



Malbex
Resources

MALBEX RESOURCES INC.

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

December 17, 2010

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This annual information form contains “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information is prospective and by its nature requires the Corporation (as hereinafter defined) to make certain assumptions and is subject to inherent risks and uncertainties. There can be no assurance that forward-looking information will prove to be accurate, and readers are cautioned not to place undue reliance on the forward-looking information contained herein.

Generally, but not always, forward-looking information is identifiable by use of the words “continue”, “expect”, “anticipate”, “estimate”, “forecast”, “believe”, “intend”, “schedule”, “budget”, “plan” or “project”, or the negative or other variations of these words or comparable terminology, or states that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information in this annual information form includes, but is not limited to, statements about strategic plans, future operations, results of exploration, cost estimates, anticipated financial results, future work programs, capital expenditures and objectives, exploration budgets and targets, continuity of a favourable gold market, contractual commitments, continuous availability of required manpower and continuous access to capital markets.

In making such forward-looking statements, the Corporation has made certain assumptions about the Corporation’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 Corporation’s normal course of business. Although the assumptions are considered reasonable by management of the Corporation at the time the forward-looking information is given, there can be no assurance that such assumptions will prove to be accurate. In addition, 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 annual information form: the inability of the Corporation 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 Corporation (including the passage of a new federal law in Argentina banning mining on glaciers and in periglacial areas), risks normally associated with operating in foreign jurisdictions, environmental risks, lack of adequate infrastructure at the Corporation’s mineral projects, economic and market uncertainties, the inability of the Corporation to obtain additional financing when and as needed, loss 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 Corporation 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 below, under the heading “Risk Factors” in this annual information form.

All forward-looking information contained in this annual information form is given as of the date hereof, and the Corporation undertakes no obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

All dollar amounts in this annual information form are in Canadian dollars, unless otherwise indicated. On December 16, 2010 the noon spot rate for one United States dollar expressed in Canadian dollars, as quoted by the Bank of Canada, was US\$1.00=\$1.0056 or \$1.00=US\$0.9944.

The following table sets forth, for each of the years indicated, the high, low, closing and average noon spot rates for one United States dollar expressed in Canadian dollars, as reported by the Bank of Canada.

	2009	2008	2007
High.....	\$1.03	\$1.30	\$1.19
Low.....	\$1.31	\$0.98	\$0.93
Closing.....	\$1.05	\$1.21	\$0.98
Average.....	\$1.14	\$1.07	\$1.08

CORPORATE STRUCTURE

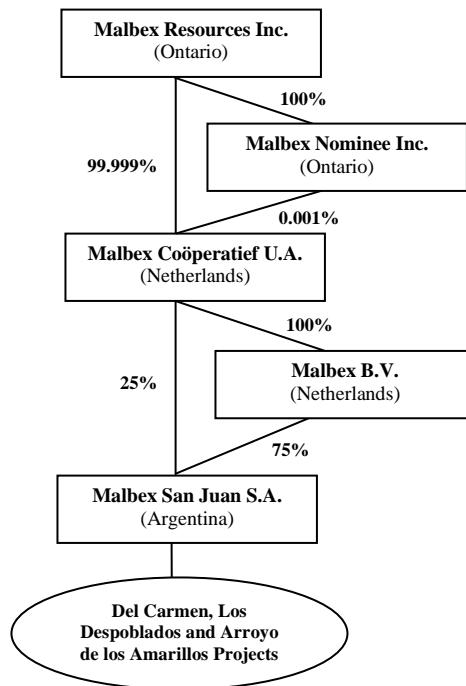
Name, Address and Incorporation

Malbex Resources Inc. (the “Corporation” or “Malbex”) is a corporation existing under the *Business Corporations Act* (Ontario) (the “OBCA”). The head and registered office of the Corporation is Suite 901, 372 Bay Street, Toronto, Ontario M5H 2W9.

The Corporation was incorporated under the name “No. 440 Taurus Ventures Ltd.” under the *Company Act* (British Columbia) on April 17, 1998. Effective June 22, 1998, the Corporation changed its name to “Arapaho Capital Corp.” Effective March 1, 2005, the Corporation transitioned under the *Business Corporations Act* (British Columbia) (the “BCBCA”). Effective March 11, 2005, the articles of the Corporation were altered to remove the application of certain provisions described in the BCBCA as “Pre-existing Company Provisions”, a new form of articles of the Corporation was adopted and the authorized number of common shares of the Corporation (“Common Shares”) was increased from 200,000,000 Common Shares to an unlimited number of Common Shares. Following the RTO (as hereinafter defined), effective December 8, 2009, the Corporation continued under the OBCA with the name “Malbex Resources Ltd.”. Pursuant to the continuance, the articles of the Corporation were replaced by articles of continuance and the authorized number of preference shares of the Corporation (“Preference Shares”) was increased from 200,000,000 Preference Shares to an unlimited number of Preference Shares. Effective December 8, 2009, the Corporation amalgamated with its wholly-owned subsidiary, Malbex Resources Inc., with the amalgamated entity being named “Malbex Resources Inc.”.

Intercorporate Relationships

The following chart illustrates the corporate structure of the Corporation as of the date hereof:



GENERAL DEVELOPMENT OF THE BUSINESS

Reverse Takeover by Malbex Resources Inc.

From July 2003 to October 30, 2009, the Corporation (referred to in this section as “Arapaho”) did not carry out any active business operations other than the identification and evaluation of potential business ventures or

properties. Effective October 30, 2009, Arapaho completed a reverse takeover transaction (the “RTO”) involving Malbex Resources Inc., a private gold exploration company (“Pre-RTO Malbex”), pursuant to the business combination agreement (the “Business Combination Agreement”) dated May 25, 2009, as amended, between Arapaho, a wholly-owned subsidiary of Arapaho (“Arapaho Subco”) and Pre-RTO Malbex. The RTO was effected by way of a three cornered amalgamation pursuant to the provisions of the OBCA whereby Pre-RTO Malbex amalgamated with Arapaho Subco and, among other things, shareholders of Pre-RTO Malbex received common shares of Arapaho (being the Common Shares) in exchange for their common shares of Pre-RTO Malbex (“Malbex Shares”) on the basis of one Common Share for every 1.5 Malbex Shares. Upon completion of the RTO, there were 56,308,301 Common Shares outstanding, of which 49,383,301, representing approximately 87.7% of the then outstanding Common Shares, were held by the former Pre RTO-Malbex shareholders. The RTO resulted in a change of control of Arapaho and constituted a reverse takeover under the policies of the TSX Venture Exchange.

General Development of Pre-RTO Malbex’s Business

Pre-RTO Malbex was incorporated under the OBCA on April 24, 2008. The securities of Pre-RTO Malbex were not listed for trading on any securities exchange and Pre-RTO Malbex was not a reporting issuer in any jurisdiction. In May 2008, Pre-RTO Malbex participated in the “Concurso Público de Ofertas para Areas Mineras” (the “Concurso”), a competitive bidding process called by the Instituto Provincial de Exploraciones y Explotaciones Mineras (“IPEEM”) for, among other concessions, the Del Carmen, Los Despoblados and Arroyo de los Amarillos concession groups (collectively the “Projects”) located in the Province of San Juan, Argentina. On August 14, 2008, following the conclusion of the Concurso, Pre-RTO Malbex entered into the Exploration Agreements (as hereinafter defined) with IPEEM in respect of the Projects. Pre-RTO Malbex completed its first abbreviated field season in the early months of 2009, including mapping and sampling. In August 2009, Pre-RTO Malbex received the Technical Report (as hereinafter defined) with respect to the Projects.

On May 26, 2009, Pre-RTO Malbex entered into the Business Combination Agreement with Arapaho providing for the RTO. In connection with the RTO, on June 30, 2009, Pre-RTO Malbex completed a private placement (the “RTO Financing”) of 21,275,000 subscription receipts at a price of \$0.50 per subscription receipt for gross proceeds of \$10,637,500, part of which was held in escrow pending completion of the RTO. The subscription receipts were exchanged immediately prior to completion of the RTO for Malbex Shares and warrants to purchase Malbex Shares. Upon completion of the RTO, the escrowed proceeds from the RTO Financing were released to the Corporation.

Financing

On June 22, 2010, the Corporation completed the public offering (the “Offering”) of 42,166,664 units of the Corporation at a price of \$0.30 per unit for aggregate gross proceeds of \$12,649,999.20. Each unit consisted of one Common Share and one-half of a Common Share purchase warrant. Each whole warrant is exercisable to purchase one Common Share at a price of \$0.40 at any time until June 21, 2012. Dundee Securities Corporation acted as lead agent with a syndicate that included Clarus Securities Inc. and GMP Securities L.P. In connection with the Offering, the Agents received a 6% cash commission. In addition, the Corporation issued to the agents and a member of their selling group an aggregate of 2,529,999 broker warrants. Each broker warrant is exercisable to purchase one Common Share at a price of \$0.40 at any time until June 21, 2012.

DESCRIPTION OF THE BUSINESS

Malbex is a Canadian-based exploration stage company. The Corporation’s only material assets are its interests in the Projects, being the Del Carmen, Los Despoblados and Arroyo de los Amarillos concession groups located in the Province of San Juan, Argentina.

Del Carmen, Los Despoblados and Arroyo de los Amarillos Projects

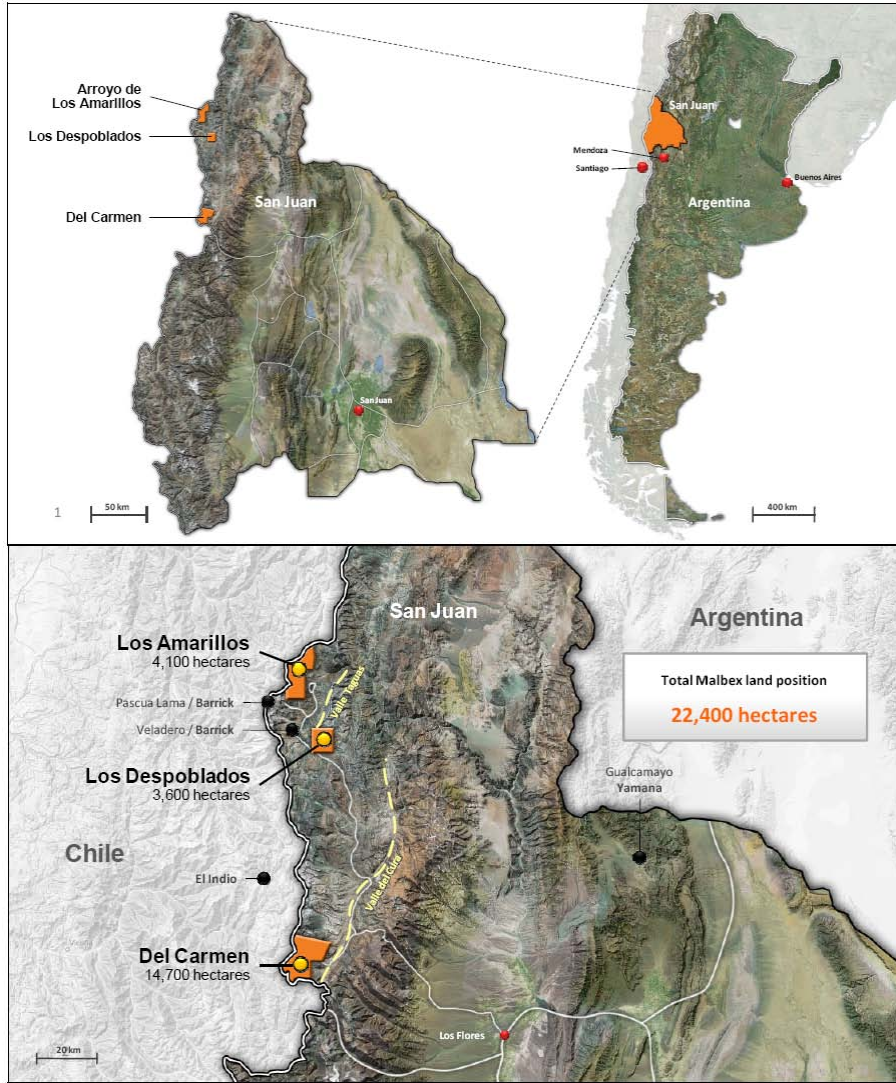
The technical and scientific information in this section is supported by the technical report (the “Technical Report”) dated August 10, 2009 titled “A Review of the Mineralization at, and the Proposed Exploration Programs for, the Del Carmen, Despoblados and Los Amarillos Concession Groups of the Valle Del Cura Project, San Juan Province, Argentina” prepared by B. Terrence Hennessey, P.Geol. of Micon International Limited. The Technical

Report is an independent technical report for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) of the Canadian Securities Administrators. The Technical Report is subject to the assumptions, qualifications and procedures described therein. The full text of the Technical Report is available for review under the Corporation’s profile on SEDAR at www.sedar.com. The Technical Report is not and shall not be deemed to be incorporated by reference in this annual information form.

Updates to Malbex’s exploration program and other technical and scientific information subsequent to the date of the Technical Report were prepared or reviewed by Peter W. Stewart, P.Geo (APGO). Dr. Stewart is Vice President, Exploration of the Corporation and a qualified person under NI 43-101.

Property Description and Location

The Projects, comprised of the three concession blocks known as the Del Carmen, Despoblados, and Los Amarillos projects, are located in the Andes Cordillera, adjoining (Del Carmen, Los Amarillos) or near (Despoblados) the Chile/Argentina border in the Department of Iglesia, Province of San Juan, north-western Argentina. The Projects occur in the El Indio metallogenic belt (also called the El Indio Gold Belt) (the “El Indio Belt”), host of the large El Indio, Pascua-Lama and Veladero gold-silver deposits (in 2009, Barrick published mineral reserves containing 29.8 million ounces of gold and 671 million ounces of silver for the Pascua Lama and Veladero deposits). The Projects lie approximately 210 to 280 kilometres northwest of the provincial capital city of San Juan. The Del Carmen project is located at the southern end of the El Indio Belt, while the Los Amarillos and Despoblados projects are located at the north end of the El Indio Belt, within 10 kilometres of the Pascua-Lama and Veladero deposits, respectively. The locations of the Projects are shown on the following map of Argentina:



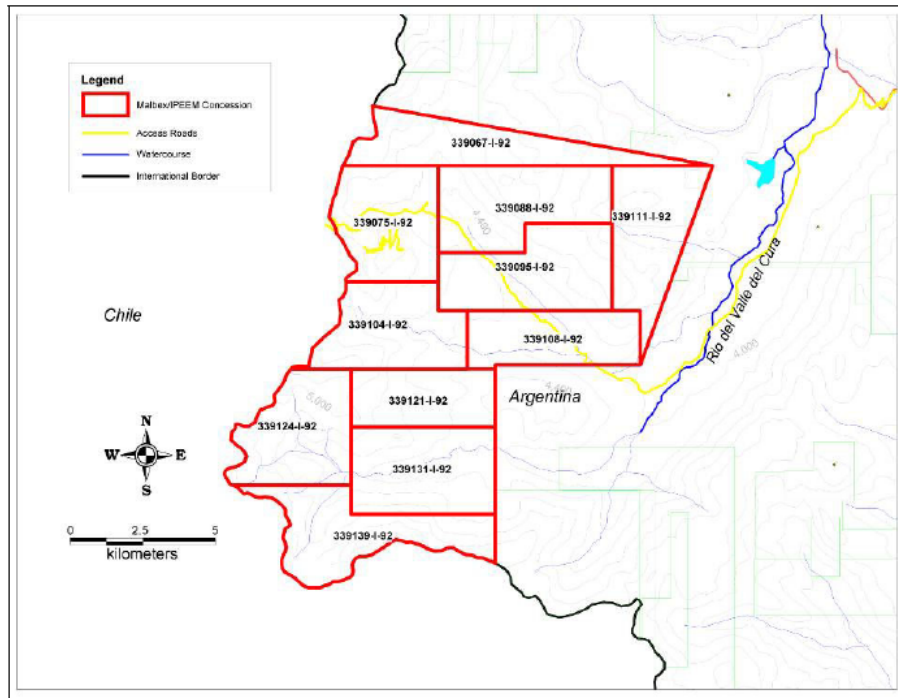
The Del Carmen, Despoblados and Los Amarillos projects are comprised of eleven, three and four mining concessions, respectively, with approximate areas of 15,129 hectares, 3,600 hectares and 4,114 hectares, respectively, for a total of 22,844 hectares, as set out in the table below and as shown on the following three maps.

Concession Group	Concession No.	Name	Surface Area (ha)	Status
Del Carmen	339088-I-92	DC XXIII	1,500	Mining Concession
Del Carmen	339111-I-92	DC XLVI	1,339	Mining Concession
Del Carmen	339108-I-92	DC XLIII	1,123	Mining Concession
Del Carmen	339095-I-92	DC XXX	1,500	Mining Concession
Del Carmen	339139-I-92	DC LXXIV	1,651	Mining Concession
Del Carmen	339121-I-92	DC LVI	993	Mining Concession
Del Carmen	339131-I-92	DC LXVI	1,489	Mining Concession
Del Carmen	339075-I-92	DC X	1,431	Mining Concession
Del Carmen	339124-I-92	DC LIX	1,405	Mining Concession
Del Carmen	339104-I-92	DC XXXIX	1,369	Mining Concession
Del Carmen	339067-I-92	DC II	1,329	Mining Concession
		Total Area	15,129	

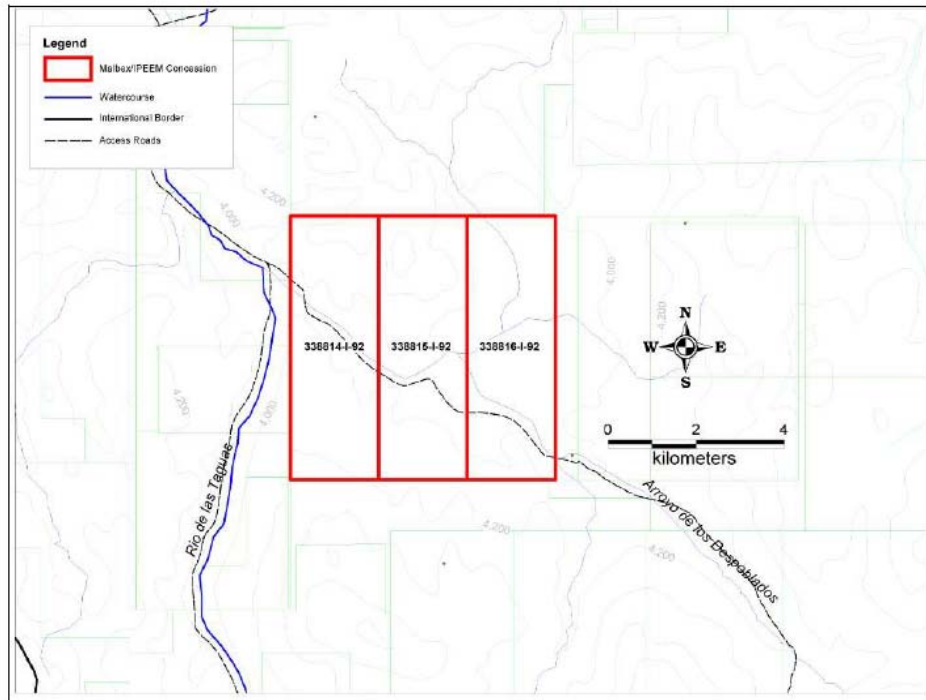
Concession Group	Concession No.	Name	Surface Area (ha)	Status
Despoblados	338814-I-92	LD I	1,200	Mining Concession
Despoblados	338815-I-92	LD II	1,200	Mining Concession
Despoblados	338816-I-92	LD III	1,200	Mining Concession
		Total Area	3,600	
Los Amarillos	338974-I-92	AA XXV	1,334	Mining Concession
Los Amarillos	338964-I-92	AA XV	822	Mining Concession
Los Amarillos	338961-I-92	AA XII	913	Mining Concession
Los Amarillos	338956-I-92	AA VII	1,046	Mining Concession
		Total Area	4,114	
		Total Area – All Projects	22,844	

Note: certain amounts in the table above have been rounded and therefore may not add up to the total presented

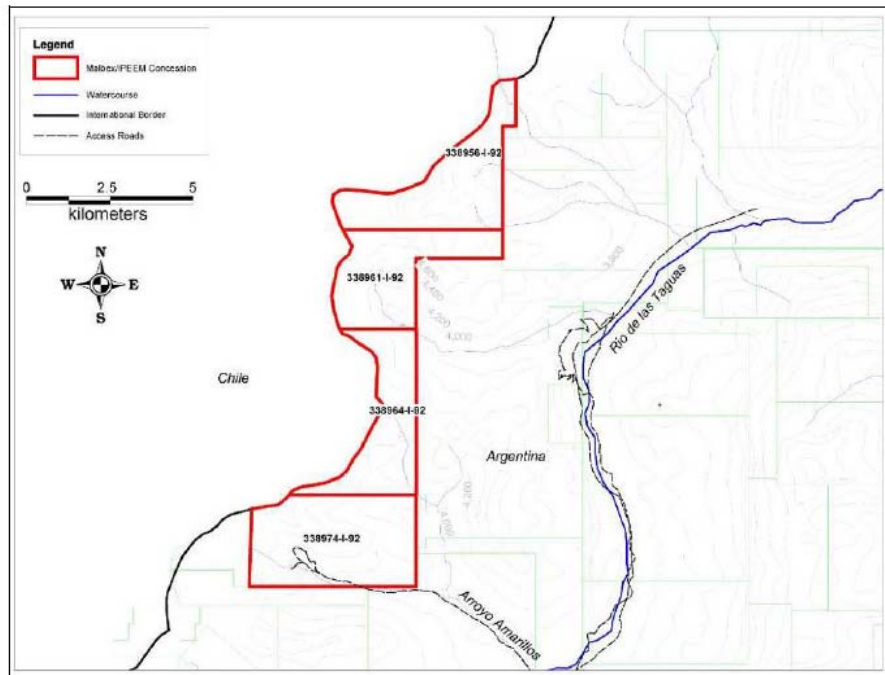
Del Carmen Concessions



Desplados Concessions



Amarillos Concessions



The Projects are registered in the name of IPEEM, a governmental mining entity of the Province of San Juan, Argentina, responsible for holding title to certain of the province's mineral rights and for entering into exploration and exploitation agreements with third parties for their development. The Corporation, through its indirect wholly-owned subsidiary Malbex San Juan S.A. ("Malbex San Juan"), holds a 100% direct interest in the Projects pursuant to the three exploration agreements (collectively the "Exploration Agreements") dated August 14, 2008 between Pre-RTO Malbex and IPEEM, as assigned by Pre-RTO Malbex to Malbex San Juan. Each of the three Projects is covered by a separate Exploration Agreement.

Exploration Agreements

The Exploration Agreements cover four phases of exploration (the first of which commenced on September 12, 2008) during which Malbex has the exclusive right to carry out prospecting and exploration activities on the Projects. Under the Exploration Agreements, Malbex must (i) pay the annual concession fees (canon payments) to the Province of San Juan on behalf of IPEEM, which total approximately US\$39,050, (ii) make monthly payments to IPEEM for the three Projects that total US\$11,400, and (iii) make exploration expenditures during each phase set out in the Exploration Agreements as follows:

Project	Phase 1	Phase 2	Phase 3	Phase 4	Total
Term (years)	1	1	1	2	5
	(all expenditures in US\$ million)				
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 any work Phase in 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. IPEEM granted Malbex a six month extension on August 10, 2009 to make the exploration expenditures required during Phase 1 of each of the Exploration Agreements, which were originally required to be completed by September 12, 2009. Under the terms of the extension, Malbex was required to make the required Phase 1 exploration expenditures by March 12, 2010, with the subsequent terms of Phase 2, Phase 3 and Phase 4 commencing on March 12, 2010, March 12, 2011, and March 12, 2012, respectively.

Under the Exploration Agreements, Malbex has the option to undertake exploitation and trading activities of "First Category" ores and minerals (which includes practically all metals) upon the satisfaction of certain conditions, including the completion of a feasibility study. The option to exploit carries an initial term of 30 years, with an option to renew for the lifespan of the mine. Upon commencing commercial production on a discovery, royalties to be paid by Malbex include a 3% royalty on the production value over "mine mouth value" to the Province of San Juan, and a 2% royalty to IPEEM on the gross sales of the minerals and/or metals extracted from the Projects, corresponding to the respective bimonthly period. Under section 22 of Argentinean Federal Law 24.196, "mine mouth value" of minerals and metals reported by a mine operator is defined as the value obtained during the first commercialization stage thereof, less the direct and operating costs (other than direct or indirect expenses and costs inherent to the extraction process) required to take the pithead mineral to such stage.

Mining and Environmental Legislation in Argentina

Argentinean law provides for the granting of two types of mining rights: exploration permits which are limited in duration and mining projects which can be requested either through the "manifestaciones de descubrimiento" or "request for abandoned mines" procedures. All three of the Projects are designated as mining projects under Argentinean law.

Mineral deposits are held by the provincial or federal government (in the case of the Projects, by the Province of San Juan), but private individuals or companies are entitled to benefit and dispose of them as owners in accordance with the Mining Code. Mining Projects are “map-staked”, although later field staking is required by law under the mining authority’s supervision. Mining Projects are unlimited in duration and remain the concessionaire’s property as long as the concessionaire meets its obligations under the Mining Code, including annual canon payments and minimum investment commitments.

Argentinean law distinguishes mineral rights from surface ownership. While surface owners cannot prohibit mining activities on their property, the regulations under the Mining Code provide for notice and indemnification to surface owners and procedures for obtaining easements, both for activities within Project boundaries and for those activities that need to be conducted outside the concession boundaries.

An environmental impact report (an “EIR”) is required to be submitted under the Mining Code. Approval of the EIR is not a condition to maintain the concession title in good standing but is a pre-requisite to carrying out mining-related activities on the properties. An EIR must be submitted for every type of mining activity (prospecting, exploration, exploitation, development, extraction, etc.) and must be updated every two years. In addition, specific registrations and authorizations must be applied for depending on the activities to be carried out on the Projects (for example, water usage and waste disposal).

Malbex has submitted updates, most recently in October 2010, to EIRs filed by previous concession operators in the exploration stage and holds all necessary permits to conduct exploration activities on each of the Projects. There are no known environmental liabilities on the Projects accruing to the Corporation or arising from previous exploration activities.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Projects are located in the mountainous Valle del Cura region within the El Indio Belt at elevations between 3,700 and 5,100 metres above sea level. Mean annual precipitation at 4,400 metres elevation is estimated to be approximately 200 millimetres, with most precipitation occurring as snow. Vegetation is sparse with local patches of wet grassland near springs and streams. Rock outcrops and colluvial soils predominate in the valley walls with colluvium, alluvium and glacial till on the valley floors. The Los Amarillos and Despoblados projects are located in the Rio de las Taguas watershed, with the Despoblados, and Amarillos creeks comprising the other major perennial streams in the area. The Del Carmen project contains several unnamed tributary watersheds in the upper reaches of the Rio del Valle del Cura. Flowing water occurs in and beneath these rivers and creeks throughout the field season. The region is considered to have a sub-arid, sub-polar, mountain climate commonly marked by strong winds. During winter months (from May through September), extreme weather (cold, snow, winds) creates a challenging operating environment and exploration activities are typically suspended between May and early-October.

The closest major population and commercial centre to the Projects is the provincial capital city of San Juan. The distance to the Projects from San Juan is approximately 370 kilometres by way of the combination of paved public highways and roads and the all-weather private gravel road constructed by Barrick Gold Corporation to the Veladero minesite. Travel time from San Juan to the Projects is approximately 4 to 5 hours by road. San Juan is serviced by a commercial airport with scheduled daily flights to and from Buenos Aires; however, the larger city of Mendoza, about two hours drive to the south, is served by multiple daily jet flights to both Santiago, Chile and Buenos Aires, Argentina. Utilities and services are absent in the Valle del Cura except for those at the Veladero mine. Limited cell phone coverage and medical services are available at Veladero and the mine generates its own electrical power on site. A 220 kV power line is being brought in for the Pascua-Lama mine, which is under construction. An ample supply of labour is available in the regional communities at lower elevations to the east of the Projects and in San Juan.

History

The Argentinean component of the El Indio Belt was first explored by Argentine government geologists, who identified scattered gold anomalies in the Veladero Sur area and surrounding region during field examinations in the late 1980s of hydrothermal alteration centres identified through satellite imagery. There does not appear to have been significant exploration of the Projects prior to 1994. During the remainder of that decade and early years of the new millennium, the Projects were explored variously by Barrick, Peñoles and Argentina Gold.

Lac Minerals was awarded exploration rights to the Del Carmen project following a competitive bidding process completed by IPEEM in 1994. Lac Minerals then entered into a 60:40 joint venture agreement with Argentina Gold, who had also tendered an offer for the project. Barrick became the project operator after Lac Minerals was acquired by Barrick in September 1994. Between 1995 and 1998, Barrick carried out reconnaissance mapping and rock and soil sampling programs, completed 26 line-kilometres of induced polarization (IP)/resistivity geophysical surveys, and drilled 38 reverse air circulation (RC) holes totaling about 8,400 metres. Eight reverse air circulation (RC) drill holes for 1,764 metres were completed at Del Carmen Norte by Argentina Gold, which was acquired by Barrick in the late 1990s and which was the designated operator in 1999-2000. Argentina Gold also drilled five reverse air circulation (RC) holes for 1,003 metres at Del Carmen Sur in that field season. Barrick subsequently relinquished all interest in the Del Carmen project.

The Despoblados project was explored by Peñoles (1995-1997) and then by Barrick (2000-2001). Exploration by each focused on the southwest sector of the property where epithermal quartz veins occur in outcrops and in trenches within and adjacent to a satellite image colour anomaly related to hydrothermal alteration. The exploration programs over these two periods included: collection and analyses of 2,681 surface rock chip samples; collection and analyses of 462 talus fines samples; collection and analyses of 153 soil samples (MMI, Regoleach and Ultratrace analyses); 10 line-kilometres of IP/resistivity; 10.8 line-kilometres of controlled source audio magneto-telluric (CSAMT) geophysical surveys, 27.4 line-kilometres of Real Section IP; 123.8 line-kilometres of ground magnetic geophysical surveys; 400 line-kilometres of aeromagnetic geophysical surveys; 9.2 kilometres of roads and trenches; 1,608.85 metres of diamond drilling in 10 holes (Peñoles); and 1,490 metres of reverse air circulation (RC) drilling in six holes (Barrick). Barrick relinquished the Despoblados project following the 2000-2001 field season.

Exploration was carried out at Los Amarillos by Peñoles (1995-1999) and Argentina Gold (2000-2001). Exploration focused on the satellite image colour anomaly related to hydrothermal alteration in the southwest corner of the property that covers an area of approximately 350 hectares, or less than 10% of the Los Amarillos project area. Peñoles identified three targets within the colour anomaly (Breccia Norte, Maria del Milagro, Pancho Villa), collected 437 rock chip samples, carried out 5.05 line-kilometres of IP/resistivity and magnetic geophysical surveys and completed 1,148.85 metres of diamond drilling in five holes, and 1,242 metres of reverse air circulation (RC) drilling in three holes. Argentina Gold later completed an additional 1,206 metres of RC drilling in four holes at the Breccia Norte target. There were no significant gold intersections in any campaign. Minimal exploration on the remaining approximately 3,600 hectares outside the southwestern sector of the project area is documented.

Previous operators confirmed the existence of significant areas of hydrothermal alteration (zones of silicification, vuggy silica outcrops, epithermal veining, hydrothermal brecciation with sulphidized, grey to black, siliceous matrices (black matrix breccias)) within the satellite image colour anomalies at all three Projects. Anomalous values of gold, silver and copper were obtained at Del Carmen. While extensive hydrothermal alteration and locally interesting gold and silver grades were found at Despoblados, limited historic drilling did not encounter economic grades over mineable widths. However mapping by Barrick at Despoblados identified several outcrops of siliceous sinter within epiclastic sedimentary rocks, interpreted to identify a pull-apart basin setting with sinter being a possible indicator of buried low to intermediate sulphidation style mineralization.

Geological Setting

The Projects are located in the El Indio Belt that spans the Argentina/Chile international border from approximately 29°S to 30°S and from 69°30'W to 70°W. The El Indio Belt consists primarily of Oligocene to Miocene volcanic rocks and associated high-sulphidation epithermal gold-silver-copper deposits (for example, the El Indio, Tambo, Veladero and Pascua-Lama deposits). The El Indio Belt is in the Main Cordillera of Chile and Argentina (the Andes), which was formed by tectonic plate convergence, interrupted by periods of regional extension. The region was dominated by the eastward subduction of the oceanic Nazca plate, arc and back-arc volcanism and associated sedimentary rock deposition in the Cenozoic Era. The subducting plate has gradually flattened from about 35° eastward dip to near horizontal. Variations in the depth of the subducting plate and in the rate of plate convergence led to multiple episodes of compressive tectonism and associated volcanism plus related hypabyssal intrusions. All significant volcanic activity and economic precious metal mineralization concluded prior to post-Miocene flattening of the subduction zone.

The stratigraphic sequence at the Del Carmen Project consists of Permo-Triassic rhyolitic lavas and tuffs and subordinate volcanoclastic rocks assigned to the Choiyoi Group. An angular unconformity separates these older rocks from the locally overlying Valle del Cura Formation and Doña Ana Formation, an approximately 500 metre thick Oligocene sequence of andesitic tuffs, ignimbrites and pyroclastic breccias, with intercalations of dacitic lavas as well as sandstone and conglomerate units rich in volcanic detritus. The Doña Ana Formation is overlain by andesitic to dacitic lavas, breccias, tuffs and volcanoclastic rocks of the Lower Miocene Cerro de las Tórtolas Formation. These are overlain locally by the andesitic ignimbrites of the Middle to Upper Miocene Vacas Heladas Formation, younger rhyolite and unconsolidated Pleistocene to Holocene alluvial, colluvial and glacial sediments.

The geology of the Despoblados project includes rocks of the Choiyoi Group, the Eocene to Oligocene Valle del Cura and Rio del Sal Formations, the volcanic-dominated Doña Ana and Cerro de las Tórtolas Formations and various Tertiary intrusives, as well as younger colluvial and alluvial sediments and glacial tills. The Despoblados project is crossed by the Pascua-Lama-Veladero lineament, the 120° trending structural corridor inferred, at least in part, to localize epithermal mineralizing systems. The lineament passes through the centre of the Despoblados project and is typically defined by parallel drainage patterns. Although the 120° structures are the dominant structural elements in the area, mineralization is typically hosted in adjacent and related subsidiary structures. Other structures identified in the Despoblados area include: north-south thrusts and steeply dipping faults conformable with the dominant structural grain of the Andes; 050° trending faults that form an orthogonal set to the Pascua-Lama-Veladero trend, some of which are inferred to have acted as dilatant features during pull-apart basin formation; and east-west- to west-northwest-trending vein swarms which may have formed during east-west directed Andean compression.

The geology of the Los Amarillos project area is poorly mapped with only the southwest portion explored in any detail. Rhyolitic to dacitic lavas and pyroclastic rocks, subordinate sedimentary rocks and a minor component of basaltic lavas assigned to the Permo-Triassic Choiyoi Group dominate the area. The Choiyoi Group is intruded by granites and granodiorites of the Permo-Triassic Ingaguas suite, which occur typically as north-south oriented lenticular bodies. Choiyoi and/or Ingaguas rocks are unconformably overlain locally and flanked to the east by andesitic to dacitic lavas, tuffs and volcanoclastic rocks of the late Oligocene Doña Ana Formation in the north.

Mineralization

Gold and silver deposits that form at shallow crustal depths are characterized into three classes of epithermal deposits (high sulphidation, intermediate sulphidation and low sulphidation). The differences are interpreted to be controlled principally by the tectonic setting of the host rocks, typically volcanic and related intrusive lithologies and the related variations in the composition of the mineralizing hydrothermal fluids.

Each of the three Projects has evidence of epithermal styles of hydrothermal alteration, mineralization or both. Alteration mapping at Del Carmen Norte confirms well defined hydrothermal mineral zonation (variable proportions of quartz and/or chalcedony, alunite, kaolinite and illite) within the satellite image colour anomaly. Widespread elevated gold, silver and copper within the Del Carmen Norte alteration zone are indicative of a well developed high sulphidation mineralization system. The mineral assemblages, association of elevated gold and silver with siliceous and sulphidic black matrix hydrothermal breccias, gold, silver and copper-rich veins and zonation pattern are typical of high sulphidation epithermal systems such as those at El Indio, Veladero and Pascua-Lama.

The geological model for Del Carmen envisions large hydrothermal feeder systems mainly controlled by steep, north-east striking structures that cut sub-horizontal to tilted sequences of permeable and less permeable andesitic volcanic strata. Variations in the intensity of silicification are interpreted to reflect either favourable horizons (possibly dacitic rocks and breccias) and/or particular elevations within the hydrothermal system. The style and mineralogy of alteration at Del Carmen Norte (silicified ledges that zone outward to alunite and/or kaolinite-rich exposures) are typical for high-sulphidation epithermal gold-silver systems including the Veladero and Pascua-Lama deposits.

Mapping by previous explorers of the colour anomaly at Los Amarillos identified silicification, sericite/illite alteration and pyrite veinlets in rhyolite, and intrusive and/or hydrothermal breccias. Although precious metals concentrations are typically low, the style of alteration and brecciation are those typical of high sulphidation hydrothermal systems, including the nearby Pascua-Lama deposit.

Up to two metre wide low sulphidation style quartz veins (drusy crustiform quartz, vein laminations, and quartz, adularia, calcite, pyrite and sphalerite vein assemblages, bladed calcite textures) at Despoblados are hosted by altered rhyolite porphyry in the well defined colour anomaly and in andesite to the west, immediately south of the Veladero-Pascua-Lama lineament. Gold values of up to 5.5 grams per tonne gold were obtained in surface sampling but only lower concentrations were intersected in drilling by previous explorers. Two areas of epiclastic (immature sandstones and conglomerate) cover within the lineament are reasonably interpreted as evidence for localized extension and formation of pull-apart epiclastic basins related to tectonism in the lineament. Hydrothermal surface deposits (siliceous sinter) occur within this cover sequence. These features are consistent with a model of low sulphidation epithermal vein deposits beneath the cover such as the Fruta del Norte deposit in southeastern Ecuador.

Exploration and Drilling

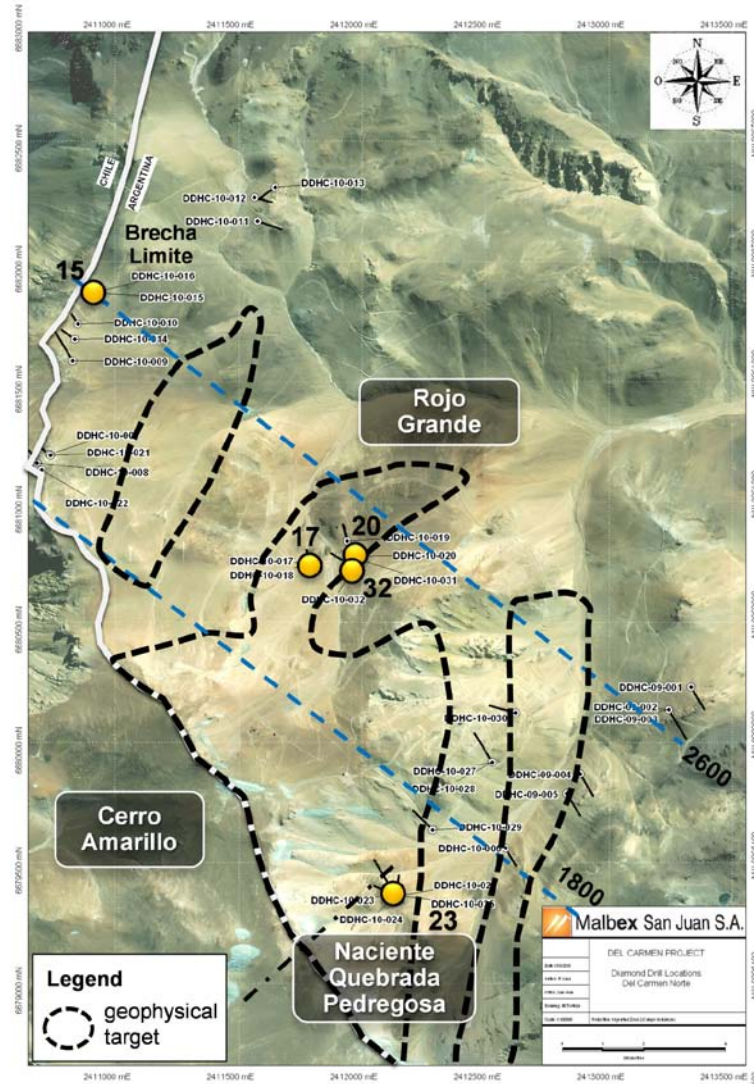
Malbex acquired the Projects in 2008 and received permits for exploration in early 2009.

The Corporation's lead project is Del Carmen, which contains two large hydrothermal alteration systems that are visible as colour anomalies on satellite imagery: Del Carmen Norte (nine square kilometres in area) and Del Carmen Sur (five square kilometres in area). Being more advanced, Del Carmen Norte has been the focus of the Corporation's exploration.

To date, the Corporation has completed the following work at Del Carmen Norte:

- mapping and sampling (more than 1,500 rock samples), which defined eight drill targets;
- testing of seven of the eight drill targets with 4,710 metres of diamond drilling in 32 holes;
- completion of 127.25 line-kilometres (1-km) of ground magnetic surveying; and
- completion of 14.1 1-km of controlled source audio-frequency magnetotelluric (CSAMT) surveying, resulting in identification of several new target areas of high resistivity.

The following map shows the geophysical targets and completed drill holes at the Del Carmen Norte alteration system. The blue dashed lines show locations of selected CSAMT geophysical survey lines.



During the 2009/2010 field season, Malbex tested seven gold targets at Del Carmen Norte with 4,710 metres of diamond drilling in 32 holes. Certain significant and selected mineralized intervals from the drilling program are set out in the table below. Intersections that average greater than 0.5 grams per tonne gold over greater than 10 metres length (using 0.1 grams per tonne gold lower cutoff, up to three metres of internal dilution) or greater than 1 grams per tonne gold equivalent over at least three metres are considered “significant”. A complete set of drill hole locations, details and assays for all holes drilled is available at <http://malbex.ca/find/id/19/zv>.

Target (number of holes drilled)	Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Au-EQ (g/t)	Cu %
Rojo Grande (6)	DDHC-10-017	9.0	50.0	41.0	1.18	31.2	1.70	
	including	19.0	30.0	11.0	3.42	67.2	4.54	
	which includes	27.0	30.0	3.0	6.45	25.5	6.88	
	DDHC-10-018	5.0	20.0	15.0	1.07	27.3	1.53	
	including	15.0	19.0	4.0	2.66	34.1	3.23	
	<i>DDHC-10-019</i>	<i>13.0</i>	<i>40.0</i>	<i>27.0</i>	<i>0.27</i>	<i>6.4</i>	<i>0.38</i>	
	DDHC-10-020	5.5	130.0	124.5	0.57	8.8	0.72	
	including	14.0	31.0	17.0	0.65	21.08	1.00	
	including	60.0	68.0	8.0	1.15	6.8	1.26	
	and including	87.0	97.0	10.0	1.46	15.7	1.72	
	<i>DDHC-10-020*</i>	<i>167.0</i>	<i>190.4</i>	<i>23.4</i>	<i>0.13</i>	<i>10.9</i>	<i>0.31</i>	
	DDHC-10-031	13.0	48.0	35.0	0.94	13	1.15	
	includes	40.0	47.0	7.0	1.83	5.3	1.91	
	DDHC-10-032	22.0	164.2	142.2	0.88	13.7	1.11	
	Includes	23.0	57.0	34.0	1.27	13.6	1.50	
Includes*	124.0	164.2	40.2	1.45	19.6	1.78		
Naciente Quebrada Pedregosa (4)	DDHC-10-023	41.0	46.0	5.0	2.71	0.1	2.71	
	DDHC-10-023	71.0	92.0	21.0	1.69	0.1	1.69	
	including	71.0	77.0	6.0	4.32	0.1	4.32	
	DDHC-10-023	128.0	177.0	49.0	1.11	0.1	1.11	
	including	135.0	157.0	22.0	2.20	0.1	2.20	
	and including	146.0	149.0	3.0	9.02	0.1	9.02	
	DDHC-10-023	189.0	205.0	16.0	2.64	6.1	2.74	
	DDHC-10-024	42.0	49.0	7.0	2.88	0.2	2.88	
	DDHC-10-024	52.0	64.0	12.0	2.01	0.1	2.02	
	DDHC-10-024	122.0	144.0	22.0	2.75	0.3	2.75	
	includes	122.0	135.0	13.0	4.31	0.3	4.31	
	DDHC-10-025	51.0	76.0	25.0	0.98	0.1	0.98	
	DDHC-10-025	117.0	124.0	7.0	1.50	0.8	1.51	
	DDHC-10-025	128.0	145.0	17.0	0.41	0.5	0.42	
	DDHC-10-026	72.0	82.0	10.0	1.25	0.1	1.25	

Quebrada Pedregosa (4)	DDHC-10-027	38.0	66.0	28.0	1.53	0.7	1.54	
	includes	50.0	58.0	8.0	3.86	0.6	3.87	
	DDHC-10-027	76.0	79.0	3.0	3.23	0.8	3.24	
	DDHC-10-027	113.0	119.0	6.0	0.53	0.7	0.54	
Brecha Límite (4)	DDHC-10-007	24.0	34.8	10.8	0.78	11.68	0.97	
	DDHC-10-008	18.0	53.0	35.0	2.22	42.94	2.94	
	including	30.0	46.0	16.0	4.03	81.77	5.39	
	<i>DDHC-10-021</i>	<i>25.0</i>	<i>55.0</i>	<i>30.0</i>	<i>0.48</i>	<i>12.3</i>	<i>0.68</i>	
	includes	32.0	38.0	6.0	1.15	39.1	1.80	
	<i>DDHC-10-022</i>	<i>68.0</i>	<i>106.0</i>	<i>38.0</i>	<i>0.34</i>	<i>6.4</i>	<i>0.45</i>	
Brecha Límite Norte (5)	DDHC-10-015	29.0	32.0	3.0	2.60	368.7	8.75	2.46
	DDHC-10-016	56.0	61.0	5.0	0.53	217.7	4.16	2.06
Ladera Sur Tortólas (3)	<i>DDHC-10-011</i>	<i>9.0</i>	<i>27.0</i>	<i>18.0</i>	<i>0.35</i>	<i>26.7</i>	<i>0.80</i>	
	Includes	23.0	25.0	2.0	1.77	201	5.12	2.13
	<i>DDHC-10-012</i>	<i>4.0</i>	<i>39.0</i>	<i>35.0</i>	<i>0.42</i>	<i>5.8</i>	<i>0.52</i>	
	DDHC-10-012	91.0	92.0	1.0	2.78	175	5.70	0.68
	DDHC-10-013	26.0	32.0	6.0	0.98	13.1	1.20	
Cresta del Gallo (6)	DDHC-09-002	13.5	40.5	27.0	0.50	3.71	0.56	
	including	21.5	32.5	11.0	0.91	4.04	0.98	
Intercepts are based on a 0.1 grams per tonne gold cutoff, with up to three continuous metres of internal dilution. Those in bold also satisfy 0.5 grams per tonne gold lower cutoff. Those marked with an asterix (*) ended in mineralization. <i>Italicized intervals are not “significant” as defined herein but are illustrative of wide low-grade mineralized intercepts. A complete set of drill hole locations, details and assays for all holes drilled is available at http://malbex.ca/find/id/19/zv.</i>								
Gold-equivalent (Au-EQ) values are calculated using 60 grams per tonne silver = 1 gram per tonne gold (based on the three-year average gold:silver price ratio), assume 100% metallurgical recovery of gold and silver and do not include the value of contained copper.								
Abbreviations: gold (Au), silver (Ag), copper (Cu), metres (m), grams per tonne (g/t).								
There is insufficient data to calculate true widths.								

Targets that flank the central massif are structurally controlled zones of silicification and quartz veins. Drilling at Cresta del Gallo and Brecha Límite encountered local intersections of significant grade (for example, hole DDHC-10-018 with 35 metres of 2.94 grams per tonne gold equivalent at Brecha Límite) but in general found weaker mineralization over narrower widths below and along strike from mineralization on surface. Drilling at other peripheral targets (Brecha Límite Norte and Ladera Sur de las Tortólas) intersected narrow silver-copper-gold enargite-pyrite veins, demonstrating potential for high-grade mineralization comparable to that exploited previously at the El Indio mine.

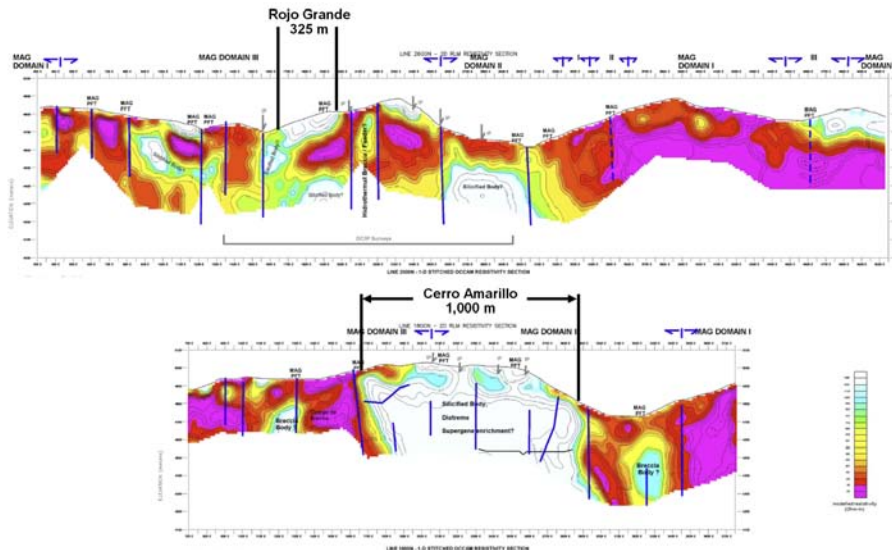
While exploration efforts will continue to target high grade veins, the 2010/2011 campaign will focus on the central region of the Del Carmen Norte alteration system at Rojo Grande, where broad intercepts of lower-grade mineralization were obtained previously (for example, hole DDHC-10-032 with 142 metres of 1.11 grams per tonne gold equivalent, hole DDHC-10-020 with 124.5 metres of 0.72 grams per tonne gold equivalent and hole DDHC-10-017 with 41 metres of 1.70 grams per tonne gold equivalent). Mineralization at Rojo Grande occurs within apparently shallow-dipping ledges of silicification that zone laterally and vertically into advanced argillic (alunite, kaolinite) and argillic (illite) alteration, a pattern that is typical of high-sulphidation deposits.

A slightly different style of high-sulphidation mineralization was intercepted at the Naciente Quebrada Pedregosa target (see holes DDHC-10-023 and -024). Multiple intervals of mineralization are associated with silicified bands of dacitic breccias within the predominantly andesitic host volcanic sequence. The mineralized intervals are not obviously zoned outward from silicification to alunitic alteration but abruptly changes to argillic (illite-pyrite) alteration. This target occurs near the southeastern margin of the large resistivity anomaly. High-sulphidation epithermal systems are recognized to be spatially and genetically associated with large bodies of gold-copper porphyry-style mineralization. In the 2010/2011 filed season, Malbex will test the hypothesis that such porphyry-style mineralization lies beneath Del Carmen Norte epithermal high-sulphidation system with drilling at the Naciente Quebrada Pedregosa target.

During the fourth quarter of 2010, Malbex released the geophysical surveys at Del Carmen Norte. The CSAMT survey identified extensive zones of elevated resistivity, which is typically associated with hydrothermal silicification. Zones of silicification are the principal host of gold-silver mineralisation in high-sulphidation epithermal deposits. Highlights from the surveys at Del Carmen Norte are:

- CSAMT resistivity anomalies including:
 - one that is coincident with outcropping and subsurface silicification that hosts gold-silver mineralization at Rojo Grande (top line in figure below);
 - several broad (up to 1,200 metres) anomalies on successive survey lines for over 1,000 metres southwest of the Rojo Grande zone of silicification to Cerro Amarillo, and to the vertical extent of the survey methodology (about 500 metres) (bottom line in figure below); and
 - multi-line subsurface anomalies beneath Quebrada Pedregosa and Quebrada Del Medio that flank the central massif of alteration.
- An asymmetric magnetic low (two kilometres by three kilometres) in the core of the altered area, which hosts the Rojo Grande and Naciente Quebrada Pedregosa targets. Magnetic lows are conventionally interpreted to reflect magnetite destruction by intense hydrothermal alteration of volcanic and intrusive rocks.

The following CSAMT resistivity sections show the extent of silicified rocks at Rojo Grande (top, line 2600N; white represents high resistivity) and a portion of the resistivity anomaly that extends from Rojo Grande toward Cerro Amarillo (bottom, line 1800N).



In December 2009, Malbex began exploration at Del Carmen Sur, the slightly smaller (five square kilometres) high sulphidation epithermal system some five kilometres to the south of Del Carmen Norte. Malbex plans on continuing a mapping and sampling program at Del Carmen Sur during the 2010/2011 field season.

At Despoblados, the Corporation's second project, the 2008-2009 field program affirmed the interpretation of the two discrete pull-apart basins identified by previous workers, improved the understanding of the internal basin structure and stratigraphy in relation to the important sinter horizons, and the basin margin faults. To date, the Corporation's exploration on Despoblados has consisted of:

- geological mapping, prospecting and rock sampling (295 rock samples); and
- 165 l-km of magnetometer and 33 l-km of CSAMT surveying over both basins and most of the PLV.

Based on the results of the exploration to date, two areas are targeted for drill testing during the 2010/2011 season: a multi-line CSAMT resistivity anomaly coincident with the northern margin of the western pull-apart basin, and low-sulphidation quartz-adularia veins in the southwestern area of the concession. The following satellite image of the Despoblados property shows the target areas to be drill tested in 2010/2011 season. The approximate extent of clastic rocks interpreted as possible pull-apart basins (outlined in green) and previous drill holes (white filled circles) are also shown.



Up to 1,500 metres of diamond drilling is planned to test the two areas. Detailed grid sampling of talus is planned in the area of low-sulphidation veins to assist in drill targeting between outcropping veins.

At Los Amarillos, the Corporation's third project, the 2009/2010 field program consisted of two main components:

- detailed mapping, and rock sampling of the known zone of altered rocks to define any previously unrecognized prospective sectors; and 45.75 l-km of magnetometer and 6.60 l-km of CSAMT surveying of the known zone of altered rocks; and
- reconnaissance stream sediment sampling (-80 mesh, panned concentrate sample) of major and subsidiary drainages elsewhere on the property.

The Corporation continues to review results to date and the future of Los Amarillos within Malbex's project portfolio.

Sampling and Analysis

Malbex has designed and implemented a quality assurance/quality control (QA/QC) program for drilling, channel sampling or trenching programs conducted at the Projects.

Grab samples are selected pieces of rock collected to confirm anomalous or potentially economic concentrations of precious metals (gold, silver), base metals (copper, molybdenum, zinc, lead) and path-finder elements commonly associated with epithermal mineralization (arsenic, antimony, mercury). Chip-channel samples are one or more continuous samples of mineralized or altered rock collected with hammer and chisel over a measured interval. Sample locations are determined at the time of collection with handheld GPS readings. Malbex does not intend to use the concentrations of chip or grab samples in future calculations of resource estimates. The samples are collected to confirm previously reported sampling (data verification) and to identify areas for more detailed future exploration and drilling.

Diamond drill hole samples consist of HQ-3-size core (6.11 centimetre diameter) and NQ-size core (4.76 centimetre diameter) that is sawn in half by electric saw on site. Malbex's QA/QC program consists of the insertion in every 20 samples of at least one certified standard of known gold content, blanks (samples known to consist of very low levels of gold to ensure adequate cleaning of the sample preparation equipment between samples) and field or lab duplicates. Samples of significant drill intercepts will be sent to two additional independent laboratories to verify gold and silver analyses. Metallic screen fire analyses for gold will also be run regularly of discovered mineralization as an additional QA/QC check. The half core remaining after sampling is retained on site for verification and reference purposes.

Security of Samples

Once collected, core and rock samples are placed in labeled plastic bags along a unique sample tag, and the plastic sample bags are sealed shut with heavy staples or zip ties. At the camps at Del Carmen and Despoblados, the individual bags are placed in larger rice bags and again sealed with uniquely numbered zip ties. The sealed sample bags are shipped by company truck to Malbex's field office in the city of San Juan where the sample submission form for the assay laboratory is prepared. All samples are delivered to the ALS Chemex sample preparation facility in Mendoza, Argentina where they are crushed, pulverized and shipped by ALS Chemex to the ALS Chemex laboratories in Lima, Peru, La Serena, Chile or Vancouver, Canada for gold (30 gram fire assay with an atomic absorption spectroscopy (AAS) or gravimetric finish) and multi-element inductively coupled plasma (ICP) analyses, including silver.

Mineral Resources and Mineral Reserves

At the present early stage of exploration, none of the Projects have reportable mineral resources or mineral reserves.

At other properties in the Los Amarillos and Despoblados area, proven and probable mineral reserves totaling over 927 million tons, containing 29.8 million ounces of gold and 671 million ounces of silver were announced by Barrick in 2009. The mineral reserves and resources were presented in documents reported to be NI 43-101-compliant technical reports. This mineralization is associated with extensive hydrothermal alteration. Almost any rock type in the region is a potential host for low or high sulphidation epithermal precious metals mineralization.

2010/2011 Exploration Program

Planned field exploration during the 2010/2011 season includes the following:

Project	Description
Del Carmen	
Del Carmen Norte	10,000 metres of diamond drilling (more than double the drilling completed last season), mapping and sampling
Del Carmen Sur	Mapping and sampling
Despoblados	1,500 metres of diamond drilling, mapping and sampling
Amarillos	Ongoing evaluation of results to date

Malbex's budget to carry out the planned field exploration is set out below:

Item	Cost
	(\$)
Direct field exploration	5,900,000
Indirect exploration	1,400,000
New Projects (Generative)	400,000
Corporate, general and administrative	2,200,000
Value added taxes in Argentina	1,300,000
Total Cost	11,200,000

Competitive Conditions

The mineral exploration and mining business is competitive in all of its phases. The Corporation competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Corporation, in the search for and acquisition of attractive mineral properties. The ability of the Corporation 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. In addition, the development of the business of the Corporation is dependent on its ability to attract and retain highly qualified management and mining personnel. The Corporation faces competition for personnel from other employers.

Employees

As of the date hereof, the Corporation employs three management, nine professional and five administrative staff as well as 20 labourers in San Juan, Argentina. There are five management and administrative staff based in Toronto, Canada.

RISK FACTORS

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

There is no assurance that the Corporation will be able to maintain its interest in the Projects.

The Corporation holds its interest in the Projects through the Exploration Agreements between Malbex San Juan and IPEEM, the registered holder of the Projects. In order to maintain its interest in the Projects, the Corporation 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 Corporation to discharge these obligations in a timely manner could result in the reduction or loss of its interest in the Projects.

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

The operations of the Corporation require licenses and permits from various governmental authorities. The Corporation 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 Corporation will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at the Projects or that the Corporation 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 Projects are in the exploration stage and are without reportable mineral resources or mineral reserves. Development of any of the properties in which the Corporation has an interest will only follow upon obtaining satisfactory exploration results. The exploration and development of mineral deposits involve significant financial risks over an extended 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 Projects will result in a profitable commercial mining operation.

The operations of the Corporation 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 Corporation 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 Corporation 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 Corporation.

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 Corporation not receiving an adequate return on invested capital.

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

The Corporation's activities are currently focused on the Projects, which are proximate to each other in geographic location and stage of development. The Corporation is, as a consequence, exposed to some heightened degree of risk due to the lack of property diversification. There is an increased risk that any adverse changes or developments affecting the Projects would have a material and adverse effect on the Corporation'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 Corporation. In addition, the Corporation 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 Projects must conform to applicable governmental regulations in force at the time such activities are undertaken.

Argentina's National Congress has recently passed Federal Law 26.639, which purports to ban all mining activities on glaciers and in the periglacial regions in Argentina. Federal Law 26.639 was published in the Argentinean Official Gazette on October 28, 2010. Although Federal Law 26.639 contains definitions for the words "glacier" and "periglacial", those definitions are subject to more detailed definitions to be contained in regulations enacted by the President of Argentina, which the law mandates to be enacted within a 90 day period from October 28, 2010. In addition, Federal Law 26.639 empowers the Instituto Argentino de Nivología, Glaciología y Ciencias Ambientales ("IANIGLA") to create a nationwide inventory of glaciers and periglacial regions, which the law mandates to be completed within a 180 day period from October 28, 2010. On November 2, 2010, at the request of the Argentine Mining Labour Association and the San Juan Mining Chamber, among others, a federal judge sitting in the Province of San Juan suspended the application of several parts of Federal Law 26.639, including the ban on mining activities on glaciers and in periglacial regions in the Province of San Juan pending ruling on the constitutionality of the law. The decision of the federal court is appealable to the Federal Chambers of Appeal and, subsequently, to the Supreme Court of Argentina. In addition to the foregoing and any other legal challenges to Federal Law 26.639 that may be brought, the full impact of the law can only be determined once the definitions of "glacier" and "periglacial" are clarified by the Presidential regulations and IANIGLA completes the glacial and periglacial region inventory. In early 2010, prior to the introduction of Federal Law 26.639, the Corporation commissioned a glacial survey by a third party, which survey concluded that the Projects are not located on glaciers; however, the third-party survey did not address whether the Projects might be located within a periglacial region. Although it is impossible to assess the full impact of Federal Law 26.639 on the Corporation at this time, the law could adversely impact and potentially curtail much of the mining activities of both foreign and domestic firms in the region and may adversely affect the ability of the Corporation to develop a mining project on certain of the concessions comprising the Projects, which would have a material adverse affect on the operations, financial condition and results of operations of the Corporation.

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

The operations of the Corporation 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 Corporation 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 Projects. 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 Corporation 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 Projects are located in a relatively remote region at elevations of between 3,700 and 5,200 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-October. The distance to San Juan, the closest major population and commercial centre to the Projects, 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 Veladero mine. Utilities and services are absent in the Project 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 Corporation.

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

As of the date hereof, the Corporation has not recorded any revenues, other than interest income and investment income, and has no dividend record. The Corporation has not commenced commercial production on any of the Projects. There can be no assurance that significant losses will not occur in the near future or that the Corporation will be profitable in the future. The Corporation's operating expenses and capital expenditures may increase in the future as consultants, personnel and equipment costs associated with advancing exploration, development and commercial production of the Corporation's properties increase. The Corporation expects to 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 Corporation's properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Corporation will generate any revenues or achieve profitability. The Corporation does not have a dividend policy and has never declared or paid any dividends to its shareholders. The Corporation intends to invest all available funds toward the development and growth of its business and does not expect to pay any cash dividends for the foreseeable future. The payment of any cash dividend to shareholders of the Corporation in the future will be at the discretion of the directors of the Corporation and will depend on, among other things, the financial condition, capital requirements and earnings of the Corporation, and any other factors that the directors of the Corporation may consider relevant.

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

The Corporation has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of the Projects or to fulfill its obligations under the Exploration Agreements and other applicable agreements. In order to maintain its interest in the Projects, the Corporation 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 Corporation to meet these required expenditures or work commitments in a timely manner could result in the reduction or loss of its interests in the Projects. There can be no assurance that the Corporation 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 Corporation with the possible reduction or loss of its interests in the Projects.

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

In order to finance future operations and development efforts, the Corporation may raise funds through the issue of Common Shares or securities convertible into Common Shares. The constating documents of the Corporation 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 Corporation, in many cases, without the approval of shareholders of the Corporation. The Corporation 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 Corporation.

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

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

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

The Corporation 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 Corporation does not have key person insurance on such individuals, which insurance would provide the Corporation with insurance proceeds in the event of their death. Without key person insurance, the Corporation may not have the financial resources to develop or maintain its business until it replaces the individual. The development of the business of the Corporation is dependent on its ability to attract and retain highly qualified management and mining personnel. The Corporation faces competition for personnel from other employers. If the Corporation 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 Corporation competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Corporation, in the search for and acquisition of attractive mineral properties. The ability of the Corporation 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 Corporation will be able to compete successfully with its competitors in acquiring such properties or prospects.

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

Factors beyond the control of the Corporation 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 Corporation 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 Corporation not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Corporation may result.

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

The directors and officers of the Corporation 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 Corporation. In the event that such a conflict of interest arises at a meeting of the directors of the Corporation, 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 Corporation.

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

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

The Common Shares are listed on the TSX Venture Exchange. 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 exploration stage companies, 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, which may result in losses to investors.

The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including: the Corporation's operating performance and the performance of competitors and other similar companies; volatility in gold and other metal prices; the public's reaction to the Corporation's press releases, other public announcements and the Corporation's filings with the various securities regulatory authorities; the failure of the Corporation to meet the reporting and other obligations under Canadian securities laws or imposed by the TSX Venture Exchange; changes in recommendations by research analysts who track the common shares or the shares of other companies in the resource sector; a reduction in coverage by such research analysts; changes in general economic and/or political conditions; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving the Corporation or its competitors, which, if involving the issuance of Common Shares, or securities exercisable or exchangeable for or convertible into Common Shares, would result in dilution to present and prospective holders of Common Shares. In addition, the market price of the Common Shares is affected by many variables not directly related to the Corporation's success and are, therefore, not within the Corporation's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the common shares and the attractiveness of alternative investments.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

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

No assurances can be given that there are no title defects affecting the Projects. The Projects 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 Projects will not be challenged or impugned.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preference Shares of which 98,624,965 Common Shares and no Preference Shares were outstanding as of September 30, 2010 (99,429,965 Common Shares and no Preference Shares as of December 16, 2010).

Common Shares

The holders of the Common Shares are entitled to one vote for each one Common Share held on all ballots taken at all meetings of shareholders of the Corporation, except meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote. Subject to the provisions of the OBCA, holders of Common Shares are not entitled to vote separately on, or to dissent in respect of, any proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized Common Shares or increase any maximum number of authorized shares of a class or series of shares having rights or privileges equal or superior to the Common Shares; (b) effect an exchange, reclassification or cancellation of all or part of the Common Shares; or (c) create a new class or series of shares equal or superior to the Common Shares.

Subject to the prior rights, privileges, restrictions and conditions attaching to the Preference Shares or to the shares of any other class of shares of the Corporation ranking senior to the Common Shares, the holders of Common Shares are entitled to receive dividends as, when, and in such amounts as declared by the directors of the Corporation from time to time. In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the property and assets of the Corporation among its shareholders for the purpose of winding-up the affairs of the Corporation, holders of Common Shares are, after payment of the amount payable to the holders of Preference Shares and shares of any other class of shares of the Corporation ranking senior to the Common Shares, entitled to receive, equally, share for share, with the holders of shares of all other classes of shares, or series thereof, of the Corporation ranking equally with the Common Shares in respect of the final distribution of the property and assets of the Corporation, the remaining property and assets of the Corporation.

Preference Shares

Preference Shares may be issued at any time and from time to time in one or more series. Subject to the rights, privileges, restrictions and conditions attached to the Preference Shares as a class, the articles of the Corporation and the provisions of the OBCA, the directors of the Corporation will, prior to the issue of Preference Shares of any series, by resolution fix the number of Preference Shares in such series and determine the designation of, and the rights, privileges, restrictions and conditions attached to, the Preference Shares of such series.

Except as required by the OBCA or in accordance with any voting rights which may be attached to any series of Preference Shares, the holders of Preference Shares are not entitled to receive notice of, or to attend, any meeting of the shareholders of the Corporation and are not entitled to vote at any such meeting; provided, however, that the holders of Preference Shares are entitled to receive notice of meetings of the shareholders of the Corporation called for the purpose of authorizing the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business of the Corporation. Subject to the provisions of the OBCA, the holders of Preference Shares or any series thereof are not, unless the rights, privileges, restrictions and conditions attached to the Preference Shares as a class or to any particular series thereof provide to the contrary, entitled to vote separately as a class or series on, or to dissent in respect of, any proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized Preference Shares or any series thereof, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the Preference Shares or any series thereof; (b) effect an exchange, reclassification or cancellation of all or part of the Preference Shares or any series thereof; or (c) create a new class or series of shares equal or superior to the Preference Shares or any series thereof.

With respect to the payment of dividends and the distribution of the property and assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, the Preference Shares of each series, rank (a) *pari passu* with the Preference Shares of every other series and the shares of any other class of shares, or series thereof, of the Corporation ranking equally with the Preference Shares, (b) senior to the Common Shares and the shares of any other class of shares of the Corporation ranking junior to the Preference Shares, and (c) junior to

the shares of any class of shares of the Corporation ranking senior to the Preference Shares. The Preference Shares of any series are also entitled to such other preferences, not inconsistent with the articles of the Corporation, over the Common Shares and the shares of any other class of shares of the Corporation ranking junior to the Preference Shares as may be fixed by the directors of the Corporation prior to the issue thereof.

The rights, privileges, restrictions and conditions attached to the Preference Shares as a class may be added to, changed or removed only with the approval of the holders of Preference Shares given in accordance with the requirements of the OBCA and the articles of the Corporation.

DIVIDENDS AND DISTRIBUTIONS

The Corporation does not have a dividend or distribution policy and has never declared or paid any dividend or distribution. The Corporation intends to invest all available funds toward the development and growth of its business and does not expect to pay any dividends or distributions for the foreseeable future. The payment of any dividend or distribution to shareholders of the Corporation in the future will be at the discretion of the directors of the Corporation and will depend on, among other things, the financial condition, capital requirements and earnings of the Corporation, and any other factors that the directors of the Corporation may consider relevant.

TRADING PRICE AND VOLUME

The Common Shares trade on Tier 2 of the TSX Venture Exchange under the symbol “MBG”. The following table sets forth the volume of trading and price ranges (including intra-day highs and lows) of the Common Shares on the TSX Venture Exchange for each month during the financial year of the Corporation ended September 30, 2010.

	High	Low	Volume
2009	(\$)	(\$)	
October	1.00	0.70	451,600
November	1.00	0.70	823,416
December	1.10	0.69	483,266
2010			
January	0.99	0.60	997,196
February	0.64	0.53	905,428
March	0.58	0.45	516,032
April	0.55	0.40	865,405
May	0.40	0.28	508,029
June	0.40	0.30	1,206,000
July	0.39	0.33	218,638
August	0.33	0.295	1,016,090
September	0.56	0.31	4,330,683

PRIOR SALES

During the financial year of the Corporation ended September 30, 2010, the Corporation issued securities other than Common Shares as follows:

<u>Date of Issue/Grant</u>	<u>Price per Security⁽¹⁾</u> (\$)	<u>Number of Securities⁽²⁾</u>
Warrants to Purchase Common Shares		
October 30, 2009.....	\$1.125	7,091,645 ⁽³⁾
October 30, 2009.....	\$0.75	847,600 ⁽⁴⁾
June 22, 2010.....	\$0.40	21,083,332 ⁽⁵⁾
June 22, 2010.....	\$0.40	2,529,999 ⁽⁶⁾
Options to Purchase Common Shares		
October 30, 2009.....	\$0.75	1,666,663 ⁽⁷⁾
December 8, 2009.....	\$0.80	3,550,000 ⁽⁸⁾
August 13, 2010.....	\$0.33	300,000 ⁽⁸⁾
August 31, 2010.....	\$0.40	100,000 ⁽⁸⁾

Notes:

- (1) Indicates the exercise price per Common Share of the options or warrants, as the case may be, to purchase Common Shares.
- (2) Indicates the number of Common Shares for which the options or warrants, as the case may be, are exercisable.
- (3) In connection with the RTO, the Corporation issued warrants to purchase an aggregate of up to 7,091,645 Common Shares to the former holders of warrants of Pre-RTO Malbex.
- (4) In connection with the RTO, the Corporation issued broker warrants to purchase an aggregate of up to 847,600 Common Shares to the former holders of broker warrants of Pre-RTO Malbex.
- (5) Issued in connection with the Offering.
- (6) Broker warrants issued in connection with the Offering.
- (7) In connection with the RTO, the Corporation reserved 1,666,663 Common Shares for issue upon the exercise of outstanding options of Pre-RTO Malbex.
- (8) Options to purchase Common Shares granted under the stock option plan of the Corporation.

ESCROWED SECURITIES

The following table sets out, to the knowledge of the Corporation, the number of each class of securities of the Corporation that, as of September 30, 2010, were held in escrow or are subject to a contractual restriction on transfer, and the percentage that number represents of the outstanding securities of that class as of such date.

<u>Designation of Class</u>	<u>Number of Securities Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	6,655,556 ⁽¹⁾	6.7%

Notes:

- (1) On October 30, 2010 and November 2, 2010, 1,882,224 of such Common Shares were released from escrow or ceased to be subject to resale restrictions under the policies of the TSX Venture Exchange, as the case may be. The remaining 4,773,332 of such Common Shares are held in escrow pursuant to the escrow agreement dated October 30, 2009 between the Corporation, certain directors, officers and other insiders of the Corporation, and Computershare Investor Services Inc., as escrow agent, entered into pursuant to the policies of the TSX Venture Exchange in connection with the RTO. Those Common Shares will be released from escrow as follows:

<u>Date</u>	<u>Number of Securities Released from Escrow</u>	<u>Number of Securities Remaining in Escrow</u>
May 2, 2011	1,193,333	3,579,999
November 2, 2011	1,193,333	2,386,666
May 2, 2012	1,193,333	1,193,333
November 2, 2012	1,193,333	Nil

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth, for each of the directors and executive officers of the Corporation the person's name, province and country of residence, position and office held with the Corporation, principal occupation during the last five years and, if a director, the period or periods during which the person has served as a director of the Corporation.

<u>Name and Province of Residence</u>	<u>Position</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Patrick Anderson ⁽²⁾⁽³⁾ British Columbia, Canada	Director	Chairman and Chief Executive Officer of Dalradian Resources Inc. (mining company) since October 2009; President and Chief Executive Officer of Aurelian Resources Inc. (mining company) from 2003 to 2008	October 30, 2009
David Garofalo ⁽¹⁾⁽²⁾ Ontario, Canada	Director	President and Chief Executive Officer of HudBay Minerals Inc. (mining company) since July 2010; Senior Vice President, Finance and Chief Financial Officer of Agnico-Eagle Mines Limited (mining company) from January 1999 through June 2010	November 2, 2009
Joseph Hamilton ⁽¹⁾⁽²⁾ Ontario, Canada	Secretary and Director	President of PICKAX International Corp. (consulting company) since 2006; Co-interim Chief Executive Officer of Noront Resources Ltd. (mining company) from October 2008 to June 22, 2009; Chief Executive Officer of African Copper Plc (mining company) from January 2007 to June 12, 2008; Chief Operating Officer of African Copper Plc from 2005 to 2007	October 30, 2009
A. Terrance MacGibbon ⁽¹⁾⁽³⁾ Ontario, Canada	Director	Chairman of the Board of Quadra FNX Mining Ltd. (mining company) since May 2010; prior to that Mr. MacGibbon was President and Chief Executive Officer of FNX Mining Company Inc. ("FNX") (mining company) from November 1997 to September 17, 2007 at which time he was appointed Executive Chairman. Mr. MacGibbon was then appointed Chairman and Chief Executive Officer of FNX on August 6, 2008. Mr. MacGibbon is a professional geologist with over 40 years of experience in the mining industry	November 2, 2009

Name and Province of Residence	Position	Principal Occupation	Director Since
Tim Warman ⁽³⁾ Ontario, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation since October 30, 2009; President and Chief Executive Officer of Malbex Resources Inc. since February 2009; Vice President, Corporate Development of Aurelian Resources Inc. (mining company) from 2006 to 2008; Vice President, Exploration of Karmin Exploration Inc. (mining company) from 2005 to 2006; Manager, Exploration and Compliance, GlobeStar Mining Corporation (mining company) from 2005 to 2006; Senior Geologist, Golder Associates Inc., (civil/geotechnical and environmental consulting company)	October 30, 2009
Derrick Weyrauch ⁽⁴⁾ Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Corporation since October 30, 2009; Treasurer and Director of Finance of Gabriel Resources Ltd. (mining company) from 2008 to 2009; Vice President, Finance and Treasurer of Prism Medical Ltd. (medical devices) from 2004 to 2007	--
Peter W. Stewart, Ph.D. Ontario, Canada	Vice President, Exploration	Vice President, Exploration of the Corporation since October 30, 2009; President of The Valley Geological Services Inc. (consulting company) since 2007; independent consulting economic geologist and occasional sessional lecturer (University of Waterloo, Brandon University) from 1998 to 2007	--
Marla Gale Ontario, Canada	Vice President, Investor Relations	Vice President, Investor Relations of the Corporation since January 1, 2010; Director of Investor Relations at Andina Minerals Inc. (mining company) during 2009; Director of Investor Relations of Aurelian Resources Inc. (mining company) from 2007 to 2008; Account Director at The Works Design Communications Ltd. from 2004 to 2007	
Abbas Ali Khan Ontario, Canada	Secretary	Partner at Fraser Milner Casgrain LLP (law firm) since June 2008; Director, Advisory Structured Products, with CIBC World Markets Inc. (investment bank) from June 2006 to April 2008; prior to that, associate at Fraser Milner Casgrain LLP	--

Notes:

- (1) Member of the audit committee of the directors of the Corporation, such committee being chaired by Mr. Garofalo.
- (2) Member of the corporate governance and compensation committee of the directors of the Corporation
- (3) Member of the environmental, health and safety committee of the directors of the Corporation.
- (4) Mr. Weyrauch has tendered his resignation as Chief Financial Officer of the Corporation effective January 31, 2011.

As of December 16, 2010 the directors and executive officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 11,374,296 Common Shares representing approximately 11.4% of the then outstanding Common Shares. Each of the directors of the Corporation will hold office until the close of the next annual meeting of the shareholders of the Corporation unless his office is earlier vacated in accordance with the by-laws of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors or executive officers of the Corporation is, or was within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to cease trade order or an order that denied such company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days and that was issued while that person was acting in such capacity or that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

None of the directors or executive officers of the Corporation, and to the knowledge of the Corporation no shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation, is, or was within the ten years prior to the date hereof, a director or executive officer of any company that, while that person was acting in such capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the directors or executive officers of the Corporation, and to the knowledge of the Corporation no shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation, has within the ten years prior to the date hereof become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the directors or executive officers of the Corporation, and to the knowledge of the Corporation no shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court or regulatory body, including any securities regulatory authority.

Conflicts of Interest

The directors of the Corporation supervise the management of the business and affairs of the Corporation in accordance with the provisions of the OBCA. The directors and officers of the Corporation will in all cases be required by law to act honestly and in good faith with a view to the best interest of the Corporation.

To the knowledge of the Corporation, after reasonable inquiry, except as described herein, there are no existing or potential material conflicts of interest between the Corporation and any director or officer of the Corporation. Certain of the directors and officers of the Corporation serve as directors, officers or members of management or are otherwise insiders of other companies engaged in the business of mineral exploration or other related businesses, and therefore it is possible that a conflict may arise as a result of being a director, officer, member of management or insider of such other companies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is not, and during the last financial year of the Corporation was not, a party to any legal proceedings. No property of the Corporation is, or during the last financial year of the Corporation was, the subject of any legal proceedings. To the knowledge of the Corporation, no such legal proceedings are contemplated. There have not been any penalties or sanctions imposed against the Corporation by, or settlement agreement entered into by the Corporation before, a court or regulatory body, including any securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no director, executive officer or other insider of the Corporation, or any associate or affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year of the Corporation that has materially affected or is reasonably expected to materially affect the Corporation.

Robert Pollock, a former director of the Corporation, had an interest in the RTO by virtue of being, at the time of the RTO, a director of the Corporation and an insider of Pre-RTO Malbex. Mr. Pollock held approximately 13.6% of the outstanding Malbex Shares prior to the RTO (without giving effect to the exchange, immediately prior to the effective time of the RTO, of subscription receipts of Pre-RTO Malbex into Malbex Shares and purchase warrants for Malbex Shares). As required by the policies of the TSX Venture Exchange, the Common Shares held by Mr. Pollock were excluded from the approval of shareholders of the Corporation required by the policies of the TSX Venture Exchange in connection with the RTO. In connection with the RTO, Mr. Pollock resigned as a director of the Corporation and, upon completion of the RTO and as of the date hereof, held or exercised control or direction over less than 10% of the outstanding Common Shares.

MATERIAL CONTRACTS

The material contracts entered into by the Corporation within the last financial year, or prior to the beginning of the last financial year where the contract is still in effect, are as follows:

- (a) the Exploration Agreements; and
- (b) the Business Combination Agreement.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

INTEREST OF EXPERTS

The Technical Report was prepared by B. Terrence Hennessey, P.Geo. of Micon International Limited. Mr. Hennessey did not hold any securities of the Corporation, or of any associate or affiliate of the Corporation, when he prepared the report referred to above, and, following the preparation of such report, did not receive any interest in any securities of the Corporation, or of any associate or affiliate of the Corporation, in connection with the preparation of such reports. Mr. Hennessey is not currently, nor is he expected to be elected, appointed or employed as, a director, officer or employee of the Corporation, or of any associate or affiliate of the Corporation.

Peter W. Stewart, P.Geo (APGO), the Vice President, Exploration of the Corporation, was the “qualified person” within the meaning of NI 43-101 responsible for statements contained in certain filings made by the Corporation during the financial year end September 30, 2010 under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators and in this annual information form. Dr. Stewart holds less than 1% of the outstanding Common Shares.

KPMG LLP, Chartered Accountants, of Vancouver, British Columbia was the auditor of the Corporation during the financial year of the Corporation ended September 30, 2009 and is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

PricewaterhouseCoopers LLP, Chartered Accountants, of Toronto, Ontario was the auditor of Pre-RTO Malbex for the financial year of Pre-RTO Malbex ended September 30, 2009 and was the auditor of the Corporation for the financial year of the Corporation ended September 30, 2010 and is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Corporation and securities authorized for issuance under equity compensation plans is contained in the management information circular of the Corporation for its most recent meeting of shareholders. Additional financial information is provided in the financial statements of the Corporation and related management's discussion and analysis for the most recently completed financial year of the Corporation.