

Arapaho Capital Corp.

TSX VENTURE: AHO



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Arapaho and Malbex Agree to Business Combination; Malbex to Raise Up to \$12 Million

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Arapaho Capital Corp. (TSX VENTURE:AHO) ("Arapaho") and Malbex Resources Inc. ("Malbex") announce that they have entered into a business combination agreement dated May 25, 2009 to create a new Argentina-focused gold exploration company. Under the terms of the Business Combination Agreement, Arapaho will acquire all of the outstanding common shares of Malbex in exchange for common shares of Arapaho on the basis of one Arapaho common share for every 1.5 Malbex common shares. The proposed transaction will result in a change of control of Arapaho and constitutes a reverse take-over under the policies of the TSX Venture Exchange (the "Exchange").

Malbex is a private gold exploration company led by several former executives and directors of Aurelian Resources Inc., including President and Chief Executive Officer, Tim Warman, General Manager for Argentina, Carson Noel, and Directors Patrick Anderson and Joseph Hamilton. Malbex holds an indirect 100% interest in three exploration projects in the Province of San Juan, Argentina, two of which are in close proximity to Barrick's Veladero and Pascua-Lama gold deposits. All three of the Malbex projects host epithermal alteration systems similar to those associated with the high-sulphidation gold deposits at the two Barrick mines.

In connection with the proposed transaction, Malbex has engaged Thomas Weisel Partners Canada Inc. to act as lead agent in a best efforts \$8 million to \$12 million private placement financing to fund the exploration of the three projects.

The Malbex Exploration Projects

The Del Carmen, Despoblados, and Los Amarillos exploration projects (collectively the "Concessions") are located on the eastern flank of the Andes Cordillera, adjacent to the Chile/Argentina border in the Province of San Juan, north-western Argentina. The Concessions lie approximately 280 km northwest of the provincial capital city of San Juan. The Del Carmen project is located at the southern end of the Valle del Cura, while the Despoblados and Los Amarillos projects are located in the Valle de las Taguas, a tributary valley to the Valle del Cura. The locations of the Concessions are shown in the maps attached to this press release.

As noted in the NI 43-101 technical report completed by Micon International Limited in respect of the Concessions (the "Micon Technical Report"), "Barrick's Veladero mine is immediately adjacent to the Despoblados concessions and its Pascua-Lama deposit is contiguous with the Los Amarillos block. In 2005, Barrick published mineral reserves containing over 30 million ounces of gold and 840 million ounces of silver for the two deposits. Both deposits are considered to be high sulphidation epithermal deposits and the mineralization is associated with alteration styles similar to those found on the three Malbex concession blocks." Barrick recently announced it would spend approximately \$3.0 billion constructing the Pascua-Lama mine, with construction to begin this year. According to Barrick, the Pascua-Lama mine is expected to be one of the lowest cost gold mines in the world, producing 750,000 to 800,000 ounces of gold and 35 million ounces of silver per year at a total cash cost of \$20-\$50 per ounce.

The Los Amarillos project is immediately north of and contiguous with the Barrick concession group containing the Pascua-Lama gold deposit. Remote sensing studies and field mapping by Malbex geologists have identified a number of large hydrothermal alteration zones on the Amarillos concessions that will be tested in the coming field season through additional mapping and sampling, geophysics and drilling.

The Despoblados project lies just southeast of both Veladero and Pascua-Lama along a major regional structure that Barrick geologists have termed the Pascua-Lama-Veladero Structural Corridor (see the attached maps for the concession locations). Access to Despoblados is excellent, as the Veladero mine access road bisects the property. The geologic setting at Despoblados shares a number of features with Aurelian Resources' (now Kinross Gold's) Fruta del Norte (FDN) discovery in Ecuador, including the presence of pull-apart basins bounded by normal faults along a major regional strike-slip fault, and the presence of well-developed siliceous sinter interbedded with the basin-filling conglomerate units. In the present model, the exploration target at Despoblados is a low to intermediate-sulphidation deposits lying at some depth beneath the sinter and the conglomerate cover. Neither of these basins has yet been tested by drilling, and therefore the two basins present opportunities for the discovery of buried epithermal gold mineralization. Testing of these buried targets by geophysics and drilling is planned for later in 2009.

The Del Carmen project was the main focus of work by Malbex during the past field season, with a campaign of mapping, sampling and trenching over a 3 km by 4 km high-sulphidation epithermal alteration system. Approximately 1,500 grab, channel and trench samples were collected and assayed. Of the 914 assay results received to date from Del Carmen, 161 samples (24%) gave results of greater than or equal to 0.5 grams per tonne (g/t) gold, with the best grab sample assaying 114 g/t gold.

The Micon Technical Report concluded that the "limited initial prospecting and check mapping work completed by Malbex at Del Carmen has confirmed the presence of extensive hydrothermal alteration, vuggy silica, veining and black matrix hydrothermal breccia mineralization, all of which are typical features of high-sulphidation epithermal systems. In the Valle del Cura Region, breccias with a black or dark grey siliceous matrix can be associated with precious metals mineralization. Initial results from the Malbex sampling have confirmed the presence of gold in the hydrothermal alteration at Del Carmen."

All three projects can be accessed from the provincial capital in under four hours on a combination of paved highways and Barrick's year-round Veladero mine access road. A full range of exploration and mining suppliers and contractors is available in San Juan, or in nearby Mendoza.

Malbex holds its 100% interest in the Concessions through three exploration agreements with the Instituto Provincial de Exploraciones y Explotaciones Mineras of the Province of San Juan, Argentina, which grant Malbex the exclusive right to carry out exploration activities on the Concessions with the option to undertake exploitation and trading activities with respect to certain precious minerals, ores and metals located therein. The option to exploit carries an initial term of 30 years with an option to renew for the life-span of the mine.

The Micon Technical Report is dated May 8, 2009 and was prepared for Malbex by B. Terrence Hennessey of Micon International Limited and sets out the recommended exploration program and budget for the Concessions for September 2009 to April 2010. Mr. Hennessey is a registered professional geoscientist in the Province of Ontario and is an independent qualified person within the meaning of National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

Terms of the Proposed Transaction

Pursuant to the Business Combination Agreement, the proposed transaction will be effected by way of a three-cornered amalgamation (the "Amalgamation") whereby Malbex will amalgamate with a newly formed wholly-owned subsidiary of Arapaho pursuant to the provisions of the Business Corporations Act (Ontario) and the resulting corporation (which will be a wholly-owned subsidiary of Arapaho) will carry on the business of exploration and development of mineral properties. Pursuant to the Amalgamation, shareholders of Malbex will receive Arapaho common shares in exchange for their Malbex common shares held at the effective time of the Amalgamation on the basis of one Arapaho common share for every 1.5 Malbex common shares (the "Exchange Ratio"). In addition, outstanding warrants, broker warrants and other convertible securities of Malbex will be exchanged for similar instruments of Arapaho exercisable for or convertible into Arapaho common shares, and outstanding options to purchase Malbex common shares granted under the stock option plan of Malbex will entitle the holders thereof to acquire Arapaho common shares, on the basis of the Exchange Ratio.

Certain Arapaho common shares held by principals of Arapaho subsequent to completion of the Amalgamation will be subject to escrow restrictions pursuant to Exchange Policy 5.4.

Officers and Directors of Arapaho upon Completion of the Amalgamation

Concurrently with the completion of the Amalgamation, it is expected that the directors of Arapaho will be Tim Warman, Joseph Hamilton, Patrick F. N. Anderson and Terry MacGibbon. It is also expected that Mr. Warman will be the President and Chief Executive Officer and Mr. Hamilton will be the Secretary of Arapaho. However, pursuant to the Business Combination Agreement, the persons who will be the officers and directors of Arapaho concurrently with the completion of the Amalgamation may be changed prior to completion of the Amalgamation with the mutual consent of Arapaho and Malbex. In addition, Ignacio Celorrio is the director and President of Malbex San Juan S.A., the indirect wholly-owned operating subsidiary of Malbex in Argentina.

Tim Warman, President and Chief Executive Officer and Director: Mr. Warman is a professional geologist with over 20 years of experience in all phases of the mining industry, from grass roots exploration through feasibility and development. He is currently President and Chief Executive Officer of Malbex and was previously Vice President, Corporate Development of Aurelian Resources Inc. Prior to Aurelian Resources Inc., Mr. Warman held senior positions in a number of junior mining companies working in North America, Africa and Europe. Mr. Warman holds a Master of Science from the University of Manitoba and a Bachelor of Science from McMaster University and is a member of the Association of Professional Geoscientists of Ontario.

Joseph Hamilton, Secretary and Director: Mr. Hamilton is currently co-interim Chief Executive Officer of Noront Resources Ltd., an exploration stage resource company that is engaged in the acquisition, exploration and development of base and precious metals properties and is listed on the Exchange. From 2005 to 2008 Mr. Hamilton was Chief Executive Officer of African Copper Plc, an international exploration and development company listed on the Toronto Stock Exchange and the London AIM market of the London Stock Exchange. Mr. Hamilton has over 23 years of experience in the international mining industry. Mr. Hamilton obtained a Masters of Science (Applied) from Queen's University in 1991 and a Bachelor of Science from the University of Toronto in 1985. Mr. Hamilton is a Chartered Financial Analyst and a Professional Geologist. He is currently a member of the Association of Professional Geoscientists of Ontario, Canada, a member of the CFA Institute and a member of the Institute of Corporate Directors. He is currently a director of the following public companies: Mirabela Nickel Ltd., Noront Resources Ltd. and GA Capital Corp.

Patrick F. N. Anderson, Director: Since graduating from the University of Toronto's geology program 15 years ago, Mr. Anderson has been a consulting geologist on gold, base metals and diamond projects for junior explorers, major producers and mineral industry consulting firms in South America, North America and Europe. Mr. Anderson was the President and Chief Executive Officer and a director of Aurelian Resources Inc., a company he co-founded, prior to its takeover by Kinross Gold Corporation. Mr. Anderson currently sits on the boards of Colossus Minerals Inc., Noront Resources Ltd. and U308 Corp Inc. He was named Mining Man of the Year by the Northern Miner in 2009 and received the Thayer Lindsley award for international discovery from the PDAC in 2008.

Terry MacGibbon, Director: Terry MacGibbon, B.Sc., P.Geo, ICD.D, is a registered professional geologist with over 35 years of international experience in the mining business. Terry is the founder, Chairman and CEO of FNX Mining Company Inc., a TSX-listed Canadian mining company that has over the past several years emerged from a junior exploration company into a mid-tier Diversified Canadian mining company that produces nickel, copper, cobalt, platinum, palladium and gold from its mineral properties located in the Sudbury, ON, Canada mining camp. Prior to joining FNX Mining Company Inc, Terry spent 30 years with Inco Limited (Vale Inco) directing Inco's North American and Worldwide exploration activities. In 2005, Terry was awarded the prestigious Prospector and Developer Association's Developer of the Year award and in the fall of the same year, Ernst and Young honoured Terry with an Entrepreneur of the Year award. Terry is a certified director, Institute of Corporate Directors, and a board director of several TSX public companies.

Ignacio Celorrio, President and Director of Malbex San Juan S.A.: Mr. Celorrio received his law degree from the Catholic University of Buenos Aires in 1996 and a Post-Graduate Specialization in Oil & Gas from the University of Buenos Aires in 2000. Mr. Celorrio is a member of the Buenos Aires Bar and has been a partner with Quevedo Abogados, a Buenos Aires law firm, since November 2007 where he practices in the areas of foreign investment, corporate and administrative law, principally in the natural resource and energy area. Mr. Celorrio has presided over several Exchange-listed companies' Argentinean subsidiaries performing mining exploration in Argentina and is currently the president of the Argentina Uranium Exploration Companies Chamber and a member of the Argentina Mining Chamber Comptroller Board.

Malbex Financing

Malbex has entered into an engagement agreement with Thomas Weisel Partners Canada Inc. (together with the syndicate of agents, the "Agents") pursuant to which it will act as lead agent to Malbex in connection with a best efforts private placement offering of \$8 million to \$12 million (the "Private Placement") of subscription receipts of Malbex (the "Subscription Receipts"). The Private Placement is subject to certain conditions including, but not limited to, the completion of satisfactory due diligence by the Agents.

Immediately prior to completion of the Amalgamation, each Subscription Receipt will be exchanged, without the payment of any additional consideration, for one unit of Malbex (each a "Unit"). Each Unit will consist of one Malbex common share and one-half of one common share purchase warrant.

The proceeds from the Private Placement will be used for exploration and general corporate purposes. Upon closing of the Private Placement, a portion of the proceeds will be released to Malbex. The majority of the proceeds will be held in escrow and released to Malbex upon completion of the Amalgamation to the satisfaction of the Agents, provided that the Amalgamation is completed within six months from the date of closing of the Private Placement. In the event that the Amalgamation is not completed by such date, a portion of the Subscription Receipts of each holder will be exchanged for Units and each of the holders of Subscription Receipts will have the option, as to their remaining Subscription Receipts, to redeem such remaining Subscription Receipts for the purchase price or exchange them for Units.

Conditions to Completion of the Amalgamation

The completion of the Amalgamation is subject to satisfaction of a number of normal conditions precedent, including but not limited to, receipt of the approval of the Exchange, the requisite approval of the shareholders of each of Arapaho and Malbex, the completion of a private placement financing transaction by Malbex on terms acceptable to Malbex and Arapaho, and completion of satisfactory due diligence by Arapaho and Malbex. Arapaho proposes to obtain shareholder approval by way of written consent of the holders of a majority of the outstanding Arapaho common shares (the "Arapaho Shareholders' Approval") and in connection therewith will prepare and file a filing statement in accordance with the applicable Exchange policies and securities laws. There can be no assurance that the Amalgamation will be completed as proposed or at all.

The Amalgamation is between arm's length parties except for Robert Pollock who is a director of Arapaho and a shareholder of each of Arapaho and Malbex. Mr. Pollock holds approximately 4.3% of the outstanding Arapaho common shares and 13.57% of the outstanding Malbex common shares. The Arapaho common shares held by Mr. Pollock will be excluded in determining whether the consent of the holders of the requisite number of Arapaho common shares has been obtained in connection with the Arapaho Shareholders' Approval.

It is expected that Arapaho will call a special meeting of shareholders to be held within 30 days of the effective date of the Amalgamation for the purposes of, among other things: (i) electing directors of Arapaho, (ii) approving a change of auditors of Arapaho to PricewaterhouseCoopers LLP, (iii) approving the continuation of Arapaho under the Business Corporations Act (Ontario) with the name "Malbex Resources Ltd.", (iv) confirming a new general bylaw of Arapaho, (v) approving the adoption of a new

share option plan, and (vi) authorizing the directors of Arapaho to fix the number of directors of Arapaho.

Malbex intends to apply to the Exchange for an exemption from the sponsorship requirement in accordance with section 3.4 of Exchange Policy 2.2.

About Malbex Resources Inc.

Malbex is incorporated under the Business Corporations Act (Ontario) and has outstanding 52,799,996 Malbex common shares and a promissory note convertible into 1,500,000 Malbex common shares in certain events. To date, Malbex has raised an aggregate of approximately \$4.4 million from the issue of Malbex common shares.

About Arapaho Capital Corp.

Arapaho is an investment company. Its objective in managing capital is to ensure sufficient liquidity to pursue potential investments. Arapaho has not had any active business operations for the past three years. Its only source of revenue is interest earned from funds on deposit. Its expenditures are for costs to maintain a public company in good standing and to identify and evaluate potential business ventures or properties.

The technical information contained in this press release has been prepared and reviewed by Tim Warman, P. Geo., President and Chief Executive Officer of Malbex and a qualified person within the meaning of NI 43-101. This press release includes or summarizes information from the Technical Report prepared by B. Terrence Hennessey, P. Geo., of Micon International Limited. Mr. Hennessey is an independent qualified person within the meaning of NI 43-101 and has reviewed this press release and has consented to the use of the Technical Report, and portions thereof, and to the inclusion of information derived from the Technical Report, in this press release.

Completion of the Proposed Transaction is subject to a number of conditions, including Exchange acceptance and disinterested approval of the shareholders of Arapaho. The Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Arapaho Filing Statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Arapaho should be considered highly speculative.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions of the proposed transaction; the terms and conditions of the proposed Private Placement; future exploration and testing; use of funds; and the business and operations of Arapaho after the proposed transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive board, shareholder or regulatory approvals; the price of gold; and the results of current exploration and testing. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Arapaho and Malbex disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

To view the Location of Malbex Concessions map associated with this release, please click on the following link: <http://media3.marketwire.com/docs/AHO0526.pdf>.

The TSX Venture Exchange has in no way passed upon the merits of the Proposed Transaction and neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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