

27th February 2013 – ASX Announcement

POSITIVE PRELIMINARY ECONOMIC ASSESSMENT OF THE MOLO GRAPHITE PROJECT

Highlights

- Joint Venture partner and project manager Energizer Minerals Inc. has released a positive Preliminary Economic Assessment (“PEA”) Study for the Molo Graphite Deposit, Madagascar.
- The outcomes of this study highlight the potential for the Molo Graphite Deposit to be fast tracked into production with a defined “early-mover” opportunity within the emerging graphite industry.
- Malagasy Minerals Limited is well positioned with a 25% free-carried interest through to completion of a bankable feasibility study in the Molo Graphite Deposit.
- The study is currently being compiled by DRA Mineral Projects (“DRA”) of Johannesburg, South Africa into a Canadian National Instrument 43-101 technical report. This report will be available within 45 days.
- Results of the study indicate that the project has attractive financial returns based on a 20-year mine life producing 84,000 tonnes of graphite concentrate per year with an average specification of 92%C.
- Preliminary test work undertaken by South Africa’s national research organization, Mintek, demonstrates the graphite concentrate can be upgraded to purities between 98% and 98.6% graphitic carbon.
- Flake distribution test work by Mintek and North Carolina State University (“NCSU”) indicates that +50 mesh graphite can be obtained through simple crushing.
- Energizer Minerals Inc. will now move to a full Feasibility Study that will focus on enhanced beneficiation to obtain battery grade material with a target purity level of >99%C

Malagasy Minerals Limited (ASX: MGY) is pleased to announce the release by joint venture partners Energizer Resources Inc. (TSX: EGZ) of the Preliminary Economic Assessment for the Molo Graphite Deposit, Madagascar.

A summary of the key findings of the PEA study are provided below in Table (1) and a full copy of the detailed announcement prepared by Energizer and released on the Toronto Stock Exchange is attached and should be referenced in full (Economic parameters refer to real numbers with the exception of the post-tax NPV and post-tax IRR; All currency = \$USD)

FINANCIALS		PHYSICALS	
Pre-tax NPV (10% discounted, real)	\$421,464,000	Mine Life	20 years
Pre-tax IRR (Real)	48%	Average head grade	8.5%C
Post-tax NPV (10% discounted, real)	\$341,803,000	Average annual ore mined	1,169,749 tonnes
Post-tax IRR (real)	41%	Average stripping ratio	1.65
Payback	3.0 years	Average mill recovery	89%
Graphite sale price	\$1,564 per tonne	Average annual production	84,000 tonnes (concentrate)
Capital Cost	\$162 million		
Mining Cost	\$4.76 /t mined		
Process Cost	\$22.29/t milled		
Transportation cost (FOB Port)	\$105/t concentrate		

Signed on behalf of the Board

Max Cozjin
Chairman

Competent Persons Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Peter Langworthy, Consulting Geologist, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Peter Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Energizer Resources Announces Positive Preliminary Economic Assessment of the Green Giant Molo Graphite Project Study Indicates Operating Parameters and Attractive Financial Returns

NEWS RELEASE – February 26, 2013

Energizer Resources Inc. (TSX: EGZ) (OTCBB: ENZR) (FWB: YE5) ("Energizer" or the "Company") is pleased to report the results of the Preliminary Economic Assessment Technical Update ("PEA") for its Molo graphite deposit ("Molo" or the "Project"), located in Madagascar.

The PEA Technical Report Update is currently being compiled by DRA Mineral Projects ("DRA") of Johannesburg, South Africa. A Canadian National Instrument 43-101 technical report relating to the PEA will be filed on SEDAR within 45 days of this news release.

Craig Scherba, President & COO commented: *"We have completed our stated objective to deliver both a NI 43-101 resource and a PEA on the Molo Project. This PEA provides the necessary information to the market for quantified evaluation of the Molo deposit."*

"Preliminary test work conducted by South Africa's national mineral research organization, Mintek, demonstrated that we were able upgrade our concentrates to purities between 98% and 98.6% graphitic carbon. We are now moving forward with additional metallurgical testing as part of a full Feasibility Study which will look to enhance beneficiation to obtain battery grade material with target purity levels of >99%. This work, along with the optimization of flake size distribution through pilot plant test work, should positively affect the blended graphite sale price and flake size distribution. As such, we believe this PEA to be conservative."

Summary of the PEA Study Results (Economic parameters refer to real numbers with the exception of the post-tax NPV and post-tax IRR; \$USD)

Pre-tax NPV(10%Discounted, real)	\$ 421,464,000
Pre-tax IRR (Real)	48 %
Post-tax NPV(10\$ Discounted, real)	\$ 341,803,000
Post-tax IRR (Real)	41%
Payback	3.0 years
Mine life	20 years
Graphite sale price	\$1564 per tonne
Average Head Grade	8.50%
Average annual ore mined	1,169,749 tonnes per annum
Average stripping ratio	1.65
Average mill recovery	89%
Average annual production	84,000 tonnes per annum
Capital cost	\$ 162,043,315
Mining cost	\$4.76 per tonne mined (Initial LOM)
Processing cost	\$22.29 per tonne milled
Transportation cost (FOB port)	\$105.00 per tonne concentrate

Note: DRA is working towards meeting the requirements of a Preliminary Economic Assessment as defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). The economic analysis relevant to the optimal pit model contained in the technical report is based on Indicated Resources (as defined in NI 43-101), and is preliminary in nature. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves (as defined in NI 43-101). Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the reserves development, production, and economic forecasts on which the PEA is based will be realized. The capital expenditure estimate is based on a +/- 25 % cost accuracy and does not include any ancillary costs outside of actual production of possible investment in infrastructure related assets. According to the Ontario Securities Commission, a PEA is held to be accurate to +/- 50% accuracy.

Project Location and Access

The Molo deposit is located within the Green Giant Project which is located in the Tulear region of southern Madagascar, 145 km southeast of the city of Toliara. The Molo deposit is located in a sparsely populated, dry savannah grassland area, which has easy access via a network of secondary roads that lead to both the regional capital (and port city) of Toliara, and to the port of Soalara.

Geology and Mineralization

The Molo deposit consists of multi-folded graphitic strata with a surficially exposed strike length of over two kilometres, and is situated in the Bekikiy block (Tolagnaro-Ampanihy high grade metamorphic province) of southern Madagascar. The deposit is underlain predominantly by moderately to highly metamorphosed and sheared graphitic (biotite, chlorite and garnet-rich) quartzofeldspathic schists and gneisses. Geological modelling has shown that the deposit consists of various zones of mineralized graphitic gneiss, with a barren footwall composed of garnetiferous gneiss. The host rock of the mineralized zones is a graphitic gneiss.

Mineral Resource Estimate

The 2012 resource delineation drilling and trenching on Molo took place between May and November 2012, and allowed for a maiden Indicated and Inferred Resource to be stated in early December of the same year by Desmond Subramani, Pr.Sci.Nat.(400184/06) and John Hancox, Pr.Sci.Nat.(400224/04), independent Qualified Persons with Caracle Creek International Consulting Pty Ltd. ("CCIC") of Johannesburg, South Africa. The mineral resource estimate for Molo is summarized in the table below. The mineral resources are classified in the Indicated and Inferred categories according to the Canadian Institute of Mining Definition Standards. Resources within the "low grade" domain are stated at a 2 % C cut-off, and resources within the "high grade" domains are stated at a 4 % C cut-off. The total Indicated Resource is estimated at 83.99 Mt, grading at 6.36% C, with an additional Inferred Resource of 40.32 Mt, grading at 6.3% C.

Classification	Material Type	Tonnes (Mt)	Grade (C%)
Indicated	"high grade"	40.88	8.09
Indicated	"low grade"	43.11	4.72
<u>Indicated – Total</u>		<u>83.99</u>	<u>6.36</u>
Inferred	"high grade"	19.23	8.11
Inferred	"low grade"	21.09	4.64
<u>Inferred – Total</u>		<u>40.32</u>	<u>6.3</u>

1-Mineral Resources are classified according to the Canadian Institute of Mining definitions.

2-"low grade" Resources are stated at a cut-off grade of 2 % C.

3-"high grade" Resources are stated at a cut-off grade of 4 % C.

4-Eastern and Western high grade assays are capped at 13% C and 15 % C respectively.

5-A relative density of 2.36 t/m³ was used assigned to the mineralized zones for the resource estimation.

Mining

The PEA technical assessment by DRA indicates that mining will be carried out using a conventional open pit mining method, utilizing trucks and loaders. The mine strip ratio was calculated to show an average value of 1.65 with minimal overburden pre-stripping requirements as the mineralization is exposed at surface. The mine design capacity is to process 1,169,749 tonnes of ore per year at 92% availability, with an average head grade of 8.5% C.

Processing and Recovery

The processing of Molo ore will entail three stage crushing followed by a Primary milling and flotation separation circuit. The resulting flake graphite concentrate will then be thickened, dried, separated into various flake sizes, packaged and stored before shipment. The final residue generated by the flotation process will generate a clean, non-acidic tailing. The concentrate production is estimated to be an average of 84,000 tonnes of graphite concentrate per annum with an average specification of 92% C. Flotation recoveries achieved for the Molo ore were 89%, derived from metallurgical test work conducted by Mintek.

Graphite Pricing Assumptions

Graphite price assumptions were based on the 24 month average of graphite prices as supplied by Industrial Minerals ("IM") which publishes weekly prices according to data supplied by graphite buyers. The chart below illustrates the average prices in US dollars as supplied on the IM website.

2 Year Industrial Minerals Magazine Graphite Price Ranges (Jan 2011 - Jan 2013)			
	Low	High	Average
+80 mesh 94-97%	\$ 2,138.24	\$ 2,629.41	\$ 2,383.82
-80 +100 mesh 94-97%	\$ 1,852.45	\$ 2,200.98	\$ 2,026.72
-100 mesh 94-97%	\$ 1,688.73	\$ 2,075.00	\$ 1,881.86
-200 mesh amorphous 80-85%	\$ 590.00	\$ 779.41	\$ 684.71

The results of flake distribution test work conducted by Mintek and North Carolina State University ("NCSU") is summarized in the table below. The +50 mesh graphite obtained by NCSU was obtained through simple crushing alone, which is unique to the Molo graphite deposit. Due to the unique ability to extract +50 mesh flake through crushing alone, DRA will have additional metallurgical test work conducted to verify these results before including them in an economic analysis. As such, the flake size distribution arrived at by Mintek in the initial stages of the test work is deemed by the Company to be a conservative estimate.

Molo Mesh Size				
Mesh Size	Mintek		NCSU	
	Yield	C%	Yield	C%
+50	Not sized		15.1	93
-50 to +80	Not sized		11.8	95.2
+100	33.3	94.9	11.4	92.2
-100 to +200	36.1	93.3		
-200	30.6	82.1		

Utilizing the 24 month average graphite prices provided by IM, along with the flake size distribution derived from metallurgical test work conducted by Mintek, the Molo blended graphite price was determined to be a starting price of USD\$1,563.77 as shown in the chart below.

Sale Price Assumptions (based on 2 year average from IM)				
Mintek Blended Average with Conventional Sales				
Yield (%)	Mesh Size	C%	Sale \$	\$/T
NOT SIZED	+50		NOT provided by IM	
	-50 +80		\$ 2,383.82	
33.3	+100	94.9	\$ 2,026.72	\$ 674.90
36.1	-100 +200	93.3	\$ 1,881.86	\$ 679.35
30.6	-200	82.1	\$ 684.71	\$ 209.52
				\$ 1,563.77

Capital Costs (“CapEx”)

DRA arrived at its capital cost estimate through a combination of supplier quotations and factor analysis of similar sized mines with similar processing circuits. The estimated capital cost for the project is USD\$ 162 million. As is standard, a mining contingency is required to allow for estimation variances at the PEA level analysis. Due to the degree of accuracy in DRA's capital cost estimate, DRA is comfortable using a contingency of 12.5%. The capital cost estimate allows for a provision for the execution of the Bankable Feasibility Study phase of the project. A summary of the estimated capital cost for the project is illustrated below,

Mining Area Infrastructure	\$USD 5,681 745
Plant Cost	\$USD 68,925 519
General Infrastructure	\$USD 39,564 757
Indirect Costs	\$USD 29,892 092
Contingency (12.5%)	\$USD 17,979 201
Total	\$USD 162,043 315

(Please note that a limited allowance has been made for infrastructure investment, outside of the actual mining and processing operations. This final estimate will be defined during the full feasibility study.)

Operating Costs (“OpEx”)

The operating costs have been estimated based on a per ton milled basis for contract mining, processing and transportation from the ‘pit-to-port’. The operating costs are summarized in the table below.

Starting Contract Mining (\$/T mined)	\$ 4.76/Tonne Mined(Waste and Ore)
Starting Processing (\$/T milled)	\$ 22.90/Tonne Milled
Starting Transportation (FOB port \$/T shipped)	\$105.00/Tonne Concentrate transported to port

The operating costs arrived at for the PEA analyses were obtained as follows:

- Contract mining cost from Minopex, a specialist in the field of outsourced operation and maintenance of metal and mineral processing facilities
- Processing cost from DRA, a multi-disciplinary, multi-national organisation that specialises in project management in mining, infrastructure and mineral process plant design and construction

- Transportation cost from plant site to cargo ship from Panalpina World Transport Ltd. ('Panalpina'), one of the world's leading providers of end-to-end supply chain solutions

As DRA and Minopex are sister companies, they provide Energizer with a seamless 'turn-key' solution for the development of the Molo project design, feasibility studies, detailed engineering, construction through to operation, with DRA and Minopex offering value throughout the supply chain.

Panalpina has a long established track record of providing logistical expertise for companies operating in Madagascar, including Sherritt International Corporation's multi-billion dollar Ambatovy nickel-cobalt project. This experience includes not only physical transportation, but Madagascar-based knowledge of cost savings on duties and taxes, as well as simplification of customs processes. This experience, coupled with Panalpina's global supply chain logistical solutions, provides Energizer with a complete pit-to-port-to-customer solution.

The processing costs calculated by DRA are based upon diesel power generation. The Feasibility Study will evaluate two other options, 1) the use of heavy fuel oil which is approximately half the cost of diesel fuel, and 2) the cost of buying power from the Sakoa Coal Field project which will utilize coal-fired power plants.

Robin Borley, a Director of Mining for DRA Minerals (former COO of Red Island Minerals of the Sakoa Coal field project) commented:

"Based on the latest available updates the Sakoa Coal Field projects are moving forward and are expected to be in production by 2017. Supporting this scale of operation will require significant upgrading and development of infrastructure. This would include transportation corridors to the port and development of the deep water sea Port of Soalara itself, and may include coal fired power generation. There is also the possibility of an electrified rail line further down the road."

Future development of infrastructure for the coal fields will provide significant opportunity to reduce operating costs for the potential Molo Graphite Mine."

Preliminary Economic Assessment

The preparation of the viability financial model and high level financial evaluation of the Project was conducted independently by Cresco Project Finance ('Cresco') a project finance advisory boutique, based in Centurion, South Africa. DRA provided the mine and processing assumptions derived with the aid of the Whittle 4.4 Optimization Software Package and in-house calculations and databases.

Financial return calculations were derived by Cresco through inputting the capital and operating expenses into a financial return matrix based on the following inputs:

- Ungeared – assumes all mine funding will be 100% equity
- Geared – assumes mine funding will be a mixture of equity (42% or \$69,817,000) and debt (58% or \$ 98,961,000) at an interest rate of 8.5% USD fixed rate over 10 years (2 years capital moratorium + 8 years operations)
- Pre-Tax – applies no tax rate
- Post-Tax – assumes a Madagascan specific corporate tax rate of 22%
- Real - assumes a constant 2013 dollar basis
- Nominal – assumes the following inflation factors
 - 2.5% income inflation (conservative assumption in line with long term US CPI)
 - 3.0% mining cost inflation
 - 4.0% processing cost inflation
 - 3.5% other overhead costs

The following table summarizes Cresco's financial return calculations for a mine of 1,169,749 tonnes per annum:

Key Financial Returns			IRR (20 years)	Payback (years)	NPV (USD'000)
Ungeared Project IRR	Pre-Tax	Nominal	52%	3	\$ 555,783
		Real	48%	3	\$ 421,464
	Post-Tax	Nominal	45%	3	\$ 460,146
		Real	41%	3	\$ 341,803
Geared Project IRR	Post-Tax	Nominal	71%	2	\$ 428,607
		Real	66%	2	\$ 329,258

Qualified Persons

The technical data, economic indicators and information relating to the PEA has been reviewed and approved by Mr. Robin Borley, DRA Mining Director (Mining QP) and Mr. Glenn Bezuidenhout, DRA Process Director (Process QP) and is deemed to be a true reflection of the design parameters and financial indicators derived from the PEA study. The technical report this release is based upon will be filed on SEDAR within 45 days.

About Energizer

The Molo deposit is located in the Green Giant Graphite project area, and is part of the joint venture (JV) property with Malagasy Minerals Limited. Energizer has a 75% ownership interest and is the operator of the Project.

For more information, please visit our website at www.energizerresources.com or contact:

Brent Nykoliati, Senior Vice President, Corporate Development
Toll Free: 800.818.5442 or 416.364.4911 Email: bnykoliati@energizerresources.com

Or Craig Scherba, President and COO

Or Richard Schler, Executive Vice President, Operations

Safe Harbour: This press release may contain forward-looking statements that may involve a number of risks and uncertainties. Actual events or results could differ materially from expectations and projections set out herein.

Cautionary Statement: The above resource estimates were calculated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, Industry Guide 7 (under the Securities Exchange Act of 1934), as interpreted by the Staff of the SEC, applies different standards in order to classify mineralization as a reserve. Among other things, the terms "measured", "indicated" and "inferred" mineral resources are required pursuant to National Instrument 43-101, the U.S. Securities and Exchange Commission does not recognize such terms. Canadian standards differ significantly from the requirements of the U.S. Securities and Exchange Commission, and mineral resource information contained herein is not comparable to similar information regarding mineral reserves disclosed in accordance with the requirements of the U.S. Securities and Exchange Commission. Mineral resources are not mineral reserves and do not have demonstrated economic viability. This mineral resource estimate includes inferred resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that the inferred mineral resource will be converted to the measured and indicated mineral resource categories through further drilling, or into a mineral reserve once economic considerations are applied.

U.S. investors should understand that "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. In addition, investors are cautioned not to assume that any part or all of the Company's mineral resources constitute or will be converted into reserves.