



Malbex
Resources

MALBEX RESOURCES INC.

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

December 10, 2012

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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 the Del Carmen Project or to obtain or comply with all required permits and licences, the dependence of the Corporation on a single project, 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, market events and conditions, 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 7, 2012 the noon spot rate for one United States dollar expressed in Canadian dollars, as quoted by the Bank of Canada, was US\$1.00=\$0.99 or \$1.00=US\$1.01.

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.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
High	\$1.06	\$1.08	\$1.30
Low	\$0.97	\$0.99	\$1.03
Closing.....	\$0.98	\$0.99	\$1.05
Average.....	\$1.01	\$1.03	\$1.14

CORPORATE STRUCTURE

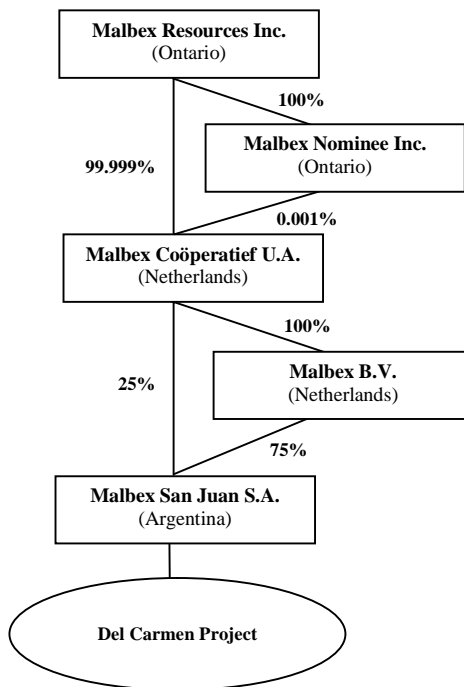
Name, Address and Incorporation

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 concession group (the “Del Carmen Project”), Los Despoblados concession group and Arroyo de los Amarillos concession group located in the Province of San Juan, Argentina. On August 14, 2008, following the conclusion of the Concurso, Pre-RTO Malbex entered into, among other agreements, the Exploration Agreement (as hereinafter defined) with IPEEM in respect of the Del Carmen Project. Pre-RTO Malbex completed its first abbreviated field season in the early months of 2009.

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.

Recent Developments

Effective May 31, 2012, Tim Warman resigned as President and Chief Executive Officer of the Corporation and Marle Gale resigned as Vice President, Investor Relations. In addition, Tim Warman and Patrick Anderson stepped down from the board of directors effective May 29, 2012. Effective June 1, 2012, Joseph Hamilton, a director of the Corporation, was appointed President and Chief Executive Office of the Corporation and Frank Davis was appointed as a director of the Corporation.

In August 2011, the Corporation entered into an option agreement with Lara Exploration Ltd. (“Lara”) to earn up to a 75% interest in the Wayra high sulphidation gold project (formerly known as the Grace Project) in southern Peru over a four year period in two stages. The first year anniversary date, and the time required to complete the first year spending requirements under the option agreement, was moved to December 31, 2012 by mutual agreement of the parties. The Corporation has discharged its first year obligations under the option agreement but due to the disappointing results during the current field season, the Corporation is in the process of terminating the option agreement.

In December 2010, the Corporation wrote down the carrying value and acquisition costs relating to its Los Amarillos project in Argentina to nil. The Los Amarillos project was transferred to a third party, which assignment was consented to by IPEEM on July 28, 2011. In June 2011, the Corporation wrote down the carrying value and

acquisition costs of its Los Despoblados project in Argentina to nil. The Los Despoblados project was returned to IPEEM on September 27, 2012 which ended the Corporation's investment obligations to the project. The Corporation applied to IPEEM to have the deposits relating to the Los Amarillos and Los Despoblados projects released since the former has been transferred to another company and the latter has been returned to IPEEM. On October 31, 2012, the deposit of US\$750,000 related to the Los Despoblados project was released to the Corporation and was returned to the available cash balance of the Corporation on its balance sheet.

DESCRIPTION OF THE BUSINESS

The Corporation is a Canadian-based gold exploration stage company. The Corporation's only material asset is its interest in the Del Carmen Project located in the Province of San Juan, Argentina.

The Del Carmen Project

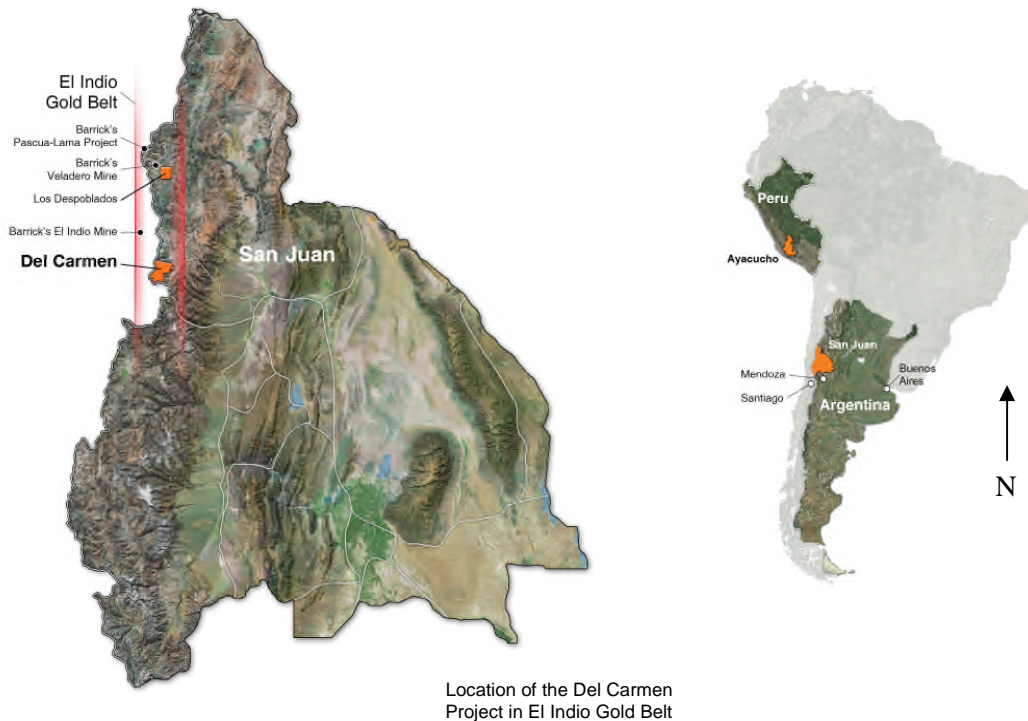
The technical and scientific information in this section is supported by the technical report (the "Technical Report") dated October 24, 2011, titled "A Mineral Resource Estimate for the Rojo Grande Deposit at the Del Carmen Property, El Indio Gold Belt, San Juan Province, Argentina" and prepared by B. Terrence Hennessey, P.Geol. and Richard M. Gowans, P.Eng. of Micon International Limited ("Micon"). 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 the Corporation'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.Geol. (APGO). Dr. Stewart is a qualified person under NI 43-101.

Property Description and Location

The Del Carmen Project consists of eleven contiguous mining concessions in the Department of Iglesia, Province of San Juan, northwestern Argentina that cover a total area of approximately 15,129 hectares. The property is located in the Andean Cordillera, adjacent to the Chile/Argentina border at the southern end of the Valle del Cura, a north-south valley in the central axial region of the Andes, approximately 220 kilometres northwest of the provincial capital city of San Juan. The Del Carmen Project is located about 10 kilometres east of the latitude/longitude intersection of 30°S, 70°W. The silicified ledge at the Rojo Grande deposit is intersected by UTM lines 2412000 mE and 6681000 mN.

Property Location Maps



North is at the top of the map.

Mineral Tenure

The mining concessions that comprise the Del Carmen Project 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 exploration and development. The Corporation, through its indirect wholly-owned subsidiary Malbex San Juan S.A. ("Malbex San Juan"), holds a 100% direct interest in the Del Carmen Project pursuant to an exploration agreement (the "Exploration Agreement") dated August 14, 2008 between Pre-RTO Malbex and IPEEM, as assigned by Pre-RTO Malbex to Malbex San Juan. Similar exploration agreements were completed separately by Pre-RTO Malbex with IPEEM in 2008 for the Despoblados and Los Amarillos projects, nearby properties in the Valle Del Cura.

In Argentina mining concessions are "map staked" and no corner posts or other physical monuments are placed in the field. Field staking is later required by law under the mining authority's supervision. Surface rights to the Del Carmen Project belong to the Province of San Juan. The locations of the known altered and mineralized zones on the concessions are described below in "*Geological Setting*". No known mining or mine development has taken place on the property, and therefore there are no mine workings, tailings or waste deposits to be described.

Mining and Environmental Law 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. The Del Carmen Project is designated as a mining project under Argentinean law.

Mineral deposits are held by the provincial or federal government (in the case of the Del Carmen Project, 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 the project boundaries and for those activities that need to be conducted outside the concession boundaries.

An environmental impact report (“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 San Juan projects (for example, water usage and waste disposal).

Malbex has submitted updates, most recently in October 2011, to EIRs filed by previous concession operators in the exploration stage, which have all been approved. There are no known environmental liabilities on the Del Carmen Project accruing to the Corporation or arising from previous exploration activities. At present, environmental liabilities are limited to the need to rehabilitate drill roads and pads should the property be abandoned at some point in the future.

In October 2010, Argentina’s National Congress passed Federal Law 26.639, which purports to ban all mining activities under glaciers and in periglacial regions in Argentina and empowers the Instituto Argentino de Nivología, Glaciología y Ciencias Ambientales (“IANIGLA”) to create a nationwide inventory of glaciers and periglacial regions. Although the definitions of the terms “glacier” and “periglacial” contained in Federal Law 26.639 are subject to more detailed definitions to be contained in regulations enacted by the President of Argentina, Presidential Decree 207/2011 made under Federal Law 26.639 was limited to the scope of the glacial and periglacial inventory and did not contain any provisions in respect of the “glacier” and “periglacial” definitions. 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 injunction was overturned by the Supreme Court of Argentina, although a final decision about this lawsuit is still pending. 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 further Presidential regulations and IANIGLA completes the glacial and periglacial region inventory, which the law mandates to be completed within a 180 day period from October 28, 2010. San Juan province has also enacted its own glacier protection law, which does not contain a general ban on mining activities and is aimed only at protecting glaciers. San Juan province is also conducting its own glacier inventory. Although the glacial inventory has not yet been completed, the San Juan authorities have indicated that the survey conducted up to this time has not found glaciers affecting any mining activities currently being conducted.

Malbex has completed two glacier studies of the Del Carmen Project and has identified several small bodies of year-round snow and ice that may meet the definition of a glacier under the provincial law. There are five small (less than one hectare) bodies of snow and ice that straddle the border between Chile and Argentina, approximately one kilometre away from Rojo Grande. The Corporation plans to continue to complete additional glacier-related studies, if and when necessary. It is not possible to fully assess the impact of Federal Law 26.639 or the San Juan provincial law on the activities of the Corporation at this time, and either 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. This could have a material, adverse affect on the operations, financial condition and results of operations of the Corporation.

Exploration Agreement

The Exploration Agreement grants Malbex the exclusive right to carry out exploration activities on the Del Carmen Project for a period of 5½ years from September 2008, with the option to undertake exploitation and trading activities with respect to the Del Carmen Project for a further 30 year period.

The Exploration Agreement covers four phases of exploration (the first period of which commenced on September 12, 2008) during which Malbex has the exclusive right to carry out prospecting and exploration activities on the Del Carmen Project. Under the Exploration Agreement, Malbex must (i) pay the annual concession fees (canon payments) to the Province of San Juan on behalf of IPEEM, which total approximately US\$28,000, (ii) make monthly payments to IPEEM of US\$6,400, and (iii) make exploration expenditures during each phase set out in the Exploration Agreement 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

IPEEM may grant extensions to the term of any work Phase in the Exploration Agreement 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 the Exploration Agreement, which were originally required to be completed by September 12, 2009. Under the terms of the 2009 extension, Malbex was required to make Phase 1 exploration expenditures by March 12, 2010, with the subsequent Phase 2, Phase 3 and Phase 4 terms commencing on March 12, 2010, March 12, 2011, and March 12, 2012, respectively.

Under the Exploration Agreement, 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 Del Carmen Project, 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.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The closest major population and commercial centre to the Del Carmen Project is the provincial capital of San Juan, approximately 220 kilometres southeast of the Valle del Cura. By road, the distance is approximately 370 kilometres, by way of paved National Highway No. 40 north from San Juan to Provincial Road No. 436 which passes through the villages of Iglesia, Las Flores and Pismanta, and ultimately the village of Tudcum. Barrick Gold Corporation (“Barrick”) maintains an approximately 170 kilometre, all-weather, private gravel road leading from Tudcum over the Conconta Pass into the Valle del Cura and onward to the Veladero mine and Pascua-Lama mine development site. The Del Carmen Project and camp are accessed by a 17-kilometre long gravel road spur from the Veladero mine road. Travel time to the Del Carmen camp from the city of San Juan is approximately 4 to 5 hours by road. San Juan is serviced by an airport with daily flights to Buenos Aires while the airport at Mendoza, 120 minutes drive to the south, is served by daily jet service to Santiago, Chile and Buenos Aires.

The Del Carmen Project occurs in the Cordillera Frontal, the rugged central region of the Andean Cordillera. The concessions range in elevation from 3,700 to 5,200 metre with deeply incised, steep-sided and U-

shaped valleys characterizing the region. Cerro de las Tórtolas, an extinct Miocene andesitic volcano, reaches an elevation of 6,300 metres about three kilometres north of the Del Carmen Project. The Del Carmen Project occupies the Quebrada del Media and several unnamed tributary watersheds in the upper reaches of the Rio del Valle del Cura.

Vegetation is very limited, restricted to local patches of grassland, called vegas, adjacent to Rio Valle del Cura and tributary streams. Slopes are mainly talus covered and colluvial soils with minor rock outcrops predominate in the valley with colluvium, alluvium and glacial till filling the valley floor. Permanent habitations and public infrastructure are absent in the Valle del Cura, although emergency medical facilities and cell phone coverage are available at Barrick's Veladero mine. The Veladero mine generates its own electricity from diesel generators and a windmill. No electrical power grid extends into the area.

The area has a sub-arid, sub-polar, alpine climate that is typically sunny but also windy. Subzero temperatures are common through the Andean winter (from April to October). The highest annual temperatures occur from December through February, when maximum daytime temperatures generally range between 10° and 22°C, with lows between 5° and -5°C. The winter months from June through August have daytime highs generally between -10° and 10°C, and night time lows of -10° to -30°C. Mean annual precipitation is estimated to be approximately 200 millimetres at 4,400 metres elevation, with precipitation occurring mainly as snow. Winter conditions can be severe, with strong, intense winds, blowing snow, and extreme cold, which combine to adversely affect access and field operations. Snow blockages, rock falls and gravel sent airborne by strong gusty winds are a common hazard on access roads. The extreme winter weather creates a seasonal, challenging operating environment and exploration activities are typically suspended between mid-May and early-October.

History

The Valle del Cura region was first explored in the mid 1980s by the Argentine government and Minera Aguilar S.A., mainly as field examinations of hydrothermal alteration centres visible on satellite imagery. The region came to be known as the El Indio Gold Belt due to the presence of the then-producing, now closed El Indio, and current Veladero and future Pascua-Lama gold ± silver ± copper mines. Two hydrothermal alteration zones are identified at the Del Carmen Project including Del Carmen Norte, the host of the Rojo Grande deposit, the subject of the Technical Report. As access on the Argentina side of the El Indio Gold Belt was difficult and several of the visible alteration zones including Del Carmen had been placed into protected provincial mineral reserves, there is no recorded exploration of the Del Carmen alteration zones prior to 1994.

Lac Minerals Ltd. ("Lac") was awarded exploration rights to the Del Carmen and Veladero areas by IPEEM following a competitive bidding process in 1993. The award was subsequently overturned and the property was granted to Minera Argentina Gold S.A. ("Argentina Gold"), a Canadian junior who had also participated in the tender process. Lac then entered into 60:40 joint venture agreements with Argentina Gold for both Del Carmen and Veladero Projects. Lac was acquired by Barrick in July, 1994 before the subsequent field season and an agreement was reached whereby Argentina Gold became the operator with 60% ownership of the Veladero property while Barrick held 60% ownership in the Del Carmen Project.

Barrick conducted exploration programs at the Del Carmen Project from 1994 to 1998. The ultimate pre-Malbex exploration of Del Carmen was conducted in 1999-2000 by Argentina Gold, by then owned by Homestake Mining Co. The pre-Malbex exploration consisted of: (i) prospecting and geological mapping, (ii) rock chip and talus fines geochemical sampling, (iii) induced polarization (IP)/resistivity and magnetometer geophysical surveying, (iv) petrographic and PIMA (portable infrared mineral analyzer) mineralogical studies, and (v) 10,172 metres of reverse circulation (RC) drilling. Exploration work focused on the Del Carmen Norte alteration system with only less intensive programs of geological mapping, prospecting, magnetometer surveying and five RC holes totalling 1,003 metres at Del Carmen Sur, approximately five kilometres south of Del Carmen Norte. None of the pre-Malbex drill hole data at Rojo Grande are considered acceptable for use in NI 43-101 compliant resource estimations. By 2002, Barrick had acquired Homestake and therefore 100% interest in Veladero and Del Carmen Projects. Barrick subsequently relinquished all interest in the Del Carmen Project and concentrated their efforts on the exploration and development of the Veladero mine. No exploration was carried out at the Del Carmen Project after the 1999-2000 field season until February, 2009 when the Corporation initiated exploration of the property.

Geological Setting

Regional Geology

The El Indio Gold Belt is defined by several high-sulphidation epithermal gold-silver ± copper deposits (e.g. El Indio, Tambo, Veladero and Pascua-Lama). The Belt spans the Chilean-Argentinean border and extends from approximately 29°S to 30°S, and from approximately 69°30'W to 70°W. The Del Carmen Project occurs in the upper region of the Valle del Cura at the southern end of the El Indio Gold Belt.

The mineral deposit in the El Indio Gold Belt is hosted by Cenozoic volcanic and related intrusive rocks and the associated basement of Carboniferous-Triassic sedimentary, volcanic and intrusive rocks. The Belt is bounded by roughly north-trending, steep faults that were formed by Tertiary tectonic plate convergence, interrupted by periods of regional extension. During the Oligocene-Miocene, the region was dominated by the eastward subduction of the oceanic Nazca plate, including the gradual flattening of the subduction zone from about a 35° dip to near horizontal by the end of the Tertiary Period. The resulting variations in the depth to the subducting plate, and in the rate of plate convergence, led to multiple episodes of compression, volcanism, hypabyssal intrusions and hydrothermal gold-silver ± copper mineralization. Significant volcanic activity was concluded by the late Pliocene and ultimate flattening of the slab.

The oldest geologic units in the Valle del Cura are the Carboniferous-Triassic igneous and sedimentary basement. The Choiyoi Group (equivalent to the Permian-early Jurassic Pastos de Blancos Group in Chile) consists of Permian caldera-related felsic ash flows intruded by Triassic Cholley and Pascua-Lama felsic intrusions at Pascua-Lama. The red beds and other clastic rocks of the Eocene Rio de Sal Formation locally overlie the basement rocks. The Valle del Cura Formation unconformably overlies the Rio de Sal Formation and Choiyoi Group, and marks the main Eocene volcanic episode in the Valle del Cura. The multi-coloured Formation consists of an approximately 700 metre thick sequence of tuffs, conglomerates, volcanic arenites, dacitic ignimbrites and rhyolite lava flows that spans much of the length of Valle del Cura, disappearing southward. Stratigraphic relationships and potassium-argon (K/Ar) age dates show these rocks range from middle Eocene to early Oligocene in age.

The Valle del Cura Formation appears to be locally unconformably overlain by the Doña Ana Group of late Oligocene to early Miocene age. The Doña Ana Group is divided into the lower Tilito Formation, which is mainly composed of rhyolitic and dacitic lavas and ignimbrites, and the upper Escabroso Formation, which is characterized by andesitic and basaltic lava flows.

The second peak of volcanic arc activity in the region is marked by the Lower to Middle Miocene Cerro de las Tórtolas Formation. In Argentina this unit is divided into an andesitic to basaltic lower section and a dacitic upper section. This formation is broadly distributed in the Valle del Cura, but the upper section is restricted to the highest levels of the extinct Cerro de las Tórtolas volcano. The latter peak is about seven kilometres north of Rojo Grande. The Upper Miocene Vacas Heladas ignimbrites, the youngest extrusive unit in the region, are homogenous crystalline dacitic tuffs that extend eastward into Valle del Cura from the Vacas Heladas volcano on the north slope of Cerro de las Tórtolas volcano. They unconformably overlie Eocene-Miocene sequences. A small Pliocene rhyolite The regional structure in the El Indio Gold Belt is dominated by northerly-trending high-angle reverse and normal faults and similarly trending fold axes. These structures developed in response to varying periods of crustal shortening and relaxation related to eastward-directed subduction of the Nazca plate. A subordinate structural trend is defined by west-northwest faults (the 120°-trending Pascua-Lama-Veladero, or PLV, structural corridor) and presumably reflects the dominant structural fabric of the basement rocks. The eastern margin of the Valle del Cura is marked by the Colangüil Fault, a high-angle reverse fault that places uplifted Triassic and older basement rocks in the east against the younger Eocene to Miocene volcanic sequences to the west.

Geology of the Del Carmen Project

Mapping by the Corporation has focused on the Del Carmen Norte alteration system and preliminary mapping of the Del Carmen Sur alteration system. No rocks from Del Carmen Norte have been dated by radiometric methods, hence the ages of the fresh and altered host rocks and the time period of hydrothermal activity on the Project are unknown and inferred from geological relationships.

Rhyolitic lavas and tuffs and subordinate volcanoclastic rocks of the Permo-Triassic Choiyoi Group form the faulted eastern margin of the Valle del Cura east of the Project area. Well bedded, multi-coloured volcanic and volcanoclastic rocks of the Upper Eocene to Mid-Oligocene Valle del Cura Formation are overlain in the west by fresh andesitic to dacitic lavas, breccias, tuffs and volcanoclastic rocks that extend east and southward from Cerro de los Tórtolas.

The Del Carmen Norte alteration system is hosted by andesitic and dacitic lithologies. The altered rocks are currently interpreted as part of the Oligocene Doña Ana Formation, the principal host for mineralization at the former El Indio-Tambo mine. The Doña Ana Formation is an approximately 500 metre thick sequence of andesitic tuffs, ignimbrites and pyroclastic breccias, with intercalations of dacite as well as sandstone and conglomerate units rich in volcanic detritus. The altered rocks at Del Carmen Norte appear to be separated from unaltered volcanic rocks of the Cerro de los Tórtolas Formation to the north by a northwest trending fault structure that coincides in large part with the Quebrada del Medio. Volcanic rocks of Cerro de los Tórtolas Formation are overlain locally by Miocene aged Vacas Heladas ignimbrites north of the Project area. The floor of the Valle del Cura is covered primarily by unconsolidated Pleistocene to Holocene alluvial, colluvial and glacial sediments.

Mineralization

Exploration of the Del Carmen Project has validated previous interpretations that discoloured volcanic rocks in satellite imagery of the El Indio Gold Belt represent exposures of hydrothermal alteration. Two large alteration zones on the property, Del Carmen Norte and Del Carmen Sur, consist of variably altered andesite and lesser dacite. Both zones of alteration show alteration styles and zonation typical of high-sulphidation epithermal deposits such as those at Veladero and Pascua-Lama. Gold-silver mineralization in high-sulphidation epithermal deposits typically occurs disseminated in zones of intense silicification which are commonly characterized as vuggy silica due to minor to abundant open spaces (vugs) in the silicified rocks. The texture is conventionally interpreted to have been produced by hydrothermal dissolution of feldspar phenocrysts from the originally porphyritic volcanic host. The silicified zone is typically enveloped by quartz-alunite alteration where feldspar phenocryst sites are occupied wholly or in part by alunite. The quartz-alunite zone grades into quartz-kaolinite alteration. This typical sequence (silica, quartz-alunite, quartz-kaolinite) at Del Carmen Norte is seen to be:

- zoned outward from subvertical fractures as at the Cresta del Gallo prospect, and
- controlled by lithological variations at Rojo Grande that appear related to preferential porosity with
 - volcanic breccia is silicified *versus* andesitic flows and tuffs with quartz-alunite and quartz-kaolinite alteration, and
 - silicified, brecciated dacite margins *versus* less intensely altered massive regions of the dacite flow-dome

Fresh disseminated pyrite (ranging from 1 to 3%) is common in the quartz-kaolinite zone, but typically minor in quartz-alunite alteration and absent in vuggy silica. Silicified rocks typically show variable iron staining with hematite, goethite and/or jarosite. There does not appear to be a consistent relationship between gold grade and the type of iron mineral or degree of staining but mineralogical studies are ongoing.

Elevated gold (greater than 0.1 grams per tonne) occurs most commonly in strong to intense silicification, especially where hydrothermal brecciation has occurred. Barren siliceous alteration has been mapped at Cerro Amarillo, the highest topographic position at Del Carmen Norte, and to the south along the ridge crest which forms the international border. The pale and white colour, absence of metals, including iron, and the siliceous composition plus abundant kaolinite and/or alunite indicates preservation of the steam-heated zone of alteration that forms higher in the hydrothermal system than the other alteration styles. The Rojo Grande deposit is interpreted to be a epithermal gold-silver deposit within a larger, well-preserved high-sulphidation alteration zone.

Exploration

Malbex has completed exploration at the Del Carmen Project over the course of four field seasons during spring and summer months in the Andean Cordillera (October to April); 2008-2009, 2009-2010, 2010-2011 and the

recently completed 2011-2012 seasons. Fieldwork each season focused on the larger and most accessible alteration zone at Del Carmen Norte.

The 2008-2009 program was completed between February and April of 2009 and consisted of: (i) re-opening and rehabilitating road access to Del Carmen Norte; (ii) confirming the presence of encouraging gold and silver values in the high-sulphidation epithermal alteration system identified in previous work by Barrick and Argentina Gold; (iii) mapping hydrothermal zonation, structures and breccia bodies that host gold-silver mineralization ; and (iv) complete systematic sampling of altered and mineralized zones by grab and channel samples, including hand-dug trenches at the Cresta del Gallo target.

Pre-existing ASTER satellite imagery of the El Indio Gold Belt was purchased and processed by GPAC S.R.L. of San Juan and interpreted by UAKO consultants of San Juan. The Del Carmen Norte and Del Carmen Sur alteration systems are easily visible in the imagery and the discoloured areas are interpreted from variable responses at different frequencies to be represented mainly by kaolinite and alunite alteration with lesser areas enriched in silica (silicification). Existing Ikonos satellite images were also purchased and orthorectified images of the Del Carmen Project were prepared by GPAC. In addition, the data from the 1995-1996 IP/resistivity survey by Quantec Argentina for Barrick over the central part of the Del Carmen Norte alteration zone were reprocessed using modern software and re-interpreted by Quantec. The survey was centred on the Rojo Grande area on 100 metre spaced lines, and along with pseudosections for each line, Quantec prepared -50 metre, -100 metre, -150 metre and -200 metre depth slices showing variations in chargeability and resistivity with increasing depth.

The 2008-2009 exploration program confirmed wide spread, mappable high-sulphidation-style hydrothermal alteration (silicification, quartz-alunite, quartz-kaolinite zones) at Del Carmen Norte. Prospective targets identified by Barrick (Rojo Grande, Cresta del Gallo, Brecha Límite and Brecha Límite Norte, Ladera sur de los Tortólas, Hillside Lode, Brecha Oportuna) were confirmed. High-grade surface samples defined the newly discovered Naciente Quebrada Pedregosa target.

Exploration in the 2009-2010 field season consisted of: (i) the rehabilitation and construction of approximately 60 kilometres of access roads at Del Carmen Norte and Del Carmen Sur, and construction of 21 drill pads at Del Carmen Norte; (ii) mapping and rock sampling at the Quebrada Pedregosa, Rojo Grande and Brecha Límite targets; (iii) approximately 800 metres of mechanical trenching at Brecha Límite and Ladera Sur del Tórtolas targets; (iv) precision GPS surveying of drill collars, access roads, and other points of interest by professional surveyors, Geotop S.A. of San Juan; (v) acquisition of GeoEye 1 satellite imagery of the entire Del Carmen Project by GPAC S.R.L.; (vi) 127.25 line-kilometres of ground magnetic surveying by Quantec Argentina of the entire Del Carmen Norte alteration system; (vii) 14.1 line-kilometres of Controlled Source Audio-Frequency Magnetotelluric (CSAMT) geophysical surveying by Quantec Argentina on five lines at 400-metre spacing over Rojo Grande and the western part of the Del Carmen Norte alteration system; (viii) diamond drilling of 32 holes with 3,875 core samples submitted for assay; (ix) property visit and report by Richard Sillitoe, PhD, international expert on epithermal and copper porphyry deposits; (x) 70 stream sediment samples from small tributaries of the lower reaches of Quebrada del Medio to test the prospectivity of discoloured volcanic rocks outside the Del Carmen Norte alteration system; (xi) the preliminary desktop glacier study of the Del Carmen Project by L. Peruca of the National University of San Juan; and (xii) limited prospecting, mapping and rock sampling of the Del Carmen Sur alteration system.

The Corporation completed 4,710 metres of diamond drilling in 32 holes at Del Carmen Norte. The significant results of the 2009-2010 drilling program are discussed below under “*Drilling*”.

The CSAMT resistivity anomaly at Rojo Grande agreed closely with the known distribution of silicified rocks, and with the resistivity anomaly identified at Rojo Grande in IP/resistivity surveying by Barrick. The magnetometer survey was in agreement with previous surveying by Barrick. The correspondence between different geophysical survey methods and with known geological features (outcropping silicification at Rojo Grande) suggested the CSAMT resistivity method reliably identified silicification, including in the subsurface.

The key findings from the 2009-2010 exploration program were the discovery of significant gold-silver mineralization in extensive silicification at Rojo Grande, and the identification of large CSAMT resistivity anomalies, including one coincident with silicification at Rojo Grande and large resistive zones extending from

surface to the subsurface (Cerro Amarillo). The conclusion was that the central portion of the Del Carmen Norte alteration system, Rojo Grande and environs, was the most promising area to discover and define a mineral resource in the 2010-2011 season.

The principal activities in the 2010-2011 exploration season were: (i) construction and/or rehabilitation of 55.55 kilometres of access roads and 36 drill pads; (ii) geological mapping and rock chip sampling outward from the Rojo Grande area to the south, including identification of a new target area known as Cerro Martita, and to the southwest and west from Rojo Grande toward Cerro Amarillo to better understand the cause of the large CSAMT resistivity anomalies; (iii) the collection of 179 grab and rock chip samples; (iv) completion of 5,538 metres of diamond drilling in 25 holes with 20 holes for 3,880 metres at Rojo Grande and 5 holes which tested the Cerro Amarillo CSAMT resistivity anomaly; (v) metallurgical (bottle roll) testing of five composite samples (three from Rojo Grande, two from the Naciente Quebrada Pedregosa target) by McClelland Laboratories of Sparks, Nevada; and (vi) combined field and satellite image study of glaciers and related features at the Del Carmen Project by JP Milana of the National University of San Juan.

The main goal of the program was to drill enough evidence of mineralization to support a mineral resource estimate of the Rojo Grande deposit. The 2010-2011 drilling program is discussed below under “*Drilling*”. Significant results from the 2010-2011 exploration were:

- higher gold-silver grades and longer intersections at Rojo Grande than previously encountered;
- expansion of the Rojo Grande mineralized zone to 730 metres strike length, approximately 200 metres in horizontal width and up to 280 metres vertical extent (maximum dimensions of modelled mineralized envelope: see below under “*Mineral resource estimates*”);
- identification of both andesite and dacite-dominated altered hosts at Rojo Grande and that alteration appears to be zoned around massive dacite porphyry interpreted as one or more sub-volcanic domes with the higher grade mineralization in DDHC-11-042 and -046 concentrated at the dacite dome margin;
- agitated bottle roll tests that demonstrate the Rojo Grande deposit and (to a lesser degree) Naciente Quebrada Pedregosa target are amenable to conventional heap leach and milled cyanidation extraction processes (see below under “*Metallurgical testing*”); and
- estimation by Micon of one continuous body of mineralization at Rojo Grande of an inferred resource of 25.4 million tonnes grading 1.00 grams of gold per tonne and 13.3 grams of silver per tonne.

The principal activities in the 2011-2012 exploration season were: (i) construction and/or rehabilitation of about 55 kilometres of access roads and construction of 35 drill pads; (ii) mechanical trenching to better expose alteration and mineralization, mainly at Rojo Grande, Cerro Amarillo and Lion King; (iii) geological mapping (1:2000 scale) within the Del Carmen Norte alteration system, mainly outward from the Rojo Grande area and the collection of 146 channel and rock chip samples; (iv) diamond drilling in 29 holes for 7,346.8 metres of core; (v) column leach metallurgical testing of seven composite samples from Rojo Grande, by McClelland Laboratories of Sparks, Nevada; (vi) 44 line-kilometres of TITAN (induced polarization/resistivity) surveying by Quantec Geoscience of Toronto on 16, 200-m spaced grid lines that cover the entire Del Carmen Norte alteration system; and (vii) geographic surveying of drill hole collars and selected points (and installation of permanent markers) in the Del Carmen Norte grid by GEO Referencia of San Juan.

The main goals of the program were to verify the large CSAMT resistivity anomalies at Cerro Amarillo and elsewhere at Del Carmen Norte with the TITAN survey, to increase the size of the Rojo Grande deposit, and to drill test as many geophysical anomalies and other geological and/or geochemical targets removed from the Rojo Grande deposit. The 2011-2012 drilling program is discussed below under “*Drilling*”. Significant results from the 2011-2012 exploration were:

- The TITAN survey identified numerous resistivity and chargeability anomalies (some combined) at Del Carmen Norte, including several anomalous zones identified by the CSAMT SURVEY;
- although resistivity anomalies at Rojo Grande coincide closely with the extent of silicification known from surface mapping and drilling, numerous other resistivity anomalies, especially those below 200 metres depth, remain unexplained by drill tests;
- mineralization intersected in holes 57A, 60, 63, 64, 69/78, 80 and 84 expands the dimensions of the Rojo Grande mineralized envelope;

- drill testing at the previously defined Brecha Limite, Lion King, Naciente Quebrada Pedregosa, Quebrada Pedregosa, Cerro Frio and Ladera Sur Tortolas targets did not encounter potentially economic gold-silver grades over significant widths;
- drill testing at the new Cerro San Pablo targets did not encounter potentially economic gold-silver grades; and
- no drill testing of the newly identified Virgin de Fatima and Don Guillermo targets was accomplished.

The mixture of positive (Rojo Grande) and negative (outside of Rojo Grande) results obtained from drilling of TITAN anomalies indicates some level of uncertainty about the effectiveness of Titan resistivity anomalies identifying silicification below the surface, especially at +200 metres depth.

Drilling

Drilling on the Del Carmen Project by predecessor companies is discussed above under “*History*”. Summary results for the drilling completed by the Corporation at the Del Carmen Project are set out below.

The most significant results from the individual drilling campaigns are:

- 2009-2010:
 - Hole DDHC-10-32 at Rojo Grande with 142 metres grading 0.88 grams of gold per tonne and 13.7 grams of silver per tonne beginning at a down hole depth of 22 metres and continuing to the end of the hole
 - Hole DDHC-10-23 at the Naciente Quebrada Pedregosa target with 49 metres grading 1.11 grams of gold per tonne beginning at 128 metres, and a lower intercept of 16 metres grading 2.64 grams of gold per tonne and 6.1 grams of silver per tonne
 - Hole DDHC-10-18 at the Brecha Limite target with 35 metres grading 2.22 grams of gold per tonne and 42.9 grams of silver per tonne beginning at a down hole depth of 18 metre
- 2010-2011:
 - Hole DDHC-11-42 at Rojo Grande with 103 metres grading 2.84 grams of gold per tonne and 6.4 grams of silver per tonne beginning at a down hole depth of 13 metres
 - Hole DDHC-11-46 at Rojo Grande with 132.7 metres grading 2.10 grams of gold per tonne and 10.8 grams of silver per tonne beginning at a down hole depth of 106 metres
 - Hole DDHC-12-52 at Rojo Grande with 267 metres grading 2.05 grams of gold per tonne and 29.3 grams of silver per tonne beginning at a down hole depth of 13 metre
 - Hole DDHC-12-55 at Rojo Grande with 105 metres grading 1.96 grams of gold per tonne and 25.2 grams of silver per tonne beginning at a down hole depth of 1 metre
- 2011-2012:
 - Hole DDHC-11-57A at Rojo Grande with 109 metres grading 2.05 grams of gold per tonne and 7.37 grams of silver per tonne beginning at a down hole depth of 55 metres
 - Hole DDHC-12-63 at Rojo Grande with 157.5 metres grading 0.42 grams of gold per tonne and 7.7 grams of silver per tonne beginning at a down hole depth of 73 metres
 - Hole DDHC-12-80 at Rojo Grande with 67 metres grading 2.76 grams of gold per tonne and 14.8 grams of silver per tonne beginning at a down hole depth of 100 metres

Cored drilling was completed in each field campaign using wire-line diamond drill rigs. Rigs and drilling crews were supplied by Boart Longyear S.A. of Mendoza (2009-2010 season), Major Drilling S.A. of Mendoza (2010-2011 season) and in 2011-2012 by Sinergy Mining S.A. of San Juan (2 rigs) and MENDRILL S.A. of Mendoza. Boart Longyear used a truck mounted CS 3001 unit while Major used a truck mounted Major-50 rig and a self-propelled, crawler-mounted UDR 200. Sinergy used self-propelled, track-mounted Dip Gold 1500 rigs whereas MENDRILL employed a skid-mounted Boyles 56 rig. Water was trucked to the rigs from the naturally recharging, mechanically expanded pond in Quebrada del Medio, about 2 kilometres east of Rojo Grande. Rigs produced PQ (85 millimetre diameter), HQ-3 (61 millimetre, Boart Longyear) or HQ (63.5 millimetre, Major) or NQ (48 millimetre diameter) diameter core, depending on depths and drilling conditions. Dip angles of the holes ranged from -45° to vertical.

Down-hole survey measurements were conducted approximately every 50 metres downhole and at the end of each hole. The survey instrument was lowered down the hole, either during drilling or at completion of each hole. The tools give the azimuth (readable to $< 1^\circ$) and dip (readable to $< 1^\circ$) at each selected depth in the drill hole. Micon believes that the logging and data collection procedures used in the drill program are adequate for the purpose of supporting a mineral resource estimate.

Core recovery is typically 85 to 95% but is noticeably lower in zones of enhanced fracturing, powdery quartz-alunite, intense quartz-kaolinite alteration and strongly weathered, near-surface intervals. Core is placed in previously marked wooden core trays by drill staff at the rig. Initial inspection of the core is usually completed by a company geologist at the rig. Lids are secured before transport by truck to the Del Carmen camp for detailed inspection, logging and sampling.

Drill hole collar locations are surveyed periodically by professional surveyors, mainly at the end of each field campaign.

The 2011-2012 drilling campaign was marred by an accident in March which took the life of a driller contracted by Sinergy Mining. This accident occurred despite the continuous presence of paramedical staff and an ambulance based at the Del Carmen camp and greatly revamped and improved procedures for work place health and safety, implemented by the Malbex San Juan office and Sinergy Mining. Investigation of the accident by external authorities has not reportedly identified any obvious deficiencies in the Corporation's operating procedures.

Sample Preparation, Analyses and Security

Micon reviewed and observed the sampling protocols used by Malbex at the Del Carmen Project. Micon believes that they conform to conventional industry standards and what are generally regarded as best practices. Grab samples are pieces of rock collected from outcrops and/or rock talus to confirm the presence of precious or base metals in anomalous or potentially economic quantities. Chip-channel samples are pieces of outcropping mineralized or altered rock collected, continuously to semi-continuously, over a measured interval. Chip and grab samples have been collected at the Del Carmen Project and were shipped using the same protocols described below.

Core is removed from the core barrel at the drill site and placed in wooden core trays by the drill crew. Each tray is labelled by the drillers at the rig with the drill hole number, the box number and an arrow to mark the start of the tray and the down-hole direction. Wooden core blocks, with the metreage written in black marker pen, are inserted by the drillers at the end of each retrieval of the core barrel (usually three metres or less). The position and labelling of the blocks are checked later by the Malbex geologist during mark up. The filled core boxes were sealed with wooden lids and transported to the Del Carmen camp logging facility approximately twice daily. Once at camp, the core trays are marked up with the starting and ending metreage written at the ends of the trays with a permanent marker. Each metre point is measured, marked and labelled on the box.

During logging the geologists select the sample intervals. The start and end of each selected sample interval are marked with a red wax pencil mark across the core and on the core box; sample numbers are written on the edge of the core box channels in the middle of each sample interval. Trays are photographed digitally, typically in groups of three, both before core cutting and sampling and after. Because mineralized intervals are difficult to identify visually at the Del Carmen Project, the entire length of altered rock in each hole is sampled and submitted for analysis. Less favourable styles of alteration, such as quartz-kaolinite, are sampled in 2 metre intervals whereas samples of favourable alteration and presumed potential mineralization are collected in 1 metre long intervals.

Samples are sawn in half using sliding trays on electric-powered diamond core saws. Sample numbers are written on the outside of plastic sample bags and a tag from the sample book is placed inside the bag with the half core. The bags were sealed using single-use staples with another sample tag placed in the folded and stapled portion of the plastic bag. The half core remaining after sampling is stored in camp during the field season for future verification, re-logging and reference purposes. Rolls of corrugated cardboard are added to each row before the box cover is placed on each core box to minimize movement and loss of core during transportation as pallets of core boxes by commercial trucking service to the locked, Malbex-run facility in San Juan for secure permanent storage.

Sealed sample bags are placed in large rice sacks (usually between five and ten samples per sack) and sealed again using single-use plastic cable ties with a unique identifier number. The sack number, sample numbers, sack weight and date are written on the outside of the sacks. The sealed sample bags are trucked to the ALS Global (“ALS”) preparation laboratory in Mendoza, Argentina, mainly by Malbex staff, or rarely by commercial trucking service. The numbers of the rice bag closure seals accompany the shipment and the closure numbers are checked by ALS staff for integrity and agreement with the accompanying document.

All samples taken at the Del Carmen Project have been submitted to and prepared by the ALS sample preparation laboratory in Mendoza. All samples received by ALS are processed through a sample tracking system that is an integral part of that company’s Laboratory Information Management System (LIMS). The system utilizes bar coding and scanning technology that provides complete chain-of-custody records for every stage in the sample preparation and analytical process, and limits the potential for sample switches and transcription errors.

After receipt by the laboratory, bar-coding and inventory to the ALS database, samples are prepared using the PREP-31 procedure. The sample is weighed, dried and finely crushed with more than 70% passing the 2 millimetre screen. The crushed material is passed through a riffle splitter and 250 grams are separated to be pulverized until a minimum of 85% passes the 75 micron screen. ALS reported that this method was appropriate for rock chip or drill samples. Coarse reject fractions and excess pulped material are initially stored by ALS in Mendoza until delivery to the secure Malbex facilities in San Juan.

Pulped samples are shipped by air freight by ALS to their laboratories in La Serena, Chile, Lima, Peru or North Vancouver, British Columbia for analysis, depending upon work load. Prepared sample pulps are analyzed for gold by 30-gram fire assay with atomic absorption spectroscopy (AAS) finish (ALS code Au-AA23; upper and lower detection limits of 10 and 0.005 grams of gold per tonne). Over limit samples (in excess of 10 grams of gold per tonne) are re-analyzed by fire assay with gravimetric finish (code Au-GRA21) with detection limits of 0.5 and 1,000 grams of gold per tonne. The pulp is also analyzed using the 35-element ICP (inductively coupled plasma) - AES (atomic emission spectroscopy) following dissolution in aqua regia. This package code includes base metal and silver determinations. Malbex requests ALS geochemical package ME-ICP41m with lower detection limits for mercury than normal (0.01 parts per million (ppm) compared with 1 ppm).

Following sample collection, bagging and shipment described above, no aspect of the sample preparation procedure is conducted by an employee, officer, director or associate of Malbex.

The ALS facilities are secure and guarded with controlled access. The laboratory employs industry standard methods for the preparation and determination of gold and silver content in rock samples. Micon believes that the sample preparation, security and analytical procedures employed by Malbex are adequate for the requirements of the Technical Report. Micon also believes that the analytical methods chosen for use by Malbex are appropriate for determination of gold and silver grades at the Del Carmen Project and for generating data for use in a mineral resource estimate.

All drill cores remaining after sampling (assaying, metallurgy, other uses) is stored under lock and key at the Corporation’s office and storage facility in San Juan city.

Quality assurance/quality control

ALS runs its own internal quality assurance/quality control (QA/QC) program involving the use of blank and standard reference materials, as well as duplicate samples before releasing assay certificates to Malbex. Blank samples are intended to identify contamination in sample preparation and handling as well as sample switches. Standard reference materials are intended to measure laboratory accuracy. Duplicate samples are used to monitor laboratory precision.

The Malbex QA/QC program consists of the insertion of at least one certified reference standard of known gold content, one blank and one field duplicate in every 20 to 21 samples.

Field duplicates consist of ¼ core samples where the normal half core sample is halved again by Malbex staff at camp to make two equivalent samples and both samples are entered into the sample stream. The original sample is used as the value in the database. Malbex has submitted 555 field duplicates to date and their results demonstrate reasonably acceptable precision with generally small variations around the 1:1 line at a range of gold contents. Blanks are samples known to have very low levels of gold. They are placed into the sample stream in order to test for adequate cleaning of the sample preparation equipment between samples, switching of samples or contamination of samples in the laboratory. Malbex has submitted 495 blank samples for assay up to the date of the Technical Report.. Only 21.2% (105 samples) reported above the lower detection limit of 0.005 ppm Au with only one blank sample reported to contain >0.10 ppm gold. This sample occurred in the first hole in the 2009-2010 season and does not fall within the Rojo Grande database. In general, the blank sample data indicate appropriate and consistent sample preparation procedures by ALS that minimize contamination between samples.

Pulped samples of certified reference material have been purchased from commercial companies that prepare these to internationally accepted standards. The certified reference material (“CRM”) have a range of gold concentrations from <1 to >15 grams per tonne and include non-sulphidic (oxidized) and sulphidic rock material. The test for acceptability of analytical results using CRMs involves the plotting of graphs that show an ongoing comparison of each individual assay result for each standard with the recommended value (“RV”) for that standard as certified by the manufacturer. The mathematic average (AVG) of ALS assays of each standard is also compared to the recommended value. The calculated standard deviation of the umpire assays which determined the RV of the CRM provides a measure of the acceptability of the assay results. Two limits of concern are calculated. Upper and lower warning limits (“UWL”, “LWL” respectively) are defined as two standard deviations above and below the RV. Sample batches with individual assays outside of two standard deviations are noted but no action is taken unless repeated results occur in this range. Upper and lower critical limits (“UCL”, “LCL” respectively) are defined as plus or minus three standard deviations from the RV. Sample batches with a CRM result falling outside of UCL and LCL ranges are re-assayed. After nearly two field seasons of drilling, no batch of ALS assays has been rejected and re-run at the request of Malbex due to CRM failures and only rarely have CRM assays failed to meet the UWL or LWL.

When significant drill intersections with multiple consecutive samples with over limit assays (greater than 10 grams of gold per tonne) are encountered and deemed necessary, Malbex has requested that ALS prepare new pulps from coarse rejects for these samples and these are sent to two or more additional independent laboratories to verify gold and silver analyses. Metallic screen fire assays for gold determine the gold concentration in different size fractions of a sample; these are requested as an additional QA/QC check to be conducted by ALS on significant high grade mineralization to identify possible uncertainties related to the presence of coarse gold which can negatively and positively influence estimates of gold concentration. The only prior request of metallic screen fire assays confirmed the absence of coarse gold grains in the high grade interval in drill hole DDHC-11-046 consistent with the absence of visible gold.

Mineral Resource Estimate

Micon was retained to calculate the mineral resources identified by Malbex at the Rojo Grande deposit in mid-2011. The mineral resource estimation by Micon for the Rojo Grande deposit is the first mineral resource estimate for the Del Carmen Project. Micon used Gemcom© software for the modelling process and estimation. The mineral resource estimation was completed using geostatistical methods involving the creation of a block model into which grade was interpolated using the Ordinary Kriging (OK), Inverse Distance Squared (ID²) and Nearest Neighbour (NN) methods. Surpac software was also used in some instances such as manipulation of the block model and creation of reports.

For the purposes of the mineral resource estimation the data constrained within the interpreted mineralized envelope were comprised of 23 surface diamond drill holes and 3,446 assays. All drill holes at Rojo Grande, up to and including DDHC-11-056, were used for the purposes of the mineral resource estimate except for holes DDHC-11-036 and DDHC-11-044 which are barren having missed the edge of the mineralized zone.

Malbex created a set of cross sections outlining a geological interpretation of the Rojo Grande mineralized zone after the 2010-2011 drilling program described above. The sections were reviewed systematically by Micon and used to construct the three-dimensional solid used to control the mineral resource estimate. Due to the inability to confidently determine precise collar locations for the historical drilling, no pre-Malbex drilling assays were used

in the geological interpretation of the deposit or the estimation of mineral resources. Micon and Malbex worked together in the interpretation of the Rojo Grande mineralized body.

The deposit is hosted within altered andesitic volcanic rocks including flows, tuffs, and volcanic breccias along with subvolcanic dacite domes. The gold and silver mineralization is not confined to one particular lithology or alteration type, however, the more massive inner parts of the dacitic domes appear to be less permeable by fluids and therefore were hydrothermally altered and mineralized to a lesser extent. The domes may be limiting and guiding or controlling fluid flow to some extent. Mineralizing fluids were interpreted to have flowed upward on one or more structures in the core of the Rojo Grande deposit and to have then flowed out into the surrounding rocks, the degree of flaring being influenced by enhanced porosity locally in the volcanic sequence. This results in the model of stacked mushroom-shaped mineralized body with multiple branches at different depths extending off the central fluid pathway.

Micon digitized interpretation polylines on northwest-southeast section planes established every 50 metres through the deposit to construct the three dimensional model of the mineralization. In a few instances where drill holes were 100 metres apart the sections were established at that distance as well. The polylines essentially outline the envelope describing the 0.1 grams of gold per tonne contour. The cut-off of 0.1 grams of gold per tonne was chosen as it was somewhat below any likely open pit cut-off grade and was judged by Micon to represent a prominent shoulder in the grade histograms on the drill holes wherein mineralization began to break up into isolated pods. Small areas of lower grade assay results are included locally in the wireframe in order that the shape not be too complex. The resulting polygon shapes on each section are tied together to create a single wireframe model of the deposits with a certain controlled level of complexity. The resulting northeast-southwest-trending solid is approximately 730 metres long by 200 metres wide by 280 metres in height. The population statistics support the conclusion that the mineralization occurs across all rock types with the porphyritic dacite dome being the least mineralized.

Raw gold and silver assay values from inside of the mineralized wireframe are evaluated for outlier values by determining the population statistics for the mineralized zone and plotting histograms, log histograms and probability plots looking for values which lie outside of a normally or lognormally distributed population. Lognormal populations form straight lines on probability plots and the point at which data can be considered as being outliers can usually be readily determined from them. Grade capping (limiting the maximum grade of assays in the database) minimizes potential bias of the nugget effect in sampling, the cause of outliers in the sample assay population. Values beyond the lognormally distributed population are normally reduced to the highest value within it. Rojo Grande assays were capped at (reduced to) 12.6 grams of gold per tonne, impacting 16 samples in the population, and at 161 grams of silver per tonne, impacting eight samples.

Individual samples are composited in the software into five-metre equal-length intervals starting at the upper contact of the mineralized body along the intersecting drill holes. Any composites less than 2.5 metres long were dropped to avoid short sample bias in the interpolation. A total of 461 composites were used in the estimate and 14 were rejected. The current data density at Rojo Grande is not high, however, the 461 composites are fairly well distributed and drilling density is higher near the core of the deposit allowing for the successful modelling of semi-variograms and the interpolation of grade.

Malbex completed bulk density determinations for the Rojo Grande deposit using the paraffin-coated core, weight-in-water/weight-in-air method. After review a total of 71 samples were determined to be valid and these data points were used to estimate density in the block model (see next paragraph) by the inverse distance cubed (ID^3) interpolation method. Density data were used to populate blocks inside the mineralized envelope using a maximum searching radius of 250 metres in all direction (an isotropic search). Not every block inside the mineralized envelope was populated from the interpolation process due to lack of data in some parts of the solid, and the remaining blocks in the entire block model were assigned the constant average density value of 2.32 tonnes per cubic metre.

The block model is a sub-division of the rock mass into individual blocks or boxes into which parameters such as grade or density can be estimated. The dimensions of the blocks determine the resolution and selectivity of the estimates for the mineralized zone. The block model is used to report the tonnage and average grade of the deposit as well as other required variables depending on the available block attributes. The block model's extents

should be sufficient to contain the entire deposit, allow for expansion if necessary and also allow for the determination of waste quantities to be removed in an open pit. Block size should be appropriate for the deposit type, data density and the mining selectivity of the envisaged mining method. After examining the available data, a non-rotated block model 1,200 metres long by 1,200 metres wide and 550 metres in height was constructed to contain the Rojo Grande deposit. A block size of 20 metres (X) by 20 metres (Y) and 5 metres (Z) was chosen.

The grade and near surface initiation of Rojo Grande mineralization suggest that any mining future scenario would likely involve an open pit operation. In order to comply with the NI 43-101 mineral resource estimation requirements for “reasonable prospects for economic extraction”, Micon, using Whittle software specifically designed for this purpose, introduced the parameters for a simple pit to be imposed on the block model, in order to report the mineral resource. The metal price assumptions, metal recoveries and other mining related costs used to determine the Whittle pit shell constrained mineral resource estimation are set out in the table below. The metal prices used are determined from rounded, three-year trailing averages for the gold and silver fixes on the London Bullion Market. The operating cost estimates are based consultation by Micon with persons familiar with open pit mining in South America and/or the metallurgical test results. The Whittle pit results reflect a simple cone and do not constitute a fully designed and optimized pit.

Rojo Grande Deposit – Open Pit Evaluation Parameters

Description	Amount	Units
Metal Price (Gold)	1,125	US\$
Metal Price (Silver)	20	US\$
Recovery (Gold)	70	%
Recovery (Silver)	40	%
Gold Equivalence Factor	0.0102	N/A
Mining Cost Ore	1.5	US\$/tonne
Mining Cost Waste	1.4	US\$/tonne
Processing Cost	3.5	US\$/tonne
G&A	2.5	US\$/tonne

The Technical Report concludes that following mineral resource validation using industry standard statistical and visual inspection procedures, at the inferred confidence level, the Rojo Grande mineral resource block model reasonably represents the informing assay data. The mineral resources estimate for the Rojo Grande deposit is presented in the table below. Given the relatively widely spaced drilling, Micon classifies all estimated resources as inferred, the lowest confidence level of resource estimations permitted by NI 43-101. Using the Whittle pit shell and the block model results, the lower cut-off grade for the Rojo Grande mineral resource is approximately 0.3 grams of gold per tonne.

Rojo Grande Deposit – Inferred Mineral Resources

Million Tonnes	Gold Grade (grams per tonne)	Silver Grade (grams per tonne)	Gold (ounces)	Silver (ounces)
25.4	1.00	13.3	816,600	10,853,000

Notes:

- (1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- (2) The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as indicated or measured mineral resources. It is uncertain if further exploration will result in upgrading them to the indicated or measured mineral resource category.
- (3) The 0.3 grams of gold equivalent per tonne cut-off grade was derived from an assumed open pit/heap leach operation with recoveries of 70% for gold and 40% for silver, a mining cost of US\$1.50/tonne for ore and \$1.40/tonne waste, process cost of US\$3.50/tonne and general & administrative costs of US\$2.50/tonne. The costs were derived from similar operations and the recoveries from initial metallurgical testwork. Assumed prices of \$1,125/ounce for gold and \$20/oz for silver, based on 3-year trailing averages, were also employed.

Metallurgical Testing

In 2010 and 2012 McClelland Laboratories, Inc. of Sparks, Nevada conducted heap leach cyanidation tests utilizing both agitated (bottle roll) and static columns to determine gold and silver recoveries, the rate of recoveries, estimated reagent consumption and sensitivity of cyanidation to feed size. Additional work on the submitted material consisted of agglomeration, load/permeability and static acid rock drainage (ARD) tests; the latter two along with mineralogical and gold department studies were conducted by third party contractors. The following briefly summarizes the results of the metallurgical program. The McClelland metallurgical reports are dated January 2011 and August 2012 and are available at www.malbex.ca/Projects/Del_Carmen/Metallurgy.

In 2012, seven composite samples, each weighing approximately 200 kilograms (kg), were created to be representative of the average grade and of the variations in gold and silver grades of the Rojo Grande deposit, and spatially within the two different styles of alteration (silicification, quartz-alunite) that comprise the ores in the mineralized envelope. Each composite was created by combining selected intervals of quarter core (i.e., half sampling of previously sampled half core) from four to six of the twenty three drill holes that defined the inferred resource at Rojo Grande of 25.2 million tonnes grading 1.00 grams per tonne (g/t) gold and 13.3 g/t silver. The composite intervals total from 137 to 177 m in core length. The calculated head grades of silicified zone (SZ) composites (RGSZ-1, RGSZ-2, RGSZ-3 and RGSZ-4) were 1.02, 1.12, 1.48 and 0.3 g/t gold. The calculated head grades of the quartz-alunite zone (QA) composites ranges were 0.80, 1.23 and 2.36 g/t gold (RGQA-1, RGQA-2 and RGQA-3). The selected intervals span the horizontal and vertical extent of both vuggy silica and silicification and the underlying quartz-alunite alteration (Figure 1. 3D model showing distribution of intervals comprising the composites). Fire assays completed by McClelland on the composites are in good agreement with the calculated averages. The average of multiple McClelland assays of SZ composites is 1.03 g/t gold and 19.8 g/t silver; that for the QA composites is 1.31 g/t gold and 16.7 g/t silver.

Column (15 centimetres by 3 metres) tests were performed in duplicate on two feed sizes; 80% passing 12.5 mm and 80% passing 6.3 mm sieves. The average gold recovery for all column leach tests is 79.8%, is better for the quartz-alunite composites, ranging from 81.1 to 88.9%, and shows very limited sensitivity to feed size (average of 85.2% for 80%-12.5mm and 85.4% for 80%-6.3mm material). The silicified zone composites had lower recoveries than quartz-alunite composites at both feed sizes (average of 73.8% for 80%-12.5mm and 77.5% for 80%-6.3mm) with the range for all tests from 60.0 to 85.0%. Columns were allowed to leach for 66 to 151 days, depending on the time required for leaching to appear complete.

The bottle roll test recoveries (leaching for 96 hours on feed sizes with 80% passing 12.5 mm, 6.3 mm and 2 mm sieves) were lower (average 75.8%) than column tests. Gold recoveries from quartz-alunite composites were better than for silicified material (84.0% vs. 71.5% at 6.3 mm feed size). The bottle roll tests showed a greater sensitivity to feed size with markedly better recoveries at the finer size (average of all 2 mm tests is 81.7% compared to 68.9% for 80%-12.5 mm material).

Leaching was not rapid in the bottle roll tests and generally slow in column tests other than notably faster leaching with samples RGQA-2 and RGQA-3. Gold leach rate profiles commonly did not flatten until after 30 or more days of leaching. Sample RGSZ-3 continued to yield gold at >150 days of leaching.

The Rojo Grande QA composite head grades ranged from 11 to 28 g/t silver. The SZ composite head grades ranged from 8 to 36 g/t silver. Both ore types are marginally to poorly amenable to cyanidation. Average silver recoveries are similar for both types of tests (average for all sizes of 35.7% from columns vs. 33.6% for the bottle rolls). Silicified zone composite average silver recoveries are higher in both cyanidation tests (averages of 39.2% vs. 26.2% in bottle rolls, averages of 44.8% vs 23.6% in columns) than those for the quartz-alunite composites.

Diagnostic leach tests on 106 micron size samples found good amenability to cyanidation in all samples and no significant refractory material in any composite. Total sulphur in ICP analyses is lower in SZ composites (all <1%) than QA composites (range of 1.68 to 3.85%). Sulphide sulphur content is low in both, notably lower in SZ samples (maximum 0.05%) compared to QA samples (range of 0.36 to 0.83%). These results are consistent with visual evidence of (near) complete oxidization of hypogene sulphide minerals in both alteration zones. Total organic and inorganic carbon is very low in all samples. Cyanide consumption is low to moderate with the highest

consumption in the sample column leached for significantly longer (test P-11 for 151 days compared to 66 to 122 days for other samples). Lime requirements are low to moderate for all composites. These are both generally positive factors in the economics of heap leach operations.

The pervasive oxidation of both ore types is demonstrated by <1% visible sulphides (primarily pyrite and marcasite with traces of bornite, covellite ± chalcopyrite in one sample) in reflected light studies and no sulphides were found by XRD. Jarosite, hematite and hematite/goethite mixtures appear to completely replace the primary sulphides. Kaolinite, barite, rutile and zircon are reported trace mineral phases in the composites. The distinction between the silicification and quartz-alunite alteration is substantiated by the petrographic and mineralogical (x-ray diffraction (XRD)) studies showing alunite comprising 5% or more of the quartz-alunite samples but absent to low (<5%) in SZ composites.

Interpretation and Conclusions

Since acquiring the Del Carmen Project in northwestern Argentina, Malbex has completed some 86 drill holes and demonstrated the existence of a high-sulphidation style epithermal gold-silver deposit at the Del Carmen Norte hydrothermal alteration system that has been named Rojo Grande. The 44 drill holes at Rojo Grande have delineated a body of high-sulphidation style mineralization in three dimensions in the sequence of highly altered andesitic to dacitic volcanic and sub-volcanic rocks estimated to contain an inferred mineral resource of 25.4 million tonnes that contains 816,000 ounces of gold (average grade of 1.00 grams of gold per tonne) and 10.8 million ounces of silver (average grade of 13.3 grams of silver per tonne).

Two phases of metallurgical tests indicate that Rojo Grande is amenable to heap leach cyanidation processing with estimated gold recoveries of about 80%. The visible extent of oxidation of primary sulphide minerals in the deposit is confirmed by metallurgical tests. Recovery rates, cyanide consumption and lime consumptions (necessary to balance the pH in typical leach operations) are within the ranges of typical economic parameters.

Geophysical surveying of the Del Carmen Norte alteration system has yielded mixed results. Near-surface silicification was successfully identified by conventional IP/resistivity, CSAMT and TITAN chargeability/resistivity methods. However, drill testing of deeper anomalies, especially resistivity, did not typically find intense silicification and an explanation for the geophysical anomalies. The utility of the CSAMT and Titan data in future exploration requires some form of evaluation by a professional geophysicist and most likely additional processing in order to resolve the discrepancies between geophysical features and geology.

The principal conclusion drawn from the work completed to date by the Corporation is that further exploration of the Del Carmen Norte alteration system and its contained Rojo Grande deposit is justified. However, the high costs involved in seasonal field campaigns are substantial and the Corporation will find financing additional drill campaigns at Del Carmen Norte challenging. For this reason, the Corporation is seeking a partner with the financial and technical capacity to continue to advance the Del Carmen Project.

Exploration expenditures on the Del Carmen Project appear to satisfy the commitment in the Exploration Agreement signed with IPEEM in 2008 (\$20 million over 5.5 years). While the Corporation continues to seek a JV partner with the financial capacity to initiate another drill campaign at Del Carmen Norte, several less costly activities are currently contemplated in the eventuality that a joint venture partner is not chosen in time for the current Andean summer.

It is contemplated that the Corporation may proceed to a Preliminary Economic Assessment (PEA) in order to define the future drilling requirements to bring the Rojo Grande resources to higher confidence levels (indicated, measured).

Employees

As of the date hereof, the Corporation employs six management and administrative staff, three professional staff and two 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 Del Carmen Project.

The Corporation holds its interest in the Del Carmen Project through the Exploration Agreement between Malbex San Juan and IPEEM, the registered holder of the Del Carmen Project. In order to maintain its interest in the Del Carmen Project, the Corporation is required to keep the Exploration Agreement 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 Del Carmen Project.

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 Del Carmen Project 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 Corporation's projects are in the exploration stage and, with the exception of the Del Carmen Project, are without reportable mineral resources or mineral reserves. Development of any of the properties (including the Del Carmen Project) 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 Del Carmen Project 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 single project.

The Corporation's activities are currently focused on the Del Carmen Project. 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 Del Carmen Project 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, employee and contractor 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 non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports and increased financing costs. Any mining activities on the Corporation's projects must conform to applicable governmental regulations in force at the time such activities are undertaken.

Argentina's National Congress recently passed Federal Law 26.639, which purports to ban all mining activities on glaciers and in the periglacial regions in Argentina and empowers the IANIGLA to create a nationwide inventory of glaciers and periglacial regions. Federal Law 26.639 was published in the Argentinean Official Gazette on October 28, 2010. Although the definitions of the terms "glacier" and "periglacial" contained in Federal Law 26.639 should be subject to more detailed definitions to be contained in regulations enacted by the Executive Branch of the Argentinean government, Presidential Decree 207/2011 made under Federal Law 26.639 was limited to the scope of the glacial and periglacial inventory and did not contain any provisions in respect of the "glacier" and "periglacial" definitions. 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 injunction was overturned by the Supreme Court of Argentina, although a final decision about this lawsuit is still pending. 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 further regulations and IANIGLA completes the glacial and periglacial region inventory, which was mandated by law to be completed by the middle of 2011 but which has experienced several delays. The timing of completion of the federal glacier survey is uncertain at this time. The Province of San Juan has also enacted its own glacier protection law, which does not contain a general ban on mining activities and is aimed only at protecting glaciers. San Juan

province is also conducting its own glacier inventory. Although the glacier inventory has not yet been completed, the San Juan authorities have indicated that the survey conducted up to this time has not found glaciers affecting any mining activities currently being conducted.

A preliminary glacier survey carried out for Malbex by a third party in early 2010 found that the Corporation's Del Carmen Project does not contain glaciers; however, the third-party survey did not address whether the Del Carmen Project might be located within a periglacial region. With the enactment of the new provincial glacier protection law, a more detailed study was commissioned in late 2010 of the entire 15,129-hectare Del Carmen concession package. This more detailed study did identify several small bodies of year-round snow and ice that may meet the definition of a glacier under the provincial law, as well as a number of other periglacial features such as rock glaciers (frozen landslides). These features are mainly located on a portion of the Del Carmen concession that is removed from the mineralization and alteration at Del Carmen Norte. However, there are five small (less than one hectare) bodies of snow and ice that straddle the border between Chile and Argentina, approximately one kilometre away from the Rojo Grande target currently being drilled. While the Corporation is not currently working in the vicinity of these snow and ice bodies, it is preparing to undertake a more detailed study to determine what, if any, additional measures are required to ensure full compliance with the provincial law.. 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 Del Carmen Project, 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 Del Carmen Project. 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 Del Carmen Project is 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 Del Carmen Project, 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 Del Carmen 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 the

Del Carmen Project. 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 Del Carmen Project.

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 Del Carmen Project or to fulfill its obligations under the Exploration Agreement and other applicable agreements. In order to maintain its interest in the Del Carmen Project, the Corporation is required to keep the Exploration Agreement 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 Del Carmen Project. 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 Del Carmen Project.

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.

Market events and conditions may adversely affect the Corporation's business and industry.

Beginning in late 2009, concerns of a sovereign debt crisis regarding some European Union (EU) states developed among fiscally conservative investors. While sovereign debt increases have been most pronounced in only a few Eurozone countries, they have become a perceived problem for the area as a whole. Additionally, there has been a growing concern about rising government deficits and debt levels across the globe. Those concerns have created and may continue to create alarm in the credit and financial markets which could, among other things, make it more difficult for the Corporation to obtain, or increase its cost of obtaining, capital and financing for its operations on terms acceptable to the Corporation or at all.

The unprecedented events in global financial markets in 2008 and 2009 and the current Eurozone sovereign debt crisis have had a profound impact on the global economy. Many industries, including the gold mining industry, were and continue to be impacted by these market conditions. Some of the key impacts of the financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. While many economies around the world have been slowly improving, there can be no assurance that the global economy will continue to improve or another financial or economic crisis will not occur in the future. The global economic outlook remains relatively uncertain. A slowdown or crisis in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Corporation's growth and profitability, and the trading price of the Common Shares could be adversely affected.

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 affect the earnings or loss of the Corporation.

Other than corporate and administrative activities, the operations of the Corporation are conducted entirely in Argentina and Peru. Certain of the operating costs of the Corporation are incurred in Argentinean pesos, Peruvian soles 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 Corporation's projects.

No assurances can be given that there are no title defects affecting the Corporation's projects. The Corporation's 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 Corporation's 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 132,261,596 Common Shares and no Preference Shares were outstanding as of September 30, 2012 and as of December 7, 2012.

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, 2012.

	<u>High</u>	<u>Low</u>	<u>Volume</u>
	(\$)	(\$)	
2011			
October	\$0.40	\$0.22	2,944,163
November	\$0.40	\$0.27	2,774,232
December	\$0.40	\$0.30	4,003,642
2012			
January	\$0.50	\$0.37	3,222,505
February	\$0.45	\$0.35	1,517,338
March	\$0.39	\$0.26	1,276,106
April	\$0.28	\$0.15	2,720,030
May	\$0.16	\$0.08	5,108,514
June	\$0.15	\$0.08	4,152,491
July	\$0.09	\$0.07	3,011,830
August	\$0.12	\$0.06	7,517,354
September	\$0.15	\$0.10	4,449,885

PRIOR SALES

During the financial year of the Corporation ended September 30, 2012, 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>
Options to Purchase Common Shares		
January 17, 2012	\$0.45	4,355,000 ⁽³⁾

Notes:

- (1) Indicates the exercise price per Common Share of the options to purchase Common Shares.
- (2) Indicates the number of Common Shares for which the options are exercisable.
- (3) Options to purchase Common Shares granted under the share 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, 2012, 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.

Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Common Shares	Nil ⁽¹⁾	0%

Notes:

- (1) On May 2, 2012, 1,193,333 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. On November 2, 2012, the remaining 1,193,333 Common Shares that were held in escrow 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.

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.

Name and Province of Residence	Position	Principal Occupation	Director Since
Frank L. Davis ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	Director	Counsel to Fraser Milner Casgrain LLP (law firm) since February 1, 2011; prior to that, Partner at Fraser Milner Casgrain LLP	June 1, 2012
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⁾⁽⁴⁾ Ontario, Canada	President, Chief Executive Officer and Director	President of PICKAX International Corp. (consulting company) since 2006; Managing Director of Primary Capital (Limited Market Dealer) since November 2010; Director and Chief Executive Officer of Unigold Inc. (mining company) from October 2010 to October 2011 and Chairman from October 2011; 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; a Professional Geologist with over 25 years of industry experience and a Chartered Financial Analyst since 2003	October 30, 2009

Name and Province of Residence	Position	Principal Occupation	Director Since
A. Terrance MacGibbon ^{(1) (2)} Ontario, Canada	Director	Chairman of Torex Gold Resources Inc. and INV Metals Inc.; prior to that Mr. MacGibbon was President and Chief Executive Officer of FNX Mining Company Inc. ("FNX") from November 1997 to September 17, 2007 and Chairman of FNX from September 2007 until May 2012. Mr. MacGibbon is a professional geologist with over 40 years of experience in the mining industry	November 2, 2009
Stephanie Malec Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Corporation from February 1, 2011; Controller of Starfield Resources Inc. from 2008 to 2011; Controller of Dundee Precious Metals Inc. from 2005 to 2008	--
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	--
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) Mr. Davis joined the board of directors on June 1, 2012, after Mr. Patrick F. N. Anderson tendered his resignation from the board of directors effective May 29, 2012.
- (4) Mr. Hamilton became President and Chief Executive Officer of the Corporation on June 1, 2012, after Mr. Tim Warman tendered his resignation as President and Chief Executive Officer effective May 31, 2012.

As of December 7, 2012 the directors and executive officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 13,387,297 Common Shares representing approximately 10% 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 interests 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 only material contract 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, is the Exploration 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 Messer's. B. Terrence Hennessey, P.Geo., and Richard Gowans, P.Eng., of Micon. Messer's. Hennessey and Gowans did not hold any securities of the Corporation, or of any associate or affiliate of the Corporation, when they prepared the Technical Report, 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 report. Neither Mr. Hennessey nor Mr. Gowans is currently or is 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) 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 ended September 30, 2012 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.

PricewaterhouseCoopers LLP, Chartered Accountants, 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 years ended September 30, 2010, September 30, 2011 and September 30, 2012 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.