted	1,100,000	0.25
Cancelled	(590,000)	0.57
Outstanding and exercisable, June 30, 2011	14,130,000	0.29
Granted	15,845,000	0.27
Exercised	(510,000)	0.16
Expired	(2,475,000)	0.15
Cancelled	(3,300,000)	0.31
Outstanding and exercisable, June 30, 2012	23,690,000	0.29

The following is a summary stock options outstanding as of June 30, 2012:

Exercise Price (\$)	Number of Stock Options	Expiry Date
0.15	2,395,000	July 11, 2012
0.35	750,000	September 2, 2013
0.40	5,350,000	May 11, 2014
0.30	4,525,000	July 1, 2016
0.20	1,850,000	October 24, 2016
0.21	2,365,000	December 1, 2016
0.28	6,275,000	March 7, 2017
0.23	180,000	May 23, 2017
0.29	23,690,000	

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11. Warrants

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

	Number of Warrants	Exercise Price (\$)
Outstanding, June 30, 2010	31,889,667	0.41
Granted	17,737,028	0.70
Exercised	(4,549,500)	0.19
Expired	(511,500)	0.20
Outstanding, June 30, 2011	44,565,695	0.55
Expired	(946,000)	0.37
Outstanding, June 30, 2012	43,619,695	0.56

The following is a summary warrants outstanding as of June 30, 2012:

Exercise Price (\$)	Number of Warrants	Expiry Date
0.75	15,468,328	January 28, 2013 - February 25, 2013
0.45	1,564,700	February 25, 2013
0.50	870,000	March 15, 2013
0.30	400,000	March 15, 2013
0.15	3,650,000	April 26, 2013
0.50	21,666,667	May 5, 2013
	43,619,695	

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12. Income Taxes

The reconciliation of combined Canadian federal and provincial statutory income tax rates on the net loss for the years ended June 30 is as follows:

	June 30, 2012	June 30, 2011
Net loss	\$ (15,175,553)	\$ (4,873,555)
Rate	27.30%	29.30%
Expected income tax recovery	\$ (4,135,338)	\$ (1,427,952)
Permanent differences	3,118,465	615,830
Tax rate changes and other adjustments	198,695	59,675
Share issue and financing costs	-	(217,637)
Expiry of non-capital losses	182,707	117,121
Increase in valuation allowance	635,471	852,963
Income tax recovery reflected in the Statements of Operations And Comprehensive Loss	\$ -	\$ -

The 2012 statutory tax rate of 27.30% differs from the 2011 statutory tax rate of 29.30% because of the reduction in the Canadian federal and provincial substantively enacted rates.

Future Income Tax Assets

The Company's future income tax assets and liabilities as at June 30, 2012 and 2011 are as follows:

	June 30, 2012	June 30, 2011
Future Income Tax Assets		
Non-capital losses - Canada	\$ 2,659,595	\$ 1,952,256
Non-capital losses - Madagascar	518,505	483,447
Exploration expenditures	582,498	606,997
Share issue and financing costs	161,512	235,277
Marketable Securities	6,194	3,706
Other deductible temporary differences	2,096	13,246
	3,930,400	3,294,929
Less: valuation allowance	(3,930,400)	(3,294,929)
Net future income tax assets	\$ -	\$ -

The Canadian non-capital loss carry forwards expire as noted in the table below. Madagascar losses expire between 2013 and 2015. Share issue and financing costs expire from 2013 and 2015. Deductible temporary differences related to marketable securities, exploration expenditures and other, carry forward indefinitely. Future tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Energizer Resources Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the years ended June 30, 2012 and 2011
(Expressed in US Dollars)

12. Income Taxes - continued

At June 30, 2012, the Company had Canadian non-capital losses income tax losses of \$10,638,381 available to offset future taxable income. These losses expire as follows:

2027	\$ 1,070,736
2028	1,038,253
2029	1,049,995
2030	1,776,341
2031	2,503,112
2032	3,199,944
	\$ 10,638,381

13. Loss Per Share

Basic and diluted loss per share is computed using the weighted average number of common stock outstanding. Diluted loss per share and the weighted average number of shares of common stock exclude all potentially dilutive shares since their effect is anti-dilutive. As at June 30, 2012, there were a total of 67,309,695 (June 30, 2011: 58,695,695) potentially dilutive stock options and warrants outstanding.

14. Subsequent Event(s)

On July 13, 2012 the Company issued 1,695,000 stock options at an exercise price of \$0.29 and an expiry date of July 13, 2016 to certain directors, officers and consultants.

Consent of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Energizer Resources Inc.

We hereby provide our consent to the incorporation by reference, in this Annual Report on Form 10-K of Energizer Resources Inc. of our report dated September 22, 2012 relating to the consolidated financial statements of Energizer Resources Inc. for the period from July 1, 2011 through June 30, 2012.

Signed: ***“MSCM LLP”***

**Chartered Accountants
Licensed Public Accountants**

Toronto, Ontario
September 22, 2012

Exhibit 31.1

Certification of CEO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002.

I, J A Kirk McKinnon, certify that:

1. I have reviewed this annual report on Form 10-K of Energizer Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Issuer's internal control over financial reporting that occurred during the Registrant's fiscal quarter ending June 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditor and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 24, 2012

/s/ J A Kirk McKinnon
J A Kirk McKinnon, Chief Executive Officer

Exhibit 31.2

Certification of CFO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002.

I, Peter D. Liabotis, certify that:

1. I have reviewed this annual report on Form 10-K of Energizer Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Issuer's internal control over financial reporting that occurred during the Registrant's fiscal quarter ending June 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditor and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 24, 2012

/s/ Peter D. Liabotis
Peter D. Liabotis, Chief Financial Officer (Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the annual report of Energizer Resources Inc. (the "Company") on Form 10-K for the period ending June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J A Kirk McKinnon, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: September 24, 2012

/s/ J A Kirk McKinnon
J A Kirk McKinnon, Chief Executive Officer

Exhibit 32.2

**CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the annual report of Energizer Resources Inc. (the "Company") on Form 10-K for the period ending June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter D. Liabotis, Chief Financial Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: September 24, 2012

/s/ Peter D. Liabotis
Peter D. Liabotis, Chief Financial Officer (Principal Accounting Officer)