

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the years ended September 30, 2009 and 2008. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto ("Statements") of Arapaho Capital Corp. ("Arapaho" or the "Company") for the years ended September 30, 2009 and September 30, 2008. The Company's Consolidated Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

Following a special meeting of shareholders held on December 3, 2009, shareholders approved a resolution to continue the Company under the Business Corporations Act (Ontario) with the name "Malbex Resources Ltd." or such other name as the directors of the Company may designate. In addition, the Company has applied to the TSX Venture Exchange to change its stock symbol from AHO to MBG.

Peter Stewart, the Company's Vice President, Exploration, is a Professional Geoscientist in the Province of Ontario and is the Qualified Person as defined by National Instrument 43-101 responsible for the technical information contained in this MD&A.

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of December 4, 2009, and the Company's public filings, which contain additional information relating to the Company, can be reviewed on the SEDAR website (www.sedar.com).

Business Combination

On October 30, 2009 Arapaho completed a business combination transaction (the "Amalgamation" or "Transaction") with Malbex Resources Inc. ("Malbex"). The Transaction amalgamated Malbex with a wholly-owned subsidiary of Arapaho and shareholders of Malbex received common shares of Arapaho ("Arapaho Shares") in exchange for their common shares of Malbex ("Malbex Shares") on the basis of one Arapaho Share for every 1.5 Malbex Shares (the "Exchange Ratio"). The Transaction resulted in a change of control of Arapaho and constituted a reverse take-over under the policies of the TSX Venture Exchange.

As a result of the Amalgamation, effective October 30, 2009 Arapaho indirectly holds all of the assets of Malbex, including the Del Carmen, Despoblados, and Los Amarillos gold exploration projects located in the Province of San Juan, north-western Argentina. In addition, \$7.8 million, representing the escrowed portion of the gross proceeds raised by Malbex in a June 30, 2009 \$10.6 million private placement, was released from escrow and received by the Company upon completion of the Amalgamation.

Immediately prior to completion of the Amalgamation, each Malbex Subscription Receipt was exchanged, without the payment of any additional consideration, for one unit of Malbex. Each unit consisted of one Malbex Share and one-half of one common share purchase warrant of Malbex (each whole warrant a "Malbex Warrant").

At the effective time of the Amalgamation, among other things, outstanding Malbex Shares (including those Malbex Shares issued upon the deemed exchange of the Malbex Subscription Receipts) and

Malbex Warrants were exchanged for Arapaho Shares and common share purchase warrants of Arapaho ("Arapaho Replacement Warrants"), respectively, on the basis of the Exchange Ratio. Each Arapaho Replacement Warrant entitles the holder thereof to purchase one Arapaho Share at an exercise price of \$1.125 per Arapaho Share until April 29, 2011, provided that if the closing price of the Arapaho Shares on a stock exchange in Canada is higher than \$1.50 per Arapaho Share for a period of 20 consecutive trading days, Arapaho may accelerate the expiry date of the Arapaho Replacement Warrants by giving notice to the holders thereof and in such case the Arapaho Replacement Warrants will expire on the 30th day after the date on which such notice is given by Arapaho. In addition, under the Amalgamation outstanding broker warrants of Malbex were exchanged for broker warrants of Arapaho ("Arapaho Replacement Broker Warrants") on the basis of the Exchange Ratio. Outstanding options ("Malbex Options") to purchase Malbex Shares granted under the share option plan of Malbex entitle the holders thereof to acquire Arapaho Shares, on the basis of the Exchange Ratio, upon the exercise thereof.

Board of Directors and Management Changes

Following completion of the Amalgamation, the Board of Directors and Management of Arapaho consists of:

Patrick F. N. Anderson - Director

Since graduating from the University of Toronto's geology program 15 years ago, Mr. Anderson has been a consulting geologist on gold, base metals and diamond projects for junior explorers, major producers and mineral industry consulting firms in South America, North America and Europe. Mr. Anderson was the President and CEO and a director of Aurelian Resources Inc., a company he co-founded, prior to its takeover by Kinross. Mr. Anderson currently sits on the boards of Colossus Minerals Inc., Noront Resources Ltd. and U3O8 Corp Inc. He was named Mining Man of the Year by the Northern Miner in 2009 and received the Thayer Lindsley award for international discovery from the PDAC in 2008.

David Garofalo - Director

David Garofalo, C.A., ICD.D, is Senior Vice-President, Finance and Chief Financial Officer at Agnico-Eagle Mines Limited. Before joining Agnico-Eagle in 1998, Mr. Garofalo served as Treasurer of Inmet Mining Corporation, an international mining company. Mr. Garofalo is a certified director, Institute of Corporate Directors and serves on the Boards of Directors of Agnico-Eagle and Stornoway Diamond Corporation. Mr. Garofalo is a graduate of the University of Toronto (B.Comm.) and a Chartered Accountant.

Joseph Hamilton - Secretary and Director

Mr. Hamilton was most recently co-interim CEO of Noront Resources Ltd., an exploration stage resource company listed on the Toronto Stock Exchange (TSX). From 2005 to 2008 Mr. Hamilton was Chief Executive Officer of African Copper Plc, an international exploration and development company listed on the TSX and the AIM market of the London Stock Exchange. Mr. Hamilton has over 23 years of experience in the international mining industry. Mr. Hamilton obtained a Masters of Science (Applied) from Queen's University in 1991 and a Bachelor of Science from the University of Toronto in 1985. Mr. Hamilton is a Chartered Financial Analyst and a Professional Geologist. He is currently a member of the

Association of Professional Geoscientists of Ontario, Canada, a member of the CFA Institute and a member of the Institute of Corporate Directors. He is currently a director of the following public companies: Mirabela Nickel Ltd., Noront Resources Ltd. and GA Capital Corp.

Terry MacGibbon - Director

Terry MacGibbon, Director, B.Sc., P.Geo, ICD.D, is a registered professional geologist with over 35 years of international experience in the mining business. Mr. MacGibbon is the founder, Chairman and CEO of FNX Mining Company Inc., a TSX-listed Canadian mining company that has over the past several years emerged from a junior exploration company into a mid-tier diversified Canadian mining company that produces nickel, copper, cobalt, platinum, palladium and gold from its mineral properties located in the Sudbury, ON, Canada mining camp. In 2005, Mr. MacGibbon was awarded the prestigious Prospector and Developer Association's Developer of the Year award and in the fall of the same year, Ernst and Young honoured Mr. MacGibbon with an Entrepreneur of the Year award. Mr. MacGibbon is a certified director, Institute of Corporate Directors, and a board member of several TSX public companies.

Tim Warman - Director and President and Chief Executive Officer

Mr. Warman is a professional geologist with over 20 years of experience in all phases of the mining industry, from grass roots exploration through feasibility and development. He was most recently the Vice President, Corporate Development of Aurelian Resources Inc., where he supported the exploration team in Ecuador, initiated and managed early-stage development studies, marketed Aurelian to international investors and played a significant role in successfully negotiating the \$1.2 billion acquisition of Aurelian by Kinross Gold Corporation. Prior to Aurelian, Mr. Warman held senior positions in a number of mining and exploration companies working in North America, Africa and Europe. Mr. Warman is a graduate of the University of Manitoba (MSc) and McMaster University (BSc) and a member of the Association of Professional Geoscientists of Ontario.

Derrick Weyrauch - Chief Financial Officer

Mr. Weyrauch has 19 years of senior financial experience with several international companies operating throughout North America and Europe. Prior to joining the Company, he was most recently Treasurer and Director of Finance at Gabriel Resources Ltd. Mr. Weyrauch has also held senior management positions with Cinram International Inc., BBi Enterprises LLP and Prism Medical Ltd. He obtained his Chartered Accountants designation in 1990 with KPMG LLP.

Peter Stewart - Vice President, Exploration

Dr. Stewart is an economic geologist with over 25 years of experience in the mining and related industries, including mineral exploration and development, government geological surveys and geology instruction at several universities. Prior to joining the Company, he provided geological consulting services to Aurelian Resources Inc. and Kinross Gold Corporation at the Fruta del Norte discovery and to other junior and private gold companies from 2002-2008. From 1992-1998, Dr. Stewart was Exploration Geologist for Phelps Dodge, with assignments in Eastern and Northern Canada, Southeast Asia, Idaho and Morocco. Prior to 1992, he worked as an exploration geologist for base and precious metal deposits across Canada and in Australia. Dr. Stewart received degrees in geology from Acadia University,

Wolfville, NS (B.Sc.), Memorial University of Newfoundland (M.Sc.) and the University of Western Ontario (Ph.D.) and has been a registered Professional Geoscientist in Ontario since 2003.

Ignacio Celorrio - President and Director of Malbex San Juan S.A.

Mr. Celorrio received his law degree from the Catholic University of Buenos Aires in 1996 and a Post-Graduate Specialization in Oil & Gas from the University of Buenos Aires in 2000. Mr. Celorrio is a member of the Buenos Aires Bar and has been a partner with Quevedo Abogados, a Buenos Aires law firm, since November 2007. He practices in the areas of foreign investment, corporate and administrative law, principally in the natural resource and energy area. Mr. Celorrio has presided over the Argentinean subsidiaries of several TSX-listed companies that explored for minerals in Argentina and is currently the president of the Argentina Uranium Exploration Companies Chamber and a member of the Argentina Mining Chamber Comptroller Board.

F. Carson Noel - General Manager, Malbex San Juan S.A.

Mr. Noel has 15 years of management experience in South America, culminating in his role as General Manager of Aurelian Ecuador S.A. from 2005 to 2009. Prior to that, he acted as a consultant to the Canadian Commercial Corporation, (Canada's export contracting agency) primarily engaged in government to government negotiations for goods and services trade, and also as a General Manager/President of two public Canadian exploration companies. He is past President/Founding Director of the Ecuadorian-Canadian Chamber of Commerce and past director of the Ecuadorian Chamber of Mines. Mr. Noel earned his LL.B/MBA at Dalhousie University and a B.Comm. (Co-Op) from Memorial University of Newfoundland. He is a member in good standing of the Law Society of Newfoundland.

Business Overview

Since 2005 and until the Amalgamation, the Company did not have any active business operations; its only source of revenue being interest income earned from funds on deposit.

Following the Amalgamation, the Company is an exploration stage mining company with three gold properties (Del Carmen, Despoblados, and Amarillos) in Argentina (collectively, the "Concessions"). The Concessions are located in the El Indio Belt, in San Juan province in the northwest part of the country, and can be accessed in 3-4 hours by paved highway and all-weather gravel road from the provincial capital. All three projects are located in the El Indio Gold Belt, along the border with Chile. Two of the projects (Amarillos and Despoblados) are adjacent to 40 million ounces of gold (past production and reserves) at Barrick's Veladero and Pascua Lama deposits. Amarillos and Del Carmen host epithermal alteration systems similar to those associated with the high-sulphidation gold deposits at the two Barrick mines, while the geologic setting at Despoblados is similar to Kinross' Fruta del Norte deposit in Ecuador.

Work during the 2009/2010 exploration field season will include geologic mapping, sampling, geophysical surveying and diamond drilling, beginning with the Company's flagship Del Carmen property. While the Company's current focus is on the El Indio Belt projects, we will be actively seeking new projects both in Argentina and in other favourable jurisdictions in Latin America.

Malbex, the private company acquired by Arapaho through the RTO transaction, was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on April 24, 2008. The shares of Malbex were not listed or posted for trading on any stock exchange and Malbex was not a reporting issuer in any jurisdiction. Malbex was a private resource exploration company involved in the acquisition, exploration and development of mineral properties. The "Del Carmen", "Despoblados" and "Los Amarillos" projects are summarized in the table below. The Company has no other exploration projects or properties.

Project	Target(s)	Size
Del Carmen	Large high-sulphidation epithermal systems; high grade veins	14,700 hectares
Despoblados	Buried low-sulphidation epithermal systems	3,600 hectares
Los Amarillos	Grassroots exploration targeting alteration zones	4,100 hectares

In May 2008, Malbex participated in the Concurso, a competitive bidding process called by the Provincial Institute of Mining and Exploration of the Province of San Juan, Argentina ("IPEEM") for the four concession blocks in the Province of San Juan, Argentina nominated as "Rio Cenizero A y B", "Del Carmen", "Los Despoblados" and "Arroyo de los Amarillos". Pursuant to the Concurso, on August 14, 2008, Malbex entered into the three exploration agreements (the "Exploration Agreements") with IPEEM in respect of the Concessions, granting Malbex the exclusive right to carry out exploration activities on the Concessions with the option to undertake exploitation and trading activities with respect to certain precious minerals, ores and metals located therein.

In the latter part of 2008, Malbex commenced its operations in Argentina by setting up financial and banking facilities, completing certain local legal documentation, leasing office space in San Juan and retaining administrative staff and geologists. In February 2009, Mr. Tim Warman, P. Geo joined Malbex as President and Chief Executive Officer. Early in 2009, field programs commenced at the Concessions. Initial work consisted of prospecting to confirm previous mapping, collecting selected grab, channel and trench samples to confirm the presence of anomalous precious metals mineralization in outcrop and verify previous data collected, and ensuring that logistical support would be available for larger exploration efforts planned for the 2009-2010 field season. Due to seasonal weather conditions, fieldwork on the concessions typically occurs between the months of October and April.

On August 10, 2009, Malbex received a National Instrument 43-101 compliant technical report (the "Technical Report") entitled "A Review of the Mineralization at, and the Proposed Exploration Programs for, the Del Carmen, Despoblados and Los Amarillos Concession Groups of the Valle Del Cura Project, San Juan Province, Argentina", prepared by B. Terrence Hennessey, P. Geo. of Micon International Limited. Malbex concluded, and Micon supported its conclusion, that the previous level of exploration at the Concessions was incomplete and that exploration opportunities for the discovery of potentially economic deposits of high and/or low sulphidation mineralization remained.

Readers are cautioned that the Concessions are in the exploration stage and are without a known body of commercial mineralization. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even the combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. It is impossible to ensure that the current or proposed exploration programs on the Concessions will result in a profitable commercial mining operation.

Del Carmen

Del Carmen, the Company's flagship project, was the main focus of work by Malbex during the past field season, with an extensive campaign of mapping, sampling and hand trenching. In total, 1,477 grab, channel and trench samples were collected and assayed. Of these, 332 samples (22 per cent) gave results of greater than or equal to 0.5 grams per tonne gold, with the highest grab samples assaying 165 grams per tonne gold and 2,670 grams per tonne silver.

Fieldwork during the 2008-2009 season demonstrated that widespread gold and silver mineralization occurs at or near surface across the large (900 hectares) high-sulphidation Del Carmen Norte epithermal system. Work during the current 2009-2010 season will aim to better delineate the controlling geologic structures and test the three-dimensional distribution of gold and silver mineralization through geophysics and diamond drilling, particularly in those areas not adequately tested by previous exploration work. Exploration at Del Carmen recommenced in October 2009 with camp establishment. The diamond drill rig mobilized to the Cresta de Gallo target in mid-November. No assay results had been received as of the date of this MD&A.

Despoblados

The Company's current interest in the Despoblados project is based on two untested conceptual targets; the possible existence of low-to-intermediate sulphidation gold-silver systems beneath or within two pull-apart basins in the south-central (western basin) and southeastern (eastern basin) sectors of the project. These basins contain beds of siliceous sinter, and bounding faults with silicified breccias and strong illite alteration indicating possible hydrothermal fluid upflow zones. These targets were not drill-tested by previous explorers. Detailed mapping and investigation of buried targets by geophysical surveys is planned in the 2009-2010 field program.

Amarillos

Field mapping by Malbex geologists at the Los Amarillos project have confirmed the existence of several large hydrothermal alteration zones in the south-western portion of the concessions evident in remote sensing (satellite) imagery. These will be followed up with a more detailed exploration program in the 2009-2010 field season. The remaining 90 per cent of the Amarillos concessions are essentially unexplored, and will be tested through a reconnaissance level exploration program.

Current Exploration Activities

During November 2009, exploration camps were installed at the Del Carmen and Despoblados projects. Construction crews commenced clearing access roads and preparing drill platforms at Del Carmen, the Company's flagship project, for the 5,000 metre diamond drilling program focused on the Del Carmen

Norte epithermal system. Diamond drilling at Del Carmen Norte began in November. Exploration has also begun at Despoblados and at the Los Amarillos project.

The 2009-2010 program on the three projects has projected exploration expenditures of approximately US\$6.0 million to the end of the Andean summer in May 2010. The field program at Del Carmen consists of mapping and mechanical trenching, geophysical surveying and a minimum of 5,000 metres of diamond drilling. Malbex geologists will commence mapping, mechanical trenching and geophysical surveying of a second epithermal system (Del Carmen Sur) visible in satellite images about 5 kilometres south of Del Carmen Norte and unexplored by Malbex in the 2008-2009 field campaign.

The Los Despoblados exploration program consists of detailed geological mapping of the two pull-apart basin, geophysical surveying and up to 2,000 metres of diamond drilling if suitable targets are identified. Access is particularly good as the Veladero mine access road crosses the centre of the Despoblados property.

The Los Amarillos concessions adjoin the Argentina-Chile border immediately north of the Pascua-Lama deposit, which is currently under development by Barrick. The largely unexplored, 90% of the concession, will be evaluated by a comprehensive stream sediment sampling program. Detailed mapping and geophysical surveys of the known altered rocks in the south-western portion of the concessions may be followed, if warranted, by diamond drilling.

Outlook

Our key objectives are:

- To vigorously explore the three El Indio Belt Projects, and advance at least one through discovery to resource definition and pre-feasibility within the 5 ½ year term of our Exploration Agreements, and
- To acquire new projects in Argentina and other favourable jurisdictions in South America, taking advantage of current favourable market conditions.

Key Industry Trends

Gold Price

The gold market has been on an upward trend since 2001, reaching a record level in November 2009 of US\$1,190 per ounce, while the average gold price over the last three years is approximately \$825 per ounce.

In light of the global financial and economic crisis, we view gold as a store-of-value and have the expectation of continued favourable market demand. Additionally, with the US government having enacted substantial monetary stimulus programs, we currently expect US dollar denominated gold prices to remain robust.

Capital Availability for Junior Gold Mining Exploration

Since the equity market turmoil in the fall of 2008, capital for junior mining exploration companies has been scarce. In recent months, there appears to be evidence that suggests capital flows may have recovered somewhat for larger companies, including single project mining companies with projects in development or close to production. For exploration stage companies, it remains a difficult market to raise capital for exploration activities.

Selected Annual Financial Data

The following chart summarizes selected annual financial information for the three most recently completed fiscal years ended September 30:

<i>In Canadian dollars</i>	2009	2008	2007
Operating revenues	\$ -	\$ -	\$ -
Operating expenses	346,683	83,960	93,607
Net loss	(332,080)	(65,307)	(26,470)
Loss per share	0.05	0.01	-
Total assets	1,102,715	1,149,122	1,156,241
Long term liabilities	-	-	-
Dividends	-	-	-

For the past three years the Company did not have any active business operations. Its only source of revenue was interest income earned from funds on deposit. Its expenditures were for costs to maintain a public company in good standing and costs to identify and evaluate potential business ventures or properties.

The large increase in operating expenses in 2009 is attributable to two factors: the Black-Scholes option pricing valuation (\$50,496) for 475,000 stock options granted in November 2008 and higher legal, accounting and consulting costs (approximately \$187,000 in total) for matters relating to the Malbex business combination which was completed on October 30, 2009.

Results of Operations

The results of operations are summarized in the following tables, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles:

<i>In Canadian dollars</i>	For the quarters ended:			
	30-Sep-09	30-Jun-09	31-Mar-09	31-Dec-08
Statement of Loss				
Interest income	\$ 1,245	\$ 901	\$ 2,562	\$ 9,002
Operating costs	107,800	146,063	22,721	19,603
Stock-based compensation	-	-	-	50,496
Net loss	(99,872)	(143,492)	(19,319)	(69,397)
Loss per share	(0.02)	(0.02)	-	(0.01)

<i>In Canadian dollars</i>	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
Statement of Loss				
Interest income	\$ 7,782	\$ 5,618	\$ 5,850	\$ 12,733
Operating costs	28,088	16,057	22,282	17,533
Stock-based compensation	-	-	-	-
Net loss	(22,836)	(16,639)	(19,432)	(6,400)
Loss per share	-	-	-	-

The significant increase in operating expenses for the quarters ended June 30, 2009 and September 30, 2009 is due to accounting, legal and consulting fees on work related to the business combination with Malbex which was completed on October 30, 2009.

Otherwise, fluctuations in expenses are attributable to the timing of incurrence of public company administrative costs such as annual audit fees and costs of preparation and mail out of information to shareholders for the Company's annual general meeting.

For the quarter ending December 31, 2008, the Company recorded a \$50,496 stock-based compensation expense which pertained to the issuance of 475,000 stock options. This non-cash expense was computed using the Black-Scholes option pricing model.

Statement of Loss

The following table sets forth selected data for the periods indicated:

In Canadian dollars	3 months ended September 30,		Years ended September 30,	
	2009	2008	2009	2008
Operating revenue	\$ -	\$ -	\$ -	\$ -
Operating expenses	107,800	28,088	346,683	83,960
Unrealized (gain) loss on marketable securities	(6,683)	2,530	(893)	13,330
Interest income	(1,245)	(7,782)	(13,710)	(31,983)
Loss for the period	\$ 99,872	\$ 22,836	\$ 332,080	\$ 65,307

Operating costs for the twelve months ended September 30, 2008 are up from the prior year due to legal, accounting and consulting costs related to the Transaction. The decline in interest income is mainly due to lower interest rates paid for funds on deposit.

Operating costs for the three months ended September 30, 2009 are higher than the corresponding quarter for the prior year due to legal, accounting and consulting costs related to the Transaction. The drop in interest income is mainly due to lower interest rates paid for funds on deposit.

Cash Flow Statement

Liquidity, Capital Resources and Contractual Obligations

As at September 30, 2009 the Company had working capital of \$926,146 and held \$1,067,194 of cash.

Subsequently, on October 30, 2009 the Company completed the Transaction with Malbex. The Transaction amalgamated Malbex with a wholly-owned subsidiary of Arapaho and resulted in the Company holding all of the assets of Malbex, including its net working capital and the Del Carmen, Despoblados and Los Amarillos gold exploration projects located in the Province of San Juan, Argentina. Concurrent with the Amalgamation, \$7.8 million, representing the escrowed portion of the gross proceeds raised by Malbex in a June 30, 2009 \$10.6 million private placement, was released from escrow and received by the Company.

Inclusive of the \$7.8 million received by the Company in respect of the \$10.6 million private placement conducted by Malbex, as at September 30, 2009, the Company had pro forma working capital of \$8.7 million and pro forma cash-on-hand of \$8.9 million.

In addition to the working capital and exploration assets acquired upon the Amalgamation, the Company also obtained \$2,496,512 of non-current restricted cash. This restricted cash includes deposits of US\$2,250,000 held in escrow by an international insurance company to guarantee the commitments of Malbex under its Exploration Agreements. Such deposits are equal to five per cent of the 5 1/2-year exploration commitment made by Malbex under the Exploration Agreements. In addition, a non-interest bearing deposit of €50,000 is held in an account by an international trust company as a comfort for the

commitments of the Company to the international trust company in administering the offshore subsidiaries of the Company.

The Company's only sources of liquidity are its cash balances, exercise of stock options and warrants outstanding, and the equity markets.

The Exploration Agreements cover four phases of exploration commencing September 12, 2008, during which the Company has the exclusive right to carry out prospecting and exploration activities on the Concessions. Under the Exploration Agreements, the Company must (i) pay the annual concession fees (canon payments) to the Province of San Juan on behalf of IPEEM, which total approximately US\$37,405, (ii) make total monthly payments of US\$11,400 to IPEEM, and (iii) make exploration expenditures during each phase set out in the Exploration Agreements as follows:

Project	(US\$ million)				
	Phase 1	Phase 2	Phase 3	Phase 4	Total
Del Carmen	1.5	2.5	6.0	10.0	20.0
Despoblados	1.0	2.0	4.0	8.0	15.0
Los Amarillos	1.0	2.0	3.0	4.0	10.0
Total	3.5	6.5	13.0	22.0	45.0

IPEEM may grant extensions to the term of the Exploration Agreements upon proper justification and must grant extensions to such term when such extension is related to the execution of additional or unforeseen exploration work that is necessary to advance exploration. On August 10 2009, IPEEM granted Malbex a six month extension to make the exploration expenditures required during Phase 1 of each of the Exploration Agreements, which were originally required to be made by September 12, 2009. Under the terms of the extension, the Company must make the required Phase 1 exploration expenditures by March 12, 2010, with Phase 2, Phase 3 and Phase 4 commencing on March 12, 2010, March 12, 2011, and March 12, 2012 respectively.

The 2009-2010 exploration program on the three Concessions has projected expenditures of US\$6.0 million to the end of the Andean summer in May 2010.

The Company intends to and expects to have adequate funds to conduct its planned exploration programs, pay the fees and other expenses required to maintain the Concessions in good standing for at least 12 months and satisfy general and administrative expenses for at least 12 months.

The Company will need to raise additional funding to finance exploration programs beyond the 2009-2010 field season. The timing and ability to do so will depend on the liquidity of the financial markets, the willingness of investors to finance resource based junior companies, the results of the Company's exploration activities at the Concessions and the willingness of investors to support the acquisition of additional projects. At this time, the Company does not anticipate profit from operations, therefore it will have to rely on its ability to obtain equity or debt financing for growth. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to the Company. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible reduction or loss of such interests.

Related Party and Other Transactions

During the year ended September 30, 2009, the Company paid Ionic Management Corp., a company related, by a director and certain officers in common, a fee of \$4,000 per month for office space, administration and accounting services. This agreement may be terminated by either party on one month's notice. During the year ended September 30, 2009, a total of \$48,000 was charged for these services. In addition, the Company paid Ionic a fee of \$25,000 for services rendered in connection with the preparation of the filing statement associated with the Transaction. The above transactions were in the normal course of business and were measured at the exchange amount, which is the amount agreed to by the related parties.

Critical Accounting Estimates*Stock-based compensation*

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options. The primary estimates impacting fair value of stock options are the volatility of the share price and the expected life of the options. These are estimates; accordingly, they cannot be relied upon to predict future behaviour.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Adoption of New Accounting Standards*International Financial Reporting Standards ("IFRS")*

In January 2006, the CICA's Accounting Standards Board ("**AcSB**") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its financial statements.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3R - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards

for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS FAS 27R - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted Section 3064, "Goodwill and Intangible Assets" which replaced the existing Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The Company is continually evaluating its counterparties and their credit risks. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares.

The Company's fully diluted share capital as at the report date hereof is set out in the following table:

	Outstanding
Common shares	56,458,301
Common share purchase warrants	7,091,645
Common share broker purchase warrants	847,500
Common share stock-options	1,666,663
Fully Diluted	66,064,209

Risks Factors

Related to the Company's operations

An investment in securities of the Company involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. In addition to other information set out in this MD&A and other public disclosure documents filed by the Company with securities regulatory authorities, investors should carefully consider the risk factors set out below. Any one of such risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

There is no assurance that the Company will be able to maintain its interest in the Concessions.

The Company holds its interest in the Concessions through the Exploration Agreements between Malbex San Juan and IPEEM, the registered holder of the Concessions. In order to maintain its interest in the Concessions, the Company is required to keep the Exploration Agreements in good standing with IPEEM by performing minimum annual work commitments, by submitting periodic property payments to IPEEM and the San Juan government and by submitting bi-monthly and annual technical and financial reports to IPEEM. Failure by the Company to discharge these obligations in a timely manner could result in the reduction or loss of its interest in the Concessions.

There is no assurance that the Company will be able to obtain or comply with all required permits and licenses.

The operations of the Company require licenses and permits from various governmental authorities. The Company presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and is in compliance in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at the Concessions or that the Company will be able to comply with all such necessary licenses and permits in an economically viable manner.

The exploration and development of mineral deposits involve significant financial risks and are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties.

The Concessions are in the exploration stage and are without reportable mineral resources or mineral reserves. Development of any of the properties in which the Company has an interest will only follow upon obtaining satisfactory exploration results. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral resources and mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on the Concessions will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations, rock bursts, pressures, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties, facilities and equipment, personal injury, death, environmental damage, delays in mining, monetary losses and potential legal liability. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings, financial position and competitive position of the Company.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, among other things, the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company currently depends significantly on a limited number of projects.

The Company's activities are currently focused on the Concessions, which are proximate to each other in geographic location and stage of development. And adverse changes or developments affecting the Concessions would have a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

Exploration, development and mining of minerals are subject to extensive governmental regulation and risks normally associated with operating in foreign jurisdictions.

Exploration, development and mining of minerals are subject to extensive federal, state, provincial, territorial and local laws and regulations governing, among other things, acquisition of the mining interests, maintenance of claims, tenure, expropriation, prospecting, development, mining, production, price controls, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, aboriginal land claims, environmental protection and remediation, endangered and protected species, mine safety and other matters. There can be no assurance that future changes in applicable regulation will not adversely affect the operations or financial condition of the Company. In addition, the Company is subject to risks normally associated with operating in foreign jurisdictions, such as political unrest, corruption, civil disturbances and terrorist actions, arbitrary changes in law or policy, changes to government regulation, foreign taxation, price and currency controls, delays in obtaining, or the inability to obtain, necessary governmental permits, opposition to mining from environmental or other nongovernmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports and increased financing costs. Any mining activities on the Concessions must conform to applicable governmental regulations in force at the time such activities are undertaken.

The operations of the Company are subject to environmental regulatory requirements and risk.

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. The Company will be required to file an updated EIR (environmental impact report) with governmental authorities in Argentina before each stage in the exploration, development and eventual extraction of minerals at the Concessions. Environmental legislation is evolving in a manner requiring stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The activities of the Company depend, to a substantial degree, on adequate infrastructure.

Mining, processing, development and exploration activities depend, to a substantial degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. The Concessions are located in a relatively remote region at elevations of between 3,700 and 5,000 metres above sea level. During winter months (from June through September), the extreme weather creates a challenging operating environment and exploration activities are typically suspended between May and early-November. The distance to San Juan, the closest major population and commercial centre to the Concessions, by road is approximately 370 kilometres by way of a combination of paved public highways and roads and Barrick's all-weather private gravel road to the nearby Veladero mine. Utilities and services are largely absent in the area except for the recently built Veladero mine. Limited cell phone coverage and medical services are available at Veladero and the mine generates its own electrical power on site. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

Current global financial conditions may negatively affect the Company's ability to obtain financing and the value of the securities of the Company.

Current global financial conditions have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both the rapid decline in the value of sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the operations of the Company could be adversely impacted and the price of the securities of the Company may be adversely affected.

The Company has not recorded any revenues, other than interest income, and has no dividend record, and there can be no assurance that the Company will generate any revenues or achieve profitability.

As of the date hereof, the Company has not recorded any revenues, other than interest income, and has no dividend record. The Company has not commenced commercial production on any of the Concessions. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The operating expenses and capital expenditures of the Company may increase in subsequent years as consultants, personnel and equipment costs associated with advancing exploration, development and commercial production of its properties increase. The Company expects that it will continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the properties of the Company will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Company will generate any revenues or achieve profitability.

There is no assurance that additional funding will be available to the Company for further exploration and development of the Concessions.

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of the Concessions or to fulfill its obligations under the Exploration Agreements and other applicable agreements. In order to maintain its interest in the Concessions, the Company is required to keep the Exploration Agreements in good standing with IPEEM by, among other things, performing minimum annual work commitments and submitting periodic property payments to IPEEM and the San Juan government. Failure by the Company to meet these required expenditures or work commitments in a timely manner could result in the reduction or loss of its interests in the Concessions. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to it. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible reduction or loss of its interests in the Concessions.

The Company may raise additional funds which would result in dilution to shareholders of the Company.

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares. The constating documents of the Company allow it to issue, among other things, an unlimited number of common shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders of the Company. The Company cannot predict the size of future issues of common shares or securities convertible into common shares or the effect, if any, that future issues and sales of the common shares will have on the price of the common shares. Any transaction involving the issue of previously authorized but unissued common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

The values attributed to the assets of the Company may not be realizable.

Values attributed to the assets of the Company may not be realizable. The Company has a limited history and its ability to continue as a going concern depends upon a number of significant variables. The amounts attributed to the exploration properties of the Company in its financial statements represent acquisition and exploration costs and should not be taken to represent realizable value. Further, the Company has no proven history of performance, revenues, earnings or success. As such, the ability of the Company to continue as a going concern will be dependent upon the existence of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of its interests and future profitable production or, alternatively, upon the ability of the Company to dispose of its interests on a profitable basis.

The Company is dependent on a relatively small number of key personnel.

The Company is dependent on a relatively small number of key employees, directors, officers, consultants and advisers, the loss of any of whom could have an adverse effect on its operations. The Company does not have key person insurance on such individuals, which insurance would provide the Company with insurance proceeds in the event of their death. Without key person insurance, the Company may not have the financial resources to develop or maintain its business until it replaces the individual. The development of the business of the Company is dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers. If the Company is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan.

The mineral exploration and mining business is competitive in all of its phases.

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will be able to compete successfully with its competitors in acquiring such properties or prospects.

Factors beyond the control of the Company may affect the market price of any gold or any other metals contained in minerals discovered.

Factors beyond the control of the Company may affect the market price of any gold or any other metals contained in minerals discovered. Such factors include demand, inflation, market fluctuation, currency exchange rates, interest rates, gold sales by central banks, forward sales by producers, global or regional political or financial events, production and cost levels in major producing regions, proximity and capacity of natural resource markets and processing equipment and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Resource prices have fluctuated widely and are sometimes subject to rapid short-term changes because of speculative activities. Although gold has recently been trading at prices that are historically high, there can be no assurance that these price levels will continue to prevail if and when the Company enters production. The exact effect of these factors cannot be accurately predicted,

but any one of, or any combination of, these factors may result in the Company not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Company may result.

The other interests of management of the Company may conflict with the interests of the Company.

The directors and officers of the Company may serve as directors or officers of other resource companies or have significant shareholdings in other resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required to disclose the conflict of interest to the board of directors and to abstain from voting on the matter.

The appreciation of certain foreign currencies against the Canadian dollar may adversely effect the earnings or loss of the Company.

Other than corporate and administrative activities, the operations of the Company are conducted entirely in Argentina. Certain of the operating costs of the Company are incurred in Argentinean pesos and in United States dollars. The appreciation of such currencies against the Canadian dollar may adversely effect the earnings or loss of the Company.

The securities of the Company may be subject to wide fluctuations in their trading price and volume.

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies (such as the Company), have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur.

No assurances can be given that there are no title defects affecting the Concessions.

No assurances can be given that there are no title defects affecting the Concessions. The Concessions may be subject to prior unregistered liens, agreements or transfers, native land claims or other undetected title defects. There is no guarantee that title to the Concessions will not be challenged or impugned.

Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws which is prospective in nature. Forward-looking information by its nature requires the Company to make assumptions and is subject to inherent risks and uncertainties. Forward-looking information includes, but is not limited to, statements about strategic plans, future operations, results of exploration, cost estimates, sustaining capital, anticipated financial results, future work programs, capital expenditures and objectives, evolution and economic performance of development projects, exploration budgets and targets, continuity of a favourable gold market, contractual commitments, continuous availability of

required manpower and continuous access to capital markets, future ability to finance exploration on the Concessions and other statements that express management's expectations or estimates regarding the timing of completion of various aspects of exploration at the Concessions or of the Company's future performance. Forward-looking information is generally, but not always, identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative or other variations of these words or comparable terminology. The Company has made certain assumptions about the Company's business, the economy and the mineral exploration industry in general and has also assumed that there will be no significant events occurring outside of the Company's normal course of business.

Readers are cautioned not to place undue reliance on the forward-looking information herein because a number of factors, known and unknown, could cause actual results to differ materially a conclusion, forecast or projection contained in the forward-looking information. There can be no assurance that forward-looking information will prove to be accurate. The following are material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this MD&A: the inability of the Company to maintain its interest in its mineral projects or to obtain or comply with all required permits and licences, risks normally incidental to exploration and development of mineral properties, changes in governmental regulation adverse to the Company, risks normally associated with operating in foreign jurisdictions, environmental risks, lack of adequate infrastructure at the Company's mineral projects, economic uncertainties, the inability of the Company to obtain additional financing when and as needed, dependence on a small number of key personnel, competition from other mining businesses, the future price of gold and other metals and commodities, fluctuation in currency exchange rates, title defects, and other related matters. Although the Company has attempted to identify material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information, there may be other factors that could cause results to differ from what is anticipated, estimated or intended. Those factors are described or referred to under the heading "Risk Factors" in this MD&A.

All forward-looking information contained in this MD&A is given as of the date hereof. Except as required under applicable laws, the Company undertakes no obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.