



MALBEX RESOURCES INC.

Foreign Corrupt Practices Policy

1. INTRODUCTION

The directors (the "Board") of Malbex Resources Inc. ("Malbex")¹ have determined that, on the recommendation of the Corporate Governance and Compensation Committee, Malbex should formalize its policy on compliance with the *Corruption of Foreign Public Officials Act* (Canada) (the "Act") enacted on February 14, 1999, as amended from time to time.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to ensure that Malbex, together with its directors, officers, employees, consultants and contractors, conducts its business in an honest and ethical manner reflecting the highest standards of integrity and in compliance with all relevant laws and regulations applicable to it and does not contravene the provisions of the Act.

3. APPLICATION OF THE POLICY

The Act applies to any person acting in the course of "any business, profession, trade, calling, manufacture or undertaking of any kind carried on in Canada or elsewhere for profit". Accordingly, this Policy applies to all directors, officers, employees, consultants and contractors of Malbex for whom their scope of employment or consulting services involves dealing with any foreign public official as that term is defined in the Act (or any person acting for the benefit of a foreign public official). All consultants and contractors will be provided with a copy of this Policy and all agreements with consultants and contractors will include a provision that the consultant and contractor must abide by this Policy at all times.

¹ This Policy applies to all of the subsidiaries of Malbex Resources Inc. Accordingly, this Policy will refer to Malbex and its subsidiaries as "Malbex".

4. COMMUNICATION OF THE POLICY

To ensure that all directors, officers, employees, consultants and contractors of Malbex are aware of the Policy, a copy of the Policy will be distributed to all directors, officers, employees, consultants and contractors, or alternatively, they will be advised that the Policy is available on Malbex's website for their review. All directors, officers, employees, consultants and contractors will be informed whenever significant changes are made. New directors, officers, employees, consultants and contractors will be provided with a copy of the Policy and will be educated about its importance.

5. COMPLIANCE

All directors, officers, employees, contractors and consultants of Malbex, in discharging their duties, will comply with the laws, rules and regulations of the location in which Malbex is performing business activities, and in particular with respect to foreign corrupt practices laws, rules and regulations. Where uncertainty or ambiguity exists, competent legal advice must be obtained.

6. ANNUAL CERTIFICATION

All directors and officers of Malbex, together with any employees, contractors and consultants determined by the Board, will provide an annual certification of compliance with this Policy in the form attached to this Policy.

The Chief Executive Officer of Malbex will be responsible for ensuring that all annual certifications are obtained on or before the end of the first fiscal quarter of each year for all directors, officers, employees, consultants and contractors and for providing written confirmation to the Board that such certifications have been obtained and summarizing the results thereof.

7. PREVENTION OF IMPROPER PAYMENTS

All directors, officers, employees, consultants and contractors of Malbex will adhere to Malbex's commitment to conduct its business in an honest and ethical manner reflecting the highest standards of integrity and in compliance with all relevant laws and regulations applicable to it. Accordingly, Malbex and its directors, officers, employees, consultants or contractors will not,

a. **Bribes:** directly or indirectly, offer or give, or agree to offer or give, a bribe (and any demands for a bribe will be rejected) or pay or offer, or agree to pay or offer, anything of value (including, without limitation, a loan, reward, advantage or benefit of any kind) to a public official, political party, party official or political candidate in order to influence corruptly any act or omission by the official in connection with the performance of the official's duties or functions, or to induce the recipient to violate his lawful duty, or to induce the recipient to use his influence with a government, or

agency of a country or a political subdivision thereof (a “Government Entity”) to effect or influence any act or decision of such Government Entity to award new business or to continue business with a particular person, including a decision on the terms of that business, or encouraging another person to make any such decision;

b. **Kickbacks:** kickback any portion of a contract payment to employees of another contracting party or utilize other techniques, such as subcontracts, purchase orders or consulting agreements, to channel payment to public officials, to employees of another contracting party, their relatives or business associates;

c. **Extortion:** directly or indirectly demand or accept a bribe;

d. **Facilitation Payments:** make any facilitation payment, provided that, if the Chief Executive Officer of Malbex deems a facilitation payment necessary, then a facilitation payment may only be made in the following circumstances:

- i. the payment falls strictly within the facilitation payment provision of the Act,
- ii. due diligence has been conducted to ensure both the payment and its amount are made to expedite or secure the performance by a foreign public official of any act of a routine nature that is part of the foreign public official’s duties or functions,
- iii. the payment has been properly recorded in reasonable detail which accurately and fairly reflects the transaction and includes such information as the amount paid and the purpose of and authorization for such payment, and
- iv. any such payment is reported on a quarterly basis to the Chairman of the Audit Committee of Malbex;

e. **Political Contributions:** make any contributions or provide any financial support to political parties or candidates on behalf of Malbex without prior approval of the Board. However, if the Board provides its approval, a political contribution may be made only if:

- i. it is made in accordance with all applicable laws, and
- ii. all requirements for public disclosure of such contributions will be fully complied with;

f. **Government Agents:** retain an agent to represent the business interests of Malbex in a particular country if such agent, or any of the agent’s principals, staff, officers or key employees are government or public officials, political party officials, political candidates, persons related to the foregoing, or other persons who might assert illegal influence on Malbex’s behalf. However, if the Chief Executive Officer deems it necessary, then such an agent may be retained in accordance with the following terms and conditions:

- i. the reputation, background and past performance of the agent will be properly researched and documented,
- ii. the agent will be retained pursuant to a written agreement specifically defining the agents duties, containing representations and warranties from the agent of the absence of the relationship set out above, providing for immediate termination in the event of an improper payment and requiring annual certification and the right of Malbex to audit expenses and invoices; or

g. **Employment of Public Officials:** employ any officer or employee of a government or any of its agencies or a government corporation, or any person acting in an official capacity for any such entity, including relatives of any such person, provided that, if the Chief Executive Officer deems it necessary or appropriate, such a person may be employed in accordance with the following terms and conditions:

- i. the employment is lawful in the country concerned,
- ii. the employment is not in contravention of the Act, and
- iii. the services to be rendered by the person do not conflict with the official government duties of the person.

8. MANAGEMENT RESPONSIBILITIES

Management will be required to develop, implement, monitor and maintain a system of internal controls to facilitate compliance with this Policy, as well as to foster a culture of integrity and maintain high ethical standards throughout Malbex.

9. REPORTING VIOLATIONS

Any officer or employee that becomes aware of actions which could constitute a violation of this Policy is required to report it to their immediate supervisor. However, if you are not comfortable discussing the matter with your immediate supervisor, or do not believe that the supervisor has dealt with the matter properly, then you should raise the matter with an executive officer of Malbex. Officers, contractors, consultants and employees who raise genuine concerns will not be subject to retribution or disciplinary action.

10. CONSEQUENCES OF NON-COMPLIANCE WITH POLICY

Failure to comply with this Policy may result in severe consequences, which could include internal disciplinary action or termination of employment, consulting, or similar arrangements without notice. The violation of this Policy may also violate certain Canadian laws and if it appears that a director, officer or employee may have violated such laws, then Malbex may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

In addition, violation of this Policy may constitute a criminal offence under the Act and may expose Malbex and/or a director, officer or employee to fines and/or imprisonment.

11. REVIEW OF POLICY

The Board will review and evaluate this Policy on an annual basis to determine whether this Policy is effective in ensuring compliance by Malbex, its directors, officers, employees, consultants and contractors with the Act.

12. QUERIES

If you have any questions about how this Policy should be followed in a particular case, please contact the Chief Executive Officer or a member of the Corporate Governance Committee of Malbex's Board of Directors.

13. PUBLICATION OF THE POLICY ON WEBSITE

This Policy will be available on Malbex's website at www.malbex.ca

Original Approval Date: December 3, 2009

Approved by: Corporate Governance and Compensation Committee

Board of Directors