MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations of Malbex Resources Inc. ("Malbex" or the "Company") to enable a reader to assess material changes in the financial condition and results of operations of the Company as at and for the three and six months ended March 31, 2010 and 2009. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto ("Statements") of the Company for the three and six months ended March 31, 2010 and 2009 as well as the audited Consolidated Financial Statements of the Company as at and for the year ended September 30, 2009 including notes thereto. The Company's Consolidated Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

Peter Stewart, the Company's Vice President, Exploration, is a Professional Geoscientist in the Province of Ontario and is the Qualified Person as defined by National Instrument 43-101 responsible for the technical information contained in this MD&A. Details of our technical program can be found at www.malbex.ca/Projects/Technical_Standards.

All amounts included in this MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of May 3, 2010. Readers are encouraged to read the Company's Annual Information Form, dated December 14, 2009, and the Company's public filings, which can be viewed on the SEDAR website (www.sedar.com).

Highlights

- Malbex's first ever drilling campaign has yielded numerous intercepts of near-surface gold-silver±copper mineralization on five of six targets tested at the Del Carmen Norte project. The grades encountered in these drill holes are comparable to the large El Indio Gold Belt deposits at Pascua Lama and Veladero. Highlights from the drilling program to date include:

Target	Hole ID	from (m)	to (m)	length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Au Equivalent (g/t)
Brecha Limite	**DDHC -10-08**	**18.0**	**53.0**	**35.0**	**2.22**	**42.9**	**-**	**2.94**
	including	*38.0*	*42.0*	*4.0*	*6.99*	*191.3*	-	10.18
Brecha Limite Norte	**DDHC-10-15**	**29.0**	**32.0**	**3.0**	**2.60**	**368.7**	**2.46**	**8.75**
	DDHC-10-16	**56.0**	**61.0**	**5.0**	**0.53**	**217.7**	**2.06**	**4.16**
Ladera Sur Tortolas	**DDHC-10-11**	**23.0**	**25.0**	**2.0**	**1.77**	**201.0**	**2.14**	**5.12**
	DDHC-10-12	**91.0**	**92.0**	**1.0**	**2.78**	**175.0**	**0.68**	**5.70**
Rojo Grande	**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
	DDHC -10-018	**5.0**	**20.0**	**15.0**	**1.07**	**27.3**	**-**	**1.53**
	DDHC -10-019	**13.0**	**40.0**	**27.0**	**0.27**	**6.4**	**-**	**0.38**
	DDHC -10-020	**5.5**	**130.0**	**124.5**	**0.57**	**8.8**	**-**	**0.72**
	DDHC -10-020*	**167.0**	**190.4**	**23.4**	**0.13**	**10.9**	**-**	**0.31**

Target	Hole ID	from (m)	to (m)	length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Au Equivalent (g/t)
N. Q. Pedregosa	**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*	*0.2*	-	4.32
	DDHC -10-023	**128.0**	**177.0**	**49.0**	**1.11**	**0.2**	**-**	**1.11**
	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-10-20 ends in mineralization
- Complete drill results can be viewed at www.malbex.ca/projects/del_carmen
-There has been insufficient drilling to date to reliably calculate the true widths of the intercepts above

- Mineralised intercepts are based on a 0.1 g/t Au cutoff, with no more than 3 metres of internal dilution. Au EQ is calculated using 60 g/t Ag = 1 g/t Au (based on the 3-year average gold:silver price ratio) and assuming 100% metallurgical recovery. Cu is not included in the AuEq calculation.

- With unreleased results on 11 holes, news flow from the drilling program should continue to early June 2010
- Sampling at Del Carmen Sur identified a new area of mineralization within this 5 km^2 epithermal system, where the best grab sample results included 4.24 g/t Au, 43.5 g/t Ag and 4.57% Cu
- The company successfully completed its USD$6 million 2009/2010 field season on all three of our exploration properties: the program consisted of drilling, sampling, mapping and geophysics at Del Carmen; rock sampling, mapping and geophysical surveying at Despoblados; rock and stream sediment sampling, mapping and geophysical surveying at Amarillos
- We believe that we have met the spending commitments for this initial phase of our 5.5 year exploration agreements on all three properties;
- Working capital of $3.0 million and cash-on-hand of $4.1 million at March 31, 2010

Business Overview

Malbex is an exploration stage mining company with three gold properties (Del Carmen, Despoblados, and Arroyo de Los Amarillos) in San Juan, Argentina (collectively, the “Concessions”). The Concessions are located in the northwestern part of the country, and can be accessed in approximately 4-5 hours by paved highway and all-weather gravel road from our office in the provincial capital. San Juan is a pro-mining jurisdiction in Argentina with two operating gold-silver mines, two development stage mining projects and widespread exploration activity. The government has been supportive of mining as it has become one of the province’s most important industries in the last ten years.

All three projects are located in the El Indio Gold Belt that straddles the international border with Chile with two (Del Carmen, Los Amarillos) adjoining the border. Two projects (Los Amarillos and Despoblados) are adjacent to 30 million ounces of gold (past production and reserves) at Barrick's Veladero and Pascua Lama deposits. Malbex is led by a proven management and board, with expertise in exploration, development, capital markets, operations and mergers and acquisitions.

Our three exploration projects are summarized in the table below. Malbex has no other exploration projects or properties.

Project & Ownership	2009/2010 Field Activities	Size	Target
Del Carmen 100%-owned	Mapping, geophysical surveys and up to 5,000 metres of diamond drilling	14,700 hectares	Pascua-Lama style high sulphidation epithermal gold+silver (bulk tonnage) and El Indio style gold+silver±copper high-grade vein systems
Despoblados 100%-owned	Mapping & geophysical surveys to identify drill targets	3,600 hectares	low to intermediate sulphidation epithermal gold-silver vein system buried beneath sedimentary cover
Los Amarillos 100%-owned	Sampling, mapping and geophysical surveys of known prospects; regional geochemical stream sediment program	4,100 hectares	High sulphidation epithermal gold+silver (bulk tonnage) systems
Total		**22,400 hectares**	

While the Company's current focus is on the projects in the El Indio Gold Belt, we are actively seeking new projects elsewhere in Argentina or other favourable jurisdictions in Latin America. To assist our efforts in identifying new projects, Malbex has retained two senior geological consultants, both with significant experience in Argentina.

History

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

Malbex commenced its operations in Argentina by setting up a San Juan office in the latter part of 2008. In February 2009, Mr. Tim Warman, P.Geo joined Malbex as President and Chief Executive Officer. Field programs commenced at the Concessions early in 2009. Initial work consisted of prospecting, mapping, surface sampling, and setting up logistical support for larger exploration efforts planned for the 2009/2010 field season. Due to seasonal weather conditions, fieldwork in the El Indio Gold Belt typically is limited to the months of October to April.

Business Combination

On October 30, 2009 the Company completed a business combination transaction (the "RTO") with Malbex Resources Inc. ("Pre-RTO Malbex"). Pursuant to the RTO, Pre-RTO Malbex amalgamated (the "Amalgamation") with a wholly-owned subsidiary of the Company and shareholders of Pre-RTO Malbex received common shares of the Company ("Common Shares") in exchange for their common shares of Pre-RTO Malbex ("Pre-RTO Malbex Shares") on the basis of one Common Share for every 1.5 Pre-RTO Malbex Shares (the "Exchange Ratio"). In addition, Pre-RTO Malbex Warrants were exchanged using the same Exchange Ratio. The RTO resulted in a change of control of the Company and constituted a reverse take-over under the policies of the TSX Venture Exchange. For more details on the business combination, see the first quarter 2010 MD&A and the Filing Statement, both available at www.malbex.ca.

As a result of the Amalgamation, effective October 30, 2009, the Company indirectly holds all of the assets of Pre-RTO Malbex, including the Del Carmen, Despoblados, and Los Amarillos gold exploration projects. The consolidated financial statements of the combined entity are issued under the name of the Company, but are a continuation of the consolidated financial statements of Pre-RTO Malbex Comparative amounts are those of Pre-RTO Malbex.

Change of Name and Stock Symbol

Following a special meeting of shareholders held on December 3, 2009, shareholders approved a resolution to continue the Company under the Business Corporations Act (Ontario) with the name "Malbex Resources Inc." ("Malbex"). In addition, the Company changed its stock symbol to "MBG".

Board of Directors and Management Changes

Since early 2009, the management and board of Malbex have been augmented to bring the necessary skills to rapidly grow Malbex. As a result, one of our key differentiators is the high level of expertise within the leadership team given the early stage of the Company and our initial projects. The team has a proven track record in exploration, development, operations, capital markets and mergers and acquisitions. Following completion of the Amalgamation, the Board of Directors and Management of the Company consisted of:

- Patrick F. N. Anderson – Director
- David Garofalo - Director
- Joseph Hamilton - Secretary and Director
- Terry MacGibbon - Director
- Tim Warman - Director and President and Chief Executive Officer
- Derrick Weyrauch - Chief Financial Officer
- Peter Stewart - Vice President, Exploration
- Ignacio Celorrio - President and Director of Malbex San Juan S.A
- Bruno Caciagli – Country Manager - Argentina.
- Marla Gale – Vice President, Investor Relations

Full biographies for the board and management are available at www.malbex.ca/Corporate/Board and www.malbex.ca/Corporate/Management.

Exploration Activities

The 2009/2010 field season began in October 2009 and extended through the Andean summer, finishing in late April 2010. Malbex budgeted approximately USD$6.0 million of cash expenditures for the 2009/2010 field season and had spent a total of $4.0 million in the six months ending March 31, 2010.

Del Carmen

Del Carmen, the Company's flagship project, is located near the southern end of the El Indio Gold Belt. The Del Carmen concessions host two large hydrothermal alteration systems visible as colour anomalies on satellite imagery and known as Del Carmen Norte and Del Carmen Sur (Figure 1). These alteration systems are the focus of current exploration.

At Del Carmen Norte, preliminary exploration by Malbex during the 2008/2009 field season revealed widespread gold-silver mineralization on surface within the 9 square kilometer (km^2) alteration zone, principally associated with siliceous black-matrix, hydrothermal breccias that are commonly controlled within north-east striking structures and which cut massive to vuggy silicification. The style and mineralogy of alteration (quartz, alunite-rich) at Del Carmen Norte is typical for high-sulphidation epithermal gold-silver systems with hydrothermal alteration zoned around cores of massive and vuggy silica, similar to the Veladero gold-silver mine and the Pascua-Lama deposit currently in development.

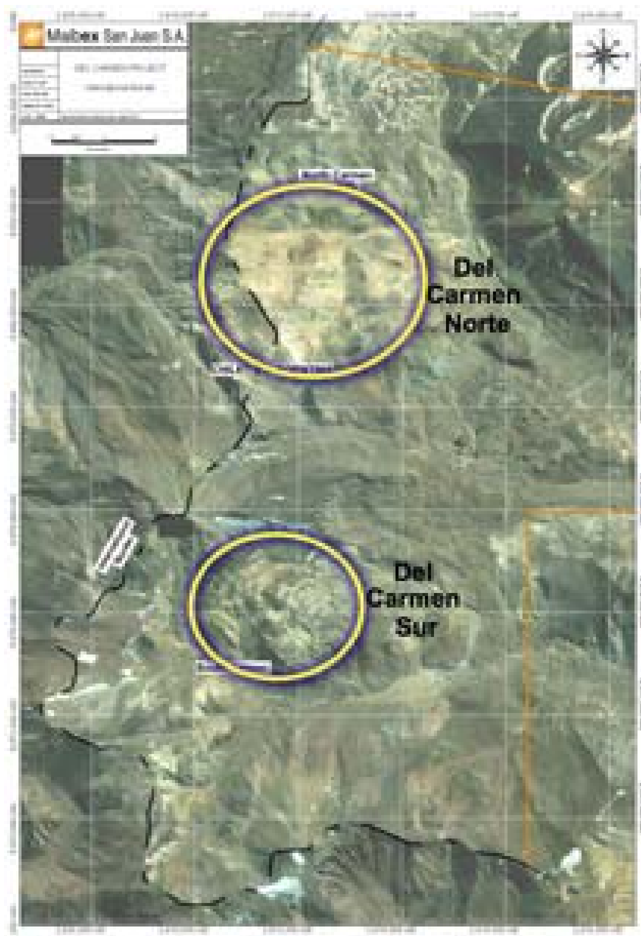

Figure 1: Del Carmen Project

The mapping and sampling completed in early 2009 defined a number of drill targets at Del Carmen Norte based on well developed high sulphidation alteration zonation and gold-silver mineralization exposed on surface (Fig. 2):

- **Ladera Sur de los Tortólas -** silicified dacite tuff with bands of east-southeast-striking hydrothermal breccias, silicification and quartz-alunite veinlets that locally host Au-Ag-Cu mineralization with significant Ag and Cu grades;
- **Brecha Límite Norte -** locally prominent northeast-striking fracture (vein) controlled mineralization with commonly significant copper minerals (chalcocite, enargite, malachite, azurite) conformable within a zone of strong silicification and alunite;
- **Brecha Límite -** northeast-striking bands of alunite and gold mineralization within massive to vuggy intense silicification; local barite crystals and breccia textures;
- **Rojo Grande/Lion King -** subhorizontal silicification ±alunite, locally prominent vuggy textures and red-brown discolouration; gold accompanies hydrothermal breccias that cut massive to vuggy silica;
- **Quebrada Pedegrosa -** narrow bands of silicification and veinlets of jarosite (±quartz-hematite) within quartz-alunite alteration;
- **Naciente Quebrada Pedegrosa -** silicified tuff and hydrothermal breccia with northeast-striking zones of silicification and veinlets of jarosite (±quartz-hematite) with local high grade gold (several samples >100 g/t Au), poorly exposed due to widespread talus and steep slope;
- **Cresta del Gallo -** northeast-striking band of intense to moderate silicification (locally vuggy) with a narrow envelope of quartz-alunite within (above) a broad zone of argillic (illite, kaolinite, pyrite) alteration; controlled by a northeast-striking structure;
- **Brecha Oportuna -** roughly north-striking, narrow bands of silicification and siliceous breccias within quartz-alunite alteration;

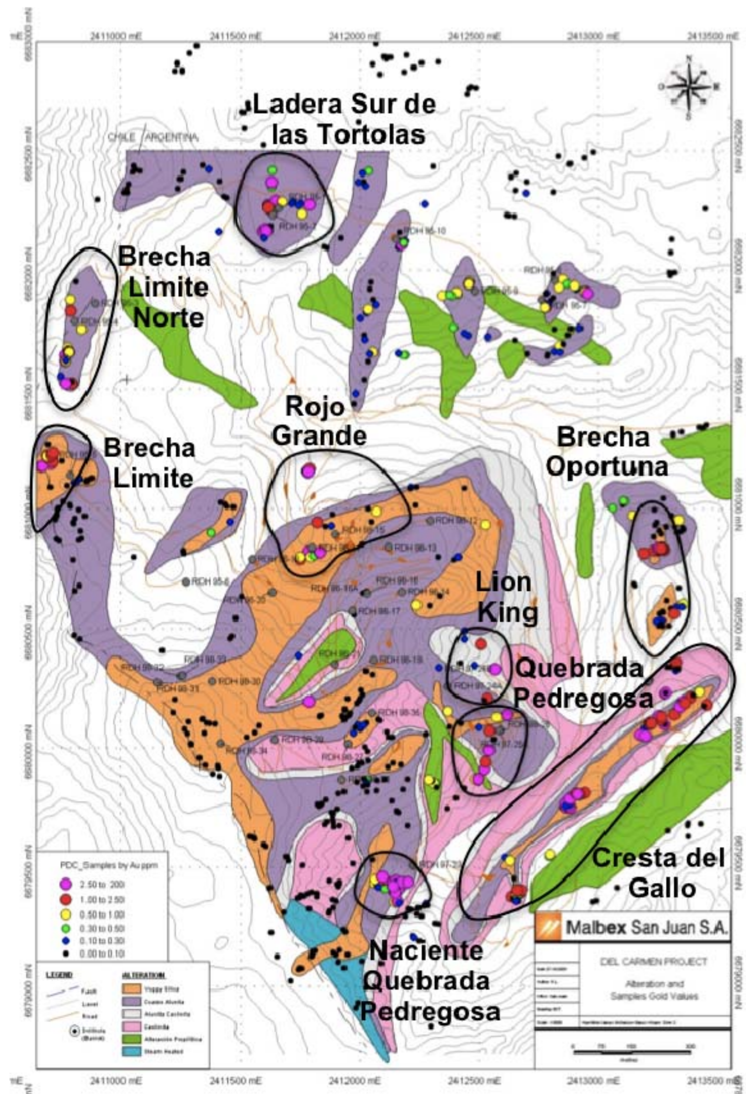

Figure 2: Del Carmen Norte Drill Targets

Coincident gold, silver, copper and arsenic enrichment distinguishes the vein mineralization at Brecha Límite Norte and Ladera Sur de los Tortólas from the other prospects, which tend to have low copper values, and suggests the presence of enargite-bearing epithermal vein mineralization at these two areas.

Similar high-grade veins were exploited at Barrick's former El Indio mine, some 25 km to the northwest in Chile. However, while these high-grade vein structures remain interesting, our primary focus at Del Carmen Norte is to define a large, bulk-tonnage gold-silver deposit similar to those at Veladero and Pascua-Lama.

With the initial focus on Del Carmen Norte, Malbex geologists only began exploration at Del Carmen Sur in December 2009. Del Carmen Sur is a 5 km^2 high sulphidation epithermal system some 5 kilometres (km) to the south of Del Carmen Norte within the Malbex concessions (Figure 1). Here, field mapping has provided evidence for high sulphidation alteration styles including massive and vuggy silicification, alunite and possible pyrophyllite. Rock sampling has yielded locally elevated Au, Ag and Cu and geological mapping has identified widespread silicification and alunite at the Filo Ventoso prospect whereas lower temperature and presumed more distal expressions of alteration (illite) predominate at the Cerro Piramide area to the east. Exploration to date has been limited to field mapping and sampling.

Work Program and Results

We have made significant progress at Del Carmen Norte since exploration started there merely 15 months ago. Geological mapping, combined with the results from over 1,500 surface samples, have aided in the identification of numerous areas of surface mineralisation within the large Del Carmen Norte epithermal system. These have been the focus of 2009/2010 drilling program, which encountered significant intersections below surface mineralization at five of the six targets drilled (see table in highlights section at the beginning of this MD&A). As of April 19, 2010, we had completed 4,710 metres in 32 diamond drill holes at Del Carmen Norte. Public release of results is pending for 11 of those holes.

We had also completed 127.25 km of magnetometer and 14.1 km of controlled source audio-frequency magnetotellurics ("CSAMT") geophysical surveying, aimed at improving our understanding of the subsurface geology and alteration within the Del Carmen Norte epithermal system. CSAMT was the geophysical technique most critical to defining resistive (silicified) buried targets in exploration at Veladero.

Our current geological model envisions a large hydrothermal feeder system controlled by mainly steep, north-east-striking structures that cut a subhorizontal sequence of permeable and less permeable volcanic beds. Variations in the intensity of mineralization and alteration may reflect either a favourable horizon (lithology) or elevation within the hydrothermal system.

Over the coming months, all of the data from the drilling and geophysics programs, combined with the results of ongoing mapping and sampling as well as historic data from reverse circulation drill holes, will be combined to build a 3-D computer model of the Del Carmen Norte hydrothermal system. The computer model will assist in definition of the most important geological, structural and hydrothermal features of the system in order to target drilling on new prospects, including buried targets, and expand drilling around discoveries from this season. The ultimate goal for the coming field season is to demonstrate the continuity of mineralisation over a significant area, and move towards definition of a preliminary resource.

At Del Carmen Sur, first-pass geological mapping is complete at 1:10,000 and our geologists have collected 886 rock chip samples. On March 5, 2010 we announced chip sample results from Del Carmen Sur, with the best being 4.24 g/t Au, 43.5 g/t Ag and 4.57% Cu over 2 metres from the Filo Ventoso target. Malbex geologists will compile all results from the latest field season with the goal of defining the variations in alteration style and identifying potential regions for geophysical surveying and targets to be drilled in the next field season.

As at March 31, 2010, exploration expenditures on Del Carmen exceeded the total spending commitments for Phase 1 (ended March 12, 2010) of our exploration agreement.

Los Despoblados

The Los Despoblados project is located immediately east of Barrick's Veladero mine. The 36 km^2 concession is crossed by the major, regional Pascua-Lama-Veladero ("PLV") structural corridor, as well as the access road to both Veladero and Pascua-Lama. Exploration of the Despoblados project is based on the interpretation of two sequences of sandstone and conglomerate within the PLV corridor as pull-apart basins related to faulting along the corridor. Siliceous sinter within the basin-filling sedimentary rocks suggests epithermal gold-silver vein systems may be buried beneath these basins. Designated as the western and eastern pull-apart basins, neither has been drill tested. Previous exploration focused principally on low sulphidation veins in the large zone of hydrothermal alteration visible in satellite imagery to the south of the PLV corridor.

Work Program and Results

The 2009/2010 Los Despoblados exploration program consisted of detailed geological mapping and ground geophysical surveying (magnetometer and CSAMT) of each pull-apart basin and the hosting PLV corridor. Mapping will better define the structural history of the basins and their inferred relationship to fault movements in the PLV corridor. The CSAMT study sought to identify zones of enhanced resistivity within the corridor or beneath the basins including those caused by silicification or extensive quartz veining that constitute future drill targets.

Geological mapping of the entire concession at 1:5000 scale and mapping of the two basins at 1:2500 scale has been completed. The sedimentary rocks vary from relatively flat-lying in the east to increasingly folded in the west. Thin but locally traceable sinter and carbonate horizons have been useful in defining the folds. As of April 21, 2010, 381 rock samples have been collected.

The magnetometer (164.85 km) and CSAMT (32.7 km) surveys of both basins, and most or all of the PLV corridor have been completed. Geophysical data is currently being processed and will be interpreted along with the geological and geochemical data to identify targets for diamond drilling in the coming field season. The 2009/2010 season was completed in mid-April, after which the temporary exploration camp was demobilized.

As at March 31, 2010, we believe that the Despoblados exploration expenditures were sufficient to meet the spending commitment under our exploration agreements of USD$1.0 million for Phase 1.

Arroyo de los Amarillos

The Los Amarillos concessions adjoin the Argentina-Chile border and concessions that contain the Pascua-Lama deposit, which is currently under development by Barrick Gold Corporation. Hydrothermal alteration zones of the south-western corner of the Los Amarillos concessions are visible as colour anomalies in satellite imagery. These zones were the focus of exploration by the previous operators of the project. The remaining 90 percent of the concessions were essentially unexplored prior to their acquisition by Malbex.

Work Program and Results

The work program at Amarillos had two main elements: (1) detailed mapping, rock sampling and geophysical (magnetometer and CSAMT) surveys of the known altered rocks in the south-western corner of the concessions to define any previously unrecognized prospective sectors; and (2) reconnaissance stream sampling of all major and associated drainages elsewhere on the property.

The first pass stream sediment sampling was completed in December 2009. Absolute values in gold and silver were low in all types of samples from all drainages including Arroyo de Los Amarillos. Quebrada Cholay in the central portion of the property and Quebrada Soberado in the north each had more than one sample that was weakly but statistically anomalous in Au and/or Ag. These drainages have been revisited and prospected. Associated pathfinder elements (arsenic, antimony, mercury) and base metals were also consistently low, except in the northernmost tributary of Arroyo de Los Amarillos, which had a stream sediment sample with elevated zinc (to 3,090 ppm). The zinc anomalous sample was also elevated in manganese. Prospecting found no rocks of interest in either drainage near the weakly anomalous samples. There is no evidence for outcropping metallic mineralization in these drainages based on the stream sediment sampling program.

The previously identified alteration zones in the southwest portion of Amarillos - Brecha Norte, Maria del Milagro and Pancho Villa - have been re-mapped, prospected and sampled. As of April 21, 2010, a total of 448 rock samples, 91 stream sediment samples and 77 panned concentrate samples have been collected at Amarillos. Ground geophysical surveying (45.75 km of magnetometer, 6.6 km of CSAMT) of the altered southwestern sector was completed in February and March. The magnetometer and CSAMT surveys will be interpreted in combination with detailed mapping and the compiled previous work to determine if previously untested drill targets are identified. The 2009/2010 field season at Amarillos was concluded in mid-April.

Outlook

Our key goals are:

- To advance at least one of the three El Indio Gold Belt projects to resource definition and pre-feasibility within the 5 ½ year term of our Exploration Agreements. For the coming 2010/2011 field season, the objectives for our existing projects are:
    - To continue exploration of Del Carmen Norte using the integrated results of this season's program. Future drilling will focus on defining important feeder structures, discovering high grade regions within the large hydrothermal system and demonstrating continuity of mineralisation;
    - To continue exploring the newly-discovered mineralization at the Del Carmen Sur alteration system through additional mapping and sampling as well as geophysics, with follow-up drilling where warranted;
    - To drill-test potential low-sulphidation epithermal mineralisation at Despoblados buried by the pull-apart basins or associated with the visible alteration zone;
    - To review the results of the geological and geophysical investigations at the Amarillos project with the goal of identifying prospective drill targets.
- To acquire new projects in Argentina and other favourable jurisdictions in South America. At present we are evaluating both early-stage exploration projects as well as more advanced projects with defined resources. In particular, we are taking advantage of our excellent contacts with the senior and mid-tier producers to look at properties that may not be considered core assets for these larger companies.

Results of Operations

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

Results of Operations

	For the quarters ended:			
In Canadian dollars, except per share amounts	**31-Mar-10**	**31-Dec-09**	**30-Sep-09**	**30-Jun-09**
Statement of Loss				
Loss	**$ 537,578**	$ 1,982,454	$ 1,336,546	$ 504,213
Loss per share	**0.01**	0.04	0.03	0.01
Balance Sheet				
Working capital	**$ 2,989,443**	$ 6,689,568	$ 380,116	$ 1,499,522
Total assets	**14,424,807**	14,436,456	13,649,617	14,257,649
Statement of Cash Flows				
Investment in exploration	**$ 2,610,409**	$ 1,416,723	$ 764,621	$ 534,123
Cash Flow provided by financing activities	**26,428**	8,686,717	(163,978)	2,142,198

	For the quarters ended:			
In Canadian dollars, except per share amounts	**31-Mar-09**	**31-Dec-08**	**30-Sep-08**	**30-Jun-08**
Statement of Loss				
Loss	$ 63,860	$ (11,804)	$ 169,888	$ 12,060
Loss per share	0.00	-	-	-
Balance Sheet				
Working capital	$ 365,790	$ (192,343)	$ 437,331	$ 1,906,730
Total assets	4,373,866	3,433,842	3,168,509	1,987,941
Statement of Cash Flows				
Investment in exploration	$ 281,530	-	-	-
Cash Flow provided by financing activities	1,053,347	-	3,253,250	1

An expense of $1,505,000 for stock-based compensation was recorded in the three months ended December 31, 2009, with no comparable charge in the three months ended March 31, 2010; therefore, losses in the three months ended March 31, 2010 were substantially lower than those of the prior quarter.

Excluding stock-based compensation, for the three and six months ended March 31, 2010, corporate, general and administrative expenses reflect higher levels of corporate activities, compared to previous periods, as a result of establishing a management team and corporate office during 2009 and the commencement of the 2009/2010 exploration field season.

Working capital during the three and six months ended March 31, 2010 increased due to the release from escrow of $7,798,061, concurrent with the October 30, 2009 Amalgamation, representing the escrowed portion of the gross proceeds raised by Pre-RTO Malbex in a June 30, 2009 $10,637,000 private placement. Increased working capital during the three months ended June 30, 2009 is the result of the

Company receiving the non-escrowed portion of gross proceeds from the June 30, 2009 private placement.

Since obtaining its three exploration projects in August 2008, the increasing levels of exploration investments reflect the ramp up of activity levels as the Company undertakes its exploration programs in the El Indio Gold Belt of north-western Argentina.

Statement of Loss

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

	Three Months Ended March 31,		Six Months Ended March 31,	From April 24, 2008 to March 31,
In Canadian dollars, except per share amounts	**2010**	2009	**2010**	2009
Corporate, general and administrative	**$ 426,314**	$ 65,176	**$ 747,203**	$ 195,075
Professional fees	**38,956**	62,685	**129,276**	476,648
Stock-based compensation	**-**	-	**1,505,000**	-
Amortization	**7,557**	1,993	**14,269**	1,993
Total operating expenses for the period	**472,827**	129,854	**2,395,748**	673,716
Loss for the period	**537,578**	63,860	**2,520,032**	234,004
Loss per share - basic and diluted	**0.01**	-	**0.05**	0.01

During December 2009 the Company granted stock options to directors, officers, employees and consultants of the Company. Each such option was valued using the Black-Scholes option pricing model and were assigned an aggregate value of $2,137,100, of which $632,100 was capitalized as deferred mineral property expenditures and $1,505,000 was charged to income during the three months ended December 31, 2009. No stock options were issued during the three months ended March 31, 2010.

Professional fees during the three and six months ended March 31, 2010 are primarily due to legal costs related to post Amalgamation matters including the continuance of Malbex from British Columbia to Ontario and the preparation of an Annual Information Form ("AIF") that was filed on www.Sedar.com. Following the filing of the AIF the Company is qualified to file a short-form prospectus under National Instrument 44-101. With the Amalgamation, associated corporate matters and the Company's Annual Meeting completed, management anticipates lower ongoing professional fees.

Corporate, general and administrative costs for the three and six months ended March 31, 2010 are higher than the prior year due to the establishment of a corporate office in Toronto during 2009 and increased investor relations activities following completion of the RTO.

The Company maintains US$2,250,000 in non-current restricted cash at an international insurance company to supply surety for its exploration commitments to IPEEM. In addition the Company maintains cash balances in foreign currencies to finance planned foreign currency denominated exploration expenditures. With the Canadian dollar strengthening against the US dollar in the three and six months ended March 31, 2010 a foreign exchange loss totalling $129,000 was recorded for the period compared to a $437,000 gain in the corresponding 2009 period, where the Canadian dollar weakened compared to the US dollar.

Investing Activities

Mineral Properties

We capitalize all costs incurred in Argentina related to our exploration projects – Del Carmen, Despoblados and Los Amarillos – to mineral properties.

Listed below is a summary of exploration expenditures for the three and six months ended March 31, 2010 and 2009.

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Six Months Ended March 31, 2010	Cumulative from inception on April 24, 2008
Balance, beginning of period	**$ 4,224,371**	$ 486,919	**$ 2,160,293**	$ -
Additions:				
Land / Concession	**54,138**	42,028	**104,276**	342,628
Geology	**36,931**	80,315	**62,744**	205,899
Surface drilling	**329,439**	-	**489,270**	489,270
Geochemical studies	**103,920**	15,274	**107,791**	173,404
Geophysical studies	**202,629**	-	**229,430**	257,908
Surveying & topographic mapping	**16,484**	-	**16,484**	16,484
Environmental studies	**54,327**	-	**62,825**	138,979
Data gathering	**144**	-	**5,173**	15,469
Field camp, including earthworks	**1,213,204**	9,163	**1,878,048**	2,579,715
Transportation	**65,443**	33,409	**219,260**	248,540
Medical services	**10,147**	453	**10,147**	10,600
Communications	**16,607**	346	**27,527**	29,187
Project management	**161,082**	45,494	**537,744**	928,822
Administration and amortization	**353,971**	55,048	**931,825**	1,405,932
	2,618,466	281,530	**4,682,544**	6,842,837
Total deferred mineral property expenditures	**$ 6,842,837**	$ 768,449	**$ 6,842,837**	**$ 6,842,837**

Included in exploration expenditures for the six months ended March 31, 2010 are $664,000 of non-cash amounts related to stock-based compensation ($632,100) and amortization ($32,000). Therefore actual cash spending for the six months ended March 31, 2010 is $4,018,544 and for the three months ended cash spending is $2,604,151.

The Company obtained its three exploration properties in August 2008 and undertook preliminary investigative exploration activities in 2008 and early 2009. In October 2009, the Company began its first intensive exploration field season campaign.

By early November 2009, exploration camps had been installed at the Del Carmen and Despoblados projects and asizable and experienced geological team had been assembled, Construction crews commenced clearing access roads and preparing drill platforms at Del Carmen, the Company's flagship project, for the diamond drilling program focused on the Del Carmen Norte epithermal system. Diamond drilling at Del Carmen Norte began in November 2009, while exploration was also initiated at Despoblados and Amarillos. Earthworks were required to build new roads, improve existing roads and construct drill platforms. As of April 19, 2010 4,710 m of diamond drilling in 32 holes had been completed at Del Carmen Norte. In total at the three properties, 1,883 samples were gathered and tested and 337.0 km of magnetometer and 52.9 km of CSAMT (both geophysical surveys) were flown to aid in understanding geology and pinpointing drill targets for the current and coming field seasons. As a result of the increased level of activity, expenditures increased in most categories during the three and six months ended March 31, 2010 compared to the corresponding 2009 period.

The Company is completing the current field campaign and expects to receive assay results through the end of May 2010. Therefore, the Company anticipates continued but lower exploration expenditures through May 2010. Expenditures during June 2010 through September 2010 are anticipated to be modest.

As previously noted, the Company has successfully intercepted multiple zones of high grade gold, silver and copper mineralization at its Del Carmen Norte project, including a total of 91 m in four intervals over 1 g/t Au in DDHC-10-023, and therefore may seek to increase its level of spending during the next field campaign compared to that of the current field season.

Cash Flow Statement

Liquidity, Capital Resources and Contractual Obligations

As at March 31, 2010 the Company had working capital of $2,989,000 (September 2009 - $380,000) and held cash of $4,137,000 (September 2009 - $557,000). The increase in working capital from September 2009 is due to the release from escrow of $7,798,061, concurrent with the October 30, 2009 Amalgamation, representing the escrowed portion of the gross proceeds raised by Pre-RTO Malbex in a June 30, 2009 $10,637,500 private placement. Additionally, net monetary assets of $816,588 were acquired by the Company in conjunction with the Amalgamation and were accounted for as the issuance of shares by Malbex and therefore charged, net of transaction costs, to Capital Stock. The reduction in working capital from December 31, 2009 through March 31, 2010 is primarily due to exploration expenditures and corporate, general and administrative expenses during the period.

In addition to its working capital, the Company has non-current restricted cash, being a deposit of US$2,250,000, held in escrow by an international insurance company to guarantee the commitments of the Company under its Exploration Agreements. Such deposits are equal to five per cent of the 5 1/2-year exploration commitment made by Malbex under the Exploration Agreements.

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

The Exploration Agreements cover four phases of exploration that commenced on September 12, 2008, during which the Company has the exclusive right to carry out prospecting and exploration activities on the Concessions. Under the Exploration Agreements, the Company must (i) pay the annual concession fees (canon payments) to the Province of San Juan on behalf of IPEEM, which total approximately

US$37,405, (ii) make total monthly payments of US$11,400 to IPEEM, and (iii) make exploration expenditures during each phase set out in the Exploration Agreements as follows:

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

Each exploration contract is independently rescindable if either technical or economic reasons justify the repeal, provided those reasons are verifiable, objective and valid with reference to recognized industry standards. IPEEM may grant extensions to the term of the Exploration Agreements upon proper justification. On August 10, 2009, IPEEM granted Malbex a six month extension to make the exploration expenditures required during Phase 1 of each of the Exploration Agreements, which were originally required to be made by September 12, 2009. Under the terms of the extension, the Company was required to make the Phase 1 exploration expenditures by March 12, 2010. Phase 2 commenced on March 12, 2010, with Phase 3 and Phase 4 commencing on March 12, 2011, and March 12, 2012 respectively. We expect to meet our obligations under the Exploration Agreements. Our total investment, including non-cash costs and administrative overhead, on our three exploration projects was $6,842,000 at March 31, 2010.

The 2009/2010 exploration program on the three Concessions is currently concluding, since the Andean summer ends in early May. Thus, exploration spending on the three Concessions is expected to decrease significantly in the third and fourth quarters of fiscal 2010.

Given the working capital balance at March 31, 2010 of $2,989,000, the Company will need to raise additional funding to finance exploration programs beyond the 2009/2010 field season.

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

Related Party and Other Transactions

During the six months ended March 31, 2010, the Company incurred legal fees of $241,816 (March 31, 2009 - $153,062) and reimbursement of expenses of $13,224 (March 31, 2009 - $10,838) respectively to a law firm of which a shareholder and former director of the Company is a partner.

As at March 31, 2010, included in accounts payable and accrued liabilities was $30,000 (March 31, 2009 - $1,062) in respect of these transactions.

During the six months ended March 31, 2010, the Company incurred legal fees capitalized to mineral properties of $5,095 (legal fees expensed March 31, 2009 - $75,548) and reimbursement of expenses of $5,141 (March 31, 2009 - $16,812) to a law firm of which a director of a subsidiary of the Company is a partner. As at March 31, 2010, included in accounts payable and accrued liabilities was $1,000 (March 31, 2009 - $11,099) in respect of these transactions.

Adoption of New Accounting Standards

International Financial Reporting Standards *("**IFRS**")*

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

Following this timeline, the first set of annual IFRS financial statements for Malbex Resources Inc. will be for the year ending September 30, 2012. These financials will need to include one period of comparative information also compiled under IFRS. The comparative information will be for the year ending September 30, 2011, hence, the Company will need an opening IFRS balance sheet as of October 1, 2010. This date (October 1, 2010) is known as the Company’s “transition date” as it is the beginning of the earliest period for which Malbex will present full comparative information under IFRS.

Management has developed its project plan for Malbex’s conversion to IFRS based on our current nature of operations. The conversion plan is comprised of three phases: IFRS diagnostic assessment, education and implementation, and completion of all integration system and process changes.

The Company is currently assessing the impact of IFRS on its financial statements.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

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

Section 1582 replaces Section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3R - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS FAS 27R - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Goodwill and Intangible Assets

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

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

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

Outstanding Share Data

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

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

	Outstanding
Common shares	56,458,301
Common share warrants	7,091,645
Common share broker warrants	847,600
Common share stock-options	5,216,663
Fully Diluted	69,614,209

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Forward-Looking Statements

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

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

Readers are cautioned not to place undue reliance on the forward-looking information herein because a number of factors, known and unknown, could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information. There can be no assurance that forward-looking information will prove to be accurate. The following are material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this MD&A: the inability of the Company to maintain its interest in its mineral projects or to obtain or comply with all required permits and licences, risks normally incidental to exploration and development of mineral properties, changes in governmental regulation adverse to the Company, risks normally associated with operating in foreign jurisdictions, environmental risks, lack of adequate infrastructure at the Company's mineral projects, economic uncertainties, the inability of the Company to obtain additional financing when and as needed, dependence on a small number of key personnel, competition from other mining businesses, the future price of gold and other metals and commodities, fluctuation in currency exchange rates, title defects, and other related matters. Although the Company has attempted to identify material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information, there may be other factors that could cause results to differ from what is anticipated, estimated or intended. Those factors are described or referred to under the heading "Risk Factors" in the Company’s annual MD&A for the period ended September 30, 2009.

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