

MOSQUITO CONSOLIDATED GOLD MINES LTD.
FOR THE YEAR ENDED JUNE 30,2009
Management Discussion and Analysis (MD&A) Form 51-102F1

The following management discussion and analysis of the results of operations and financial conditions ("MD&A") for Mosquito Consolidated Gold Mines Ltd. (the "Company" or "Mosquito") should be read in conjunction with the audited financial statements for the year ended June 30, 2009 and the related notes therein. The financial information in this MD&A is derived from the Company's audited financial statements prepared in accordance with Canadian generally accepted accounting principles. The effective date of this MD&A is October 14, 2009. Additional information on the Company is available on SEDAR at www.sedar.com and on the Company's website at www.mosquitogold.com

OVERVIEW

Business of Mosquito

Mosquito is an exploration stage company engaged in the acquisition, exploration and development of mineral properties of merit in Canada and the United States with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation.

Forward looking statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Trends

The mineral exploration industry has been through a very difficult period with low prices for both precious and base metals. Lack of interest may lead to low market capitalizations and major mining companies found it was easier to grow by purchasing companies or mines rather than explore for them. This, in turn, led to downsizing of major mining company exploration staff and many professionals took early retirement or left the industry to pursue other careers. As a result of these trends, there are few, good base-metal or gold-silver projects at a late stage of development and a shortage of experienced exploration personnel. With improving metal prices and increasing demand, especially from Asia, supply difficulties may occur in the future and there is a discernible need for good exploration projects based on sound geological work. At the same time, environmental groups have successfully lobbied for more wilderness areas and parks where exploration and mining activities are not allowed. Native groups are actively pursuing land claims and there is a rise of militant national and religious groups in many parts of the world. These issues tend to restrict the areas where mineral exploration and development of new mines can occur. This should make areas permissive to exploration more attractive. As junior companies (many of which are staffed by former large company geologists) find it easier to raise funds, they are beginning to seek properties of merit to explore.

Risks and uncertainties

The Company is subject to a number of risks and uncertainties, the significant of which are discussed below. Additional risks and uncertainties not presented may also impact the Company's financial results in the future.

Industry

Mosquito is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that a mineral deposit will ever be discovered and economically produced. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Reserve and mineralization estimates

The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated.

Gold and metal prices

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products that the Company may explore all have the same or similar price risk factors.

Cash flows and additional funding requirements

Mosquito has not commenced operations as yet. If any of the Company's exploration programs are successful and optionees of properties complete their earn-in, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest in the projects, or be reduced to a royalty interest. Additional capital would be required to put a property into commercial production. The sources of funds currently available to the Company are the sale of marketable securities, sale of equity capital or the offering of an interest in its projects to another party.

Exchange rate fluctuations

Fluctuations in currency exchange rates, principally the Canadian/U.S. dollar exchange rate, can significantly impact cash flows. The exchange rate has varied substantially over time. Most of the Company's exploration expenses are in U.S.A and in U.S. dollars. Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which may impact financial results. The Company does not engage in currency hedging to offset any risk of exchange rate fluctuation.

Environmental

Mosquito's exploration and development activities are subject to extensive laws and regulations governing environment protection. The Company is also subject to various reclamation-related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures.

Laws and regulations

Mosquito's exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions it operates in. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, its advisors, its employees and contractors to ensure compliance with current laws and relies on its land man in Australia and legal council in both Canada and the United States.

Title to mineral properties

While the Company has investigated title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Unresolved native land claim issues in British Columbia and Australia may affect the Company's properties in these jurisdictions in the future.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the financing of the conduct of its business by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company may seek a joint venture partner to fund in whole or in part exploration projects. This dilutes the Company's interest in properties it has acquired. This dilution of interest in properties is done to spread or minimize the risk and to expose the Company to more exploration plays but means that any profit that might result from a possible discovery would be shared with the joint venture partner. There is no guarantee that the Company can find a joint venture partner for any property.

Material Risk of Dilution Presented by of Issuance of Outstanding Share Purchase Options and Warrants and Mineral Property

As of October 14, 2009 there were share purchase options outstanding allowing the holders of these options to purchase 5,899,000 common shares and share purchase warrants outstanding allowing the holders to purchase 19,845,971 common shares.

Given the fact that as of October 14, 2009, there were 59,231,848 shares of common stock outstanding, the exercise of all of the existing share purchase options and warrants would result in further dilution to the existing shareholders and could depress the price of the Company's shares. These shares may be issued and could depress the price of the Company's shares.

Dependence on management

The Company strongly depends on the business and technical expertise of its management and there is little possibility that this dependence will decrease in the near term.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of which, the Company may miss the opportunity to participate in certain transactions and may have a material, adverse effect on its financial position.

Trading Volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Competition

There is competition from other mining exploration companies with operations similar to those of the Company's. Many of the mining companies with which the Company competes have operations and financial strength greater than that of the Company.

Mineral Projects – USA

Pine Tree – Nevada

The property consists of 61 claims (510 hectares) located in the Pilot Mountains, Mineral County, western Nevada. Situated five miles east of the town of Mina, Nevada, half way between the cities of Reno and Las Vegas, the Pine Tree Project lies in an area that is host to several active small-scale mines and operations, as well as significant historical past producers. These include the Santa Fe gold mine located approximately 14 miles north of the project, which was operated by Homestake and produced approximately 750,000 ounces of gold between 1988 and 1993 and the Candelaria Mine, located approximately 15 miles to the south of the project, currently owned by Silver Standard Resources, which produced 68 million ounces of silver between 1970 and 1999. The primary target being sought on the project by Mosquito is a large (+200 million ton) copper-molybdenum-rhenium porphyry deposit, with potential gold, silver and tungsten by-products.

Mosquito has an option to purchase the Pine Tree Project through a combination of cash (totaling \$2.0 million) and share payments (totaling 300,000 shares) to the two project vendors. Originally staked in the 1950s, over 2,310 feet of historical underground drifting and 1,492 feet of diamond drilling in two holes were completed on the project at an estimated present day cost of \$1.25 million. Mosquito believes, based on results from the limited past exploration programs on the Pine Tree Project, that previous owners did not recognize the potential for a significantly sized deposit.

In March 2006, the Company, after spending approximately U.S.\$ 600,000, completed the stage 1 program on the property, Work consisted of surface and underground mapping, sampling of all known mineralized zones and showings, cleaning and gaining access to all underground workings and the drilling of five diamond drill holes totaling 4455 feet (1358 meters). Results have confirmed the presence of the previously unrecognized copper-molybdenum porphyry system. In addition the presence of by product elements such as gold silver, rhenium, indium and gallium make this extremely attractive. The Northern most hole (PT07-12 intersected 395.94 meters (1299 feet) grading 1.01% Copper equivalent. The program outlined a mineralized zone 1150 meters long 1100 meters wide ranging in thickness from 130 to 400 meters. The zone is open in all directions, especially to the north where alteration and mineralization indicate that the northern most hole (PT07-12) is located on the southern edge of the system.

As a result of the success of the stage 1 program the Company commenced a stage 2 program with a budget of \$3,500,000 to continue drilling to the north and east to follow and thus expand the thick mineralized zone encountered in stage 1.

The table below lists the location and orientation of the drill holes. All holes have been surveyed down the hole using a Flex-It survey instrument.

| Hole Number | Northing feet | Easting feet | Elevation feet | dip degrees | azimuth degrees | Length feet |
|-------------|---------------|--------------|----------------|-------------|-----------------|------------------------|
| PT06-06 | 100,670 | 199,610 | 7105 | -90 | 000 | 670 |
| PT06-07 | 101,175 | 199,165 | 7170 | -70 | 041 | 1536 |
| PT09-08 | 101,592 | 198,160 | 6715 | -60 | 195 | 595 |
| PT06-09 | 101,425 | 198,380 | 6840 | -60 | 116 | 782 |
| PT06-10 | 101,315 | 200,015 | 7485 | -90 | 000 | 1417 |
| PT07-11 | 101,774 | 199,734 | 7436 | -90 | 000 | 2009 |
| PT07-12 | 102,196 | 199,651 | 7388 | -70 | 026 | 2371.5 |
| PT07-13 | 103,622 | 199,311 | 6721 | -70 | 177 | 1028 abandoned |
| PT07-14 | 103,637 | 199,310 | 6723 | -70 | 098 | 1183.5 to be continued |
| PT07-15 | 101317 | 200013 | 7485 | -70 | 066 | 1327 completed |
| PT08-16 | 101778 | 199232 | 7435 | -70 | 000 | 796.50 abandoned |
| PT08-17 | 102223 | 199665.20 | 7379 | -70 | 000 | 2249 completed |
| PT08-18 | 101970 | 199120 | 7120 | -90 | 000 | 687 abandoned |
| PT08-19 | 100929 | 201173 | 7735 | -90 | 000 | 925 completed |
| PT08-20 | 100929 | 201172 | 7735 | -65 | 045 | 1159.50 completed |
| PT08-21 | 100929 | 201175 | 7735 | -65 | 271 | 998 completed |

Full summary of the analytical results are outlined below. Mineralization consists of copper, molybdenum, gold, silver, rhenium, indium and gallium. As a result of the multi-element nature of the mineralization, it was decided to calculate a copper equivalent for the intercepts. The presence of the by-product elements gold, silver, rhenium, indium and gallium is very significant in terms of the development of the property

| | from meters | To meters | Length (m) | Cu Equiv. % | Cu % | MoS2 % | Re (ppb) | Au (Gms/T) | Ag (Gms/T) | In (Gms/T) | Ga (Gms/T) |
|-----------|-------------|-----------|------------|-------------|------|--------|----------|------------|------------|------------|------------|
| PT06-06 | 57.0 | 204.2 | 147.2 | 0.82 | 0.11 | 0.041 | 68 | 0.028 | 2.64 | 0.43 | 18.15 |
| including | 110.9 | 121.9 | 11.0 | 1.34 | 0.18 | 0.075 | 105 | 09 | 5.32 | 1.18 | 21.98 |
| | 131.1 | 201.8 | 70.7 | 1.08 | 0.11 | 0.065 | 103 | 0.031 | 2.48 | 0.46 | 17.14 |

Almost the entire core is sampled and cut in half using a diamond saw. Half the core is sent for analysis the other half has been kept and stored at the core facility located on site. Following cutting the samples are delivered directly by Mosquito personnel to ALS Chemex in Reno, a fully accredited analytical laboratory. They are first analyzed for 47 elements using a four (4) acid digestion with analysis by Inductively Coupled Argon Plasma Optical Mass Spectrometer (ICP-MS) and for gold using a 50 gram fire assay with an Atomic Absorption (AA) finish. Copper and Molybdenum bearing samples are then checked by using a larger 5 gram sample and analyzed using a pressed power pellet X-Ray Fluorescence Spectroscopy (XRF).

CUMO Deposit – Idaho

The CUMO Project is situated in the mountains of south-central Idaho, approximately 15 miles northeast of the town of Idaho City. Good all weather highway and logging roads provide easy access to the project from Idaho City.

Geologically, the CUMO Project is situated along the northeast trending Trans-Challis Structural Zone in a complex assemblage of Tertiary age felsic dykes and stocks that intrude quartz monzonite of the Idaho batholith. Between 1973 and 1981 AMAX drilled 26 holes totaling 30,821 feet and in 1982, produced a computer generated Kriged block model for the project, estimating geological reserves of 1.387 billion tons of 0.093% MoS₂ at a cut-off grade of 0.05% MoS₂. A higher-grade core zone of 444 million tons of 0.135% MoS₂ at a 0.10% MoS₂ cut-off was also included in this estimate. It should be noted that any reserve/resource estimate referred to are historic and as such, in accordance to NI43-101, Section 2.4, should be used only as an indicator of the potential of the property. In 1997, the Project was staked by Cumo Molybdenum Mining Inc. who optioned the Project to Mosquito in the fall of 2004

On January 21, 2005, the Company entered into an option agreement with Kobex Resources Ltd. (“Kobex”), whereby Kobex may acquire a 100% interest in two Company properties, the Cumo Molybdenum Property located in Boise County, Idaho and the Trikay Copper-Gold Property in Queensland, Australia. Under the terms of the Agreement, Kobex would earn a 100% undivided interest in these Properties in consideration of cash payment of \$5,000,000, 12,500,000 treasury shares and \$10,000,000 of work expenditure commitment. Under the terms of the Agreement, Kobex also assumed certain obligations with respect to the “Option to Purchase Agreement” between Cumo Molybdenum Mining Inc. and the Company, including the minimum advance royalty payments.

On November 7, 2005, the Company signed an amending agreement with Kobex whereby Kobex surrendered all the rights and interest to the Trikay property and in consideration of the surrender of the Trikay property, the Company agreed to reduce all cash payments and expenditures to be made on the Cumo property by 25% and the amount of expenditures was extended by one year.

Kobex had not issued the shares or made the required cash payments during the period ended July 31, 2006. In the quarter ended September 30, 2006 Kobex surrendered all rights and interests in the Cumo Property to the Company.

The Company took over control of the 2006 Cumo Drill program from Kobex Resources Ltd. Since then the Company has completed five holes with two currently drilling. The exploration program is under the direction of Dr. Matt Ball, Ph.D., P.Geo. a Director and Senior Geologist.

The table below lists the location and orientation of the current drill holes. All holes are being surveyed down the hole using a Reflex survey instrument.

| Hole Number | Northing feet | Easting feet | Elevation feet | dip degrees | azimuth degrees | Length feet |
|-------------|---------------|--------------|----------------|-------------|-----------------|-----------------------|
| 27-06 | 120,016.7 | 220,160.3 | 6351.4 | -90 | 000 | 1849 |
| 28-06 | 119,531.6 | 220,796.4 | 6321.1 | -90 | 000 | 1711 |
| 29-07 | 120,016.7 | 220,160.3 | 6343.3 | -70 | 140 | 2281.7 |
| 30-07 | 119,585.8 | 219750.7 | 6213.1 | -90 | 000 | 2416 |
| 31-07 | 120,016.7 | 220,160.3 | 6326.4 | -70 | 045 | 2104 |
| 32-07 | 119,480.0 | 220,720.3 | 6316 | -70 | 190 | 2044 |
| 33-07 | 118585.3 | 221,268.9 | 6798 | -90 | 000 | 2095 suspended |
| 34-07 | 118530.5 | 220,343.8 | 6512 | -70 | 095 | 1769 suspended |
| 35-08 | 118658.3 | 220487.4 | 6534 | -90 | 000 | 2817 completed |
| 36-08 | 119266.8 | 219322.9 | 6457 | -90 | 000 | 2488 completed |
| 37-08 | 119755.7 | 221220.4 | 6341 | -70 | 335 | 2195 completed |
| 38-08 | 118658.3 | 220487.4 | 6534 | -70 | 180 | 2445 completed |
| 39-08 | 118872.7 | 220777.6 | 6466 | -90 | 000 | 2688 completed |
| 40-08 | 119539.8 | 220816.8 | 6321 | -70 | 225 | 2252 completed |
| 41-08 | 119545.7 | 219005.8 | 6247 | -90 | 000 | 3018 completed |
| 42-08 | 118711.9 | 219886.6 | 6544 | -70 | 270 | 2707 stopped (winter) |
| 43-08 | 120515.6 | 220178.6 | 6198 | -80 | 040 | 1313 stopped by fault |
| 44-08 | 118068.1 | 221448.9 | 6733 | -65 | 075 | 3047 completed |
| 45-08 | 119802.3 | 218821.4 | 6183 | -80 | 330 | 1796 stopped (winter) |

Assay results for holes 27 to 37. These include:

Hole 27-06: 563.6 meters (1729.0 feet) grading 0.085% MoS₂ (0.108% MoS₂ Eq)
Or 328.9 meters (1079.0 feet) grading 0.111% MoS₂ (0.132% MoS₂ Eq)

Hole 28-06: 563.6 meters (1729.0 feet) grading 0.085% MoS₂ (0.108% MoS₂ Eq)
Or 328.9 meters (1079.0 feet) grading 0.111% MoS₂ (0.132% MoS₂ Eq)

Hole 29-07 614.1 meters (2040.0 feet) grading 0.103% MoS₂ (0.129% MoS₂ Eq)
Including 377.2 meters (1253.0 feet) grading 0.130% MoS₂ (0.150% MoS₂ Eq)

Hole 30-07 715.1 meters (2346.0 feet) grading 0.107% MoS₂ (0.132% MoS₂ Eq)
Including 246.1 meters (807.5 feet) grading 0.185% MoS₂ (0.207% MoS₂ Eq)

Hole 31-07 634.6 meters (2082.0 feet) grading 0.063% MoS₂ (0.086% MoS₂ Eq)
Including 231.7 meters (760.0 feet) grading 0.081% MoS₂ (0.104% MoS₂ Eq)

Hole 32-07 610.8 meters (2004.0 feet) grading 0.115% MoS₂ (0.143% MoS₂ Eq)
Including 70.1 meters (230.0 feet) grading 0.168% MoS₂ (0.192% MoS₂ Eq)

Hole 35-07 668.3 meters (2220.0 feet) grading 0.066% MoS₂ (0.089% MoS₂ Eq)
Including 273.9 meters (910.0 feet) grading 0.095% MoS₂ (0.114% MoS₂ Eq)

Hole 36-08 477.9 meters (1568.0 feet) grading 0.102% MoS₂ (0.123% MoS₂ Eq)
Including 303.9 meters (997.0 feet) grading 0.133% MoS₂ (0.153% MoS₂ Eq)

Hole 37-08 642.7 meters (2135.0 feet) grading 0.085% MoS₂ (0.107% MoS₂ Eq)
Including 406.4 meters (1350.0 feet) grading 0.104% MoS₂ (0.122% MoS₂ Eq)

Hole 38-08 692.3 meters (2271.0 feet) grading 0.029% MoS₂ (0.045% MoS₂ Eq)
Including 100.6 meters (330.0 feet) grading 0.045% MoS₂ (0.056% MoS₂ Eq)

| | |
|----------------------|--|
| Hole 39-08 Including | 724.8 meters (2378.0 feet) grading 0.101% MoS ₂ (0.110% MoS ₂ Eq) 236.5 meters (776.0 feet) grading 0.143% MoS ₂ (0.148% MoS ₂ Eq) |
| Hole 40-08 Including | 668.2 meters (2192.0 feet) grading 0.114% MoS ₂ (0.140% MoS ₂ Eq) 515.1 meters (1690.0 feet) grading 0.129% MoS ₂ (0.154% MoS ₂ Eq) |
| Hole 41-08 Including | 603.5 meters (1980.0 feet) grading 0.074% MoS ₂ (0.081% MoS ₂ Eq.) 164.6 meters (540.0 feet) grading 0.107% MoS ₂ (0.120% MoS ₂ Eq) |
| Hole 42-08 Including | 657.5 meters (2157.0 feet) grading 0.044% MoS ₂ (0.061% MoS ₂ Eq) 224.6 meters (737.0 feet) grading 0.063% MoS ₂ (0.073% MoS ₂ Eq) |
| Hole 43-08 Including | 346.9 meters (1138.0 feet) grading 0.057% MoS ₂ (0.077% MoS ₂ Eq) 48.8 meters (160.0 feet) grading 0.075% MoS ₂ (0.093% MoS ₂ Eq) |
| Hole 44-08 Including | 522.7 meters (1715 feet) grading 0.029% MoS ₂ (0.037% MoS ₂ Eq) 39.6 meters (130 feet) grading 0.055% MoS ₂ (0.063% MoS ₂ Eq.) |
| Hole 45-08 Including | 495.6 meters (1626 feet) grading 0.021% MoS ₂ and 0.15% Cu 239.6 meters (786 feet) grading 0.033% MoS ₂ and 0.18% Cu |

The entire core was sampled and cut in half using a diamond saw. Half the core is sent for analysis the other half has been kept and stored at the core facility located on site. Following cutting the samples are delivered directly by Mosquito personnel to ALS Chemex in Elko, Nevada, a fully accredited analytical laboratory. They are first analyzed for 47 elements using a four (4) acid digestion with analysis by Inductively Coupled Argon Plasma Optical Mass Spectrometer (ICP-MS). Copper and Molybdenum bearing samples are then checked by using a larger 5 gram sample and analyzed using pressed powder pellet X-Ray Fluorescence Spectroscopy (XRF). In addition duplicates, blanks, and standards are analyzed to ensure analytical accuracy and reproducibility. All rejects are being kept for further analysis and for use in metallurgical testing.

During the three months ending March 31, 2009, the Company announced an updated 43-101 compliant indicated and in inferred resource estimate for the CUMO Property. The results significantly expanded the overall mineral resource and further confirm that the CUMO is the largest un-mined open pit accessible primary molybdenum project and is still expanding. Giroux Consulting, an independent, internationally recognized mineral industry consultant, calculated the estimate.

The NI 43-101 calculation confirms that the CUMO deposit contains:

Indicated Classification: 1.3 billion tons with
1.8 billion pounds of molybdenum oxide(MoO₃),
2.1 billion lbs of Copper (Cu),
90.8 million ounces of silver (Ag) and
123.5 million lbs of tungsten(W)

Plus and additional, Inferred Classification 2.25 billion tons with
2.3 billion pounds of molybdenum oxide(MoO₃),
3.3 billion lbs of Copper (Cu),
143.8 million ounces of silver (Ag) and
158.9 million lbs of tungsten(W)

A technical report detailing the resource estimate has been filed at www.sedar.com.

The resource is divided into three components based on a Gross Recovered metal value cutoff grade. These are estimates of what may be considered waste, stockpile and run of mill.

Indicated

| Cutoff | GRV | Grade > Cutoff | | | | Contained Metal | | | | | Recov. | Recov. |
|--------|--------|----------------|------|-------|-------|-----------------|----------|---------|---------|---------|---------|--------|
| | | millions | MoS2 | Cu | Ag | W | Million | Million | Million | Million | Million | Cu |
| \$US | (tons) | (%) | (%) | (g/t) | (ppm) | lbs. Mo | lbs MoO3 | lbs Cu | oz Ag | lbs W | Equiv | Equiv |
| <5 | 72.5 | 0.011 | 0.07 | 2.06 | 27.53 | 9.5 | 14.2 | 101.0 | 4.4 | 4.0 | 0.12 | 0.25 |
| 5-20 | 715.3 | 0.041 | 0.09 | 2.55 | 42.23 | 348.0 | 522.0 | 1264.0 | 53.2 | 60.4 | 0.43 | 0.85 |
| >20 | 659.1 | 0.110 | 0.06 | 1.95 | 47.88 | 869.0 | 1303.6 | 845.0 | 37.5 | 63.1 | 1.02 | 2.03 |

Inferred

| Cutoff | GRV | Grade > Cutoff | | | | Contained Metal | | | | | Recov. | Recov. |
|--------|---------|----------------|------|-------|-------|-----------------|----------|---------|---------|---------|---------|--------|
| | | millions | MoS2 | Cu | Ag | W | Million | Million | Million | Million | Million | Cu |
| \$US | (tons) | (%) | (%) | (g/t) | (ppm) | lbs. Mo | lbs MoO3 | lbs Cu | oz Ag | lbs W | Equiv | Equiv |
| <5 | 270.3 | 0.006 | 0.06 | 1.85 | 31.11 | 17.9 | 26.9 | 323.0 | 14.6 | 16.8 | 0.12 | 0.25 |
| 5-20 | 1,417.4 | 0.032 | 0.08 | 2.31 | 34.98 | 545.1 | 817.7 | 2345.0 | 95.4 | 99.2 | 0.35 | 0.70 |
| >20 | 828.6 | 0.097 | 0.06 | 2.00 | 36.05 | 964.2 | 1446.3 | 1000.0 | 48.4 | 59.7 | 0.89 | 1.79 |

Gross recovered metal value is a single value calculated by using the metallurgical recoveries, grades of blocks and assumed metal prices., namely the following metal prices(all in US\$):
Copper \$1.50/lb, Molybdenum Oxide (\$15/lb), Silver \$0.35/gram and Tungsten \$0.22/gram.(\$7.00 per lb)

Formulas :

Recv for a metal is taken from the Metallurgical recovery table below for each assay/block in a particular zone and is value percentage/100

$$GRV = ((Cu * 20 * \$ * recv) + ((MoS2 * 20 * (1.5/1.6681) * \$ (MoO3) * recv) + (Ag * \$ * recv) + (W * \$ * recv))$$
 Recovered Cu. Equiv. = $GRV / (\$(Copper) * 20)$
 Recovered MoS2. Equiv. = $GRV / ((1.6681/1.5) * \$ (MoO_3) * 20)$

Mosquito's efforts are concentrated on improving the inferred resource to measured and indicated and expanding the overall resource and >\$20/ton material.

Metallurgical work on a series of large samples (total 700 kilograms) from the three mineralized zones has been completed by SGS Labs of Vancouver,. The Metallurgical testing results have shown excellent metal recoveries within all three zones.

| Zone | Cu% | MoS2% | Ag % | W % |
|-------------|------------|--------------|-------------|------------|
| Oxide | 60% | 80% | 70% | 35% |
| CuAg | 68% | 85% | 73% | 35% |
| CuMo | 87% | 92% | 78% | 35% |
| Mo | 80% | 95% | 55% | 35% |

Brown and Caldwell of Boise, Environmental Engineers and Consultants have been hired to initiate environmental baseline studies in order to collect data required for scoping and feasibility studies. In addition, they will be putting data together for an environmental assessment study required for building additional drill access roads covering the southern part of the property. The work done to date indicates only a small portion of the potential of the property has been explored to date, additional drill roads will be required in order to access these areas.

Mosquito has started the 2009 drill program and will use the current resource estimate in a independent Preliminary Economic Assessment(scoping/sizing study) produced by a major engineering company at various production rates ranging from 50,000 to 200,000 tons per day to establish economic viability. The results of the study will be used to determine what production rate is optimum and thus establish the appropriate cutoffs to be used and the mineable reserve target that will be used to control the 2010 drilling.

Blackpoint - Nevada

Project covers an area of 410 hectares in Eureka County, Nevada, approximately eight miles northeast of the town of Eureka. Situated within the major Battle Mountain-Eureka Gold Trend of central Nevada, the project is located northeast of the past producing Ruby Hill Gold Mine, which produced approximately 135,000 ounces of gold annually between 1997 and 2002. The project hosts a silica-sericite (or "low-sulfidation") epithermal gold system with extensive silica-sericite alteration and scattered gold values, indicating that the observed surface exposure is located in the barren cap part of the system above the high grade gold bearing boiling zone. The proposed target is a typical high grade Carlin type sedimentary-hosted deposit beneath the surface exposed cap rocks.

Past work conducted in the 1980s consisted of surface mapping, sampling and a few short diamond drill holes drilled along the outer edge of the mineralizing system, which failed to intersect any significant gold values. Mosquito was in the process of completing its first exploration program on the Blackpoint Project and proposed a US\$500,000 exploration program, which will consist of aerial photography, geological mapping and sampling and approximately 6,000 feet of diamond drilling. The purpose of the program is to look for a hidden deposit beneath the exposed surface. Drill holes will target the area 250 to 500 meters below the surface in the centre of the system. During the Year 2008, management wrote down the carrying value of the property to a nominal amount as it does not have an immediate work program for the property.

Spruce Mountain Molybdenum Project, Elko, Nevada, USA

In May 2006 the Company has signed a purchase agreement for 53 patented claims on Spruce Mountain, Elko County, Nevada. The property which includes surface rights and presently owned by Shea Insurance Group Inc. of Boston; covers a large molybdenum porphyry system containing silver, rhenium and copper. The Project is situated forty miles (65 kilometers) south of the town of Wells, Nevada, 25 miles north of Currie and 8 miles east of Highway 93. Access to the property is excellent with numerous roads and 4x4 trails throughout the area. Rail lines are located within 25 miles of the property to the north, northeast and south. The outright purchase of the land consists of a total of \$550,000.

Spruce Mountain has been known for many years to host significant lead-silver mineralization which was mined between 1869 and the late 1930's. In 1977, during exploration for more lead-silver mineralization, Freeport Exploration Company discovered molybdenum-silver mineralization associated with a large intrusion known as the Spence porphyry. Several significant intersections were obtained between 1977 and 1982 including a small diamond and rotary hole drilling program by Amax. However with low molybdenum prices the property was returned to the original owners. In 1984 Santa Fe mining optioned the property having become interested in the gold potential of the Pilot Shale and by the end of 1985 had drilled 25 holes totaling 10,000 feet. This exploration encountered gold bearing quartz stockwork veins up to 80 feet thick. Santa Fe however, felt the drilling had not proven up sufficient mineralization for further work and dropped the option.

Spring Creek Property, Idaho, USA

On March 9, 2007, the Company entered into a purchase agreement to purchase 6 unpatented claims located in the state of Idaho, USA, formerly known as the "Motley Property". Under the terms of the Agreement, the Company acquired 100% undivided interest in the Property for 100,000 common shares of the Company with a 1% NSR to the vendors and a finder's fees of 10,000 common shares of the Company. The company staked 299 additional claims to cover the numerous quartz veins that have been identified in the area of the property.

Copper Chief, Nevada, USA

In April 2007, the Company staked 40 claims known as "Copper Chief", in Mina, Nevada. These claims are approximately 4 miles north of Pine Tree Project.

Kirkness Diamond Drilling Co. Inc.

On July 9, 2007 Mosquito acquired all assets of Kirkness Diamond Drilling of Carson City for U.S.\$3 million. The purchase was necessary as the lack of drilling services in North America has limited the Company's ability to complete its exploration programs. Mosquito now has more than sufficient drills to complete its exploration programs on its various projects. The Mosquito's and Kirkness drill fleets have been combined and are now being scheduled for various projects and contracts. Kirkness will remain a diamond drill contactor in addition to supplying drills for Mosquito's projects.

Mineral Projects - Canada

Mosquito Mine –Cariboo Gold Quartz Mine. Wells B.C.

The Company was created in 1971 with the primary objective of establishing a mining complex on the former producing mines known as Island Mountain Mine and Cariboo Gold Quartz Mine,

which are located near Wells B.C. This was accomplished in 1980 when the Mosquito Mine commenced production. The mine operated in a production, development or exploration mode until 1994 when an agreement was reached with International Wayside Gold Mines Ltd. ("WGM"). From 1994 to the present the Cariboo Gold Quartz claims have been actively developed by WGM with the purpose to develop an economically feasible mine.

Mosquito presently has two separate agreements with WGM. In an October 1994 agreement, WGM earned the right to earn a 50% interest in the Cariboo Gold Quartz claim group. In order to maintain this agreement WGM must spend \$500,000 per year until a bankable feasibility study is presented. This agreement is still in effect.

In a second agreement dated August 22, 2003, Mosquito completed a Property Option Agreement for the Cariboo Gold Project with International Wayside Gold Mines Ltd. This Agreement replaces an earlier agreement between the Parties dated January 25, 1999, as amended by agreement dated January 24, 2002 (collectively the "Previous Option Agreement") pursuant to which the Mosquito granted to Wayside an option to purchase a 50% interest in and to the Cariboo Gold Quartz mineral claims and a 100% interest in and to the Island Mountain Mineral Claims and the Mosquito Creek Mineral Claims (collectively the Properties)

Wayside will also have the exclusive right to extract at any time prior to the exercise of the Option, a bulk sample (the "Bulk Sample") from the Properties with limits on the tons of ore and ounces of gold mined. Mosquito will be entitled to receive a royalty (the "Bulk Sample Royalty") of 5% of "Net Smelter Returns" (as hereinafter defined) derived from the Bulk Sample. On exercise of the Option, Mosquito's royalty will revert to a 3% Net Smelter Return.

In order to exercise the second agreement Option, Wayside must make the following cash payments to Mosquito:

- \$ 50,000, on the signing of the Agreement (paid);
- \$ 450,000 on or before August 31, 2003, (paid)
- \$ 500,000 on or before August 31, 2004; (paid)
- \$ 500,000 on or before August 31, 2005; (paid)
- \$ 500,000 on or before August 31, 2006; (paid) and
- \$ 3,500,000 on or before December 31, 2006. (paid)

The payments listed above have been paid in full, Presently Mosquito now retains a 3% net smelter royalty and the 50% interest described above in the October 1994 Agreement . The royalty gives Mosquito 3% of gross revenues from all minerals produced from the property less smelter charges and transportation costs to a smelter.

Brett Claim Group

On January 30, 2003, Mosquito Consolidated Gold Mines Ltd. completed an agreement to acquire a 100% interest in the Brett #1 and Brett #2 mineral claims located in the Vernon Mining District of British Columbia for a consideration of 300,000 shares of the Company.

On May 10, 2004, an Option Agreement between Running Fox Resource Corp. (RUN-TSX) and Mosquito on the Brett Property was entered into. Running Fox was required to issue 200,000 common shares of their Company and spend \$500,000 on exploration expenditures over one year to earn a 50% interest in the Property. Upon earn-in, the Parties were to enter into a Joint Venture Agreement with Mosquito being Operator for as long as Mosquito maintains a 50%

interest. Running Fox earned a 50% in the project in 2004 but at time of writing, a formal Joint Venture agreement has not been prepared. No significant exploration was completed in the past year. During the Year 2008, management wrote down the carrying value of the property to a nominal amount as it does not have an immediate work program for the property.

Laverty Lake – Red Lake, Ontario

On August 11, 2004 the Company announced the acquisition of a 100% interest of 1156207 Ontario Inc. This corporate entity is the owner of two groups of patented mineral properties known as the “Laverty Property”, Red Lake, Ontario and the “Cummins Property”, near Larder Lake, Ontario.

The purchase price is \$80,000 with the vendor retaining a one percent net smelter royalty (1% NSR). A finder's fee is payable to an arms length party. The agreement is subject to the regulatory approval.

The most advanced property is know as the “Laverty Property” and is located 1 mile west of the town of Red Lake, Ontario and consists of six (6) patented Claims (KRL 5136-8 and 6979-81) on the boundary between Heyson and Dome Townships. The property is located within the heavily explored Red Lake gold camp. Several mines have and are still operating in the area, with Goldcorp's Red Lake Mine and Placer Dome's Campbell Red Lake Mine being the most prolific producers at the present time.

Numerous shafts have been sunk in the immediate vicinity and the old Howey and Hasaga mines are located less than 1.5 miles away. These mines produced approximately 640,000 ounces between 1930 and 1950. The claims were first worked in 1930 with the 15,318 feet of diamond drilling done by Laverty Red Lake Mines Ltd in 1947 and 1950-51. Coin Lake Gold Mines Ltd completed an IP survey in the 1970's. In 1981 Camflo Mines completed 8,661 feet of diamond drilling and a geophysical survey. Finally in 1990 Laverty Red Lake Resources Ltd drilled 2,015' in 4 holes.

Mineralization consists of narrow blue gray quartz veins and veinlets. Two styles of mineralization were identified: the quartz vein/veinlets in an almost east west trending zone drilled in the 1950's with assays ranging from 0.06 oz Au/ton to 1.1 oz Au/ton over a 2 to 3 foot average width (up to 36.8 feet wide). The second style was drilled by Camflo in 1981 into a north-northwest trending diabase dyke, which was traced for a length of 800 feet with widths between 15 to 42 feet (average 25 feet). All drill holes gave results which ranged from 0.04 to 0.185 oz Au/ton over widths up to 7.5 feet (longer widths of lower grade were intersected ranging up to 42 feet). Mineralization was disseminated throughout the dyke and associated with varying amounts of chalcopyrite.

Mosquito feels that the property has the potential to host a significant gold deposit, especially considering its location in the Red Lake Gold Camp. No significant exploration was completed on this project by Mosquito in the past year. During the Year 2008, management wrote down the carrying value of the property to a nominal amount as it does not have an immediate work program for the property.

On December 23, 2008, Mosquito optioned the property to Skybridge Development Corp. Terms of the 48-month option-purchase agreement between Skybridge and Mosquito include annual payments totaling \$500,000, issuance of 1.5 million common shares of Skybridge, along with

exploration work commitments totaling \$1.5-million. Initial payment obligation at signing of the definitive agreement between the parties is \$100,000 and issuance of 250,000 Skybridge shares.

Mosquito retains a 2-per-cent net smelter royalty with Skybridge granted the right to purchase half within one year of the final closing of the fully vested option agreement for \$1-million.

Cummings Project – Larder Lake, Ontario

The Cumming Property consists of five patented mineral claims (5) located in McElroy TWP located approximately 10 kms. SW of Larder Lake, Ontario.

The property is located 850 meters from the Cathroy Larder Mine, which yielded approx. 10,000 ounces of gold. The property is underlain by the same units that host the mine. A 60 feet deep shaft is located on the property.

In 1996, a program consisting geological mapping, geochemistry and geophysics (IP, magnetometer, VLF-EM) was completed by McElroy Minerals Inc. A 17 hole-2230 meter diamond drill program was recommended as a result of the program but was not initiated.

The property is still at the grass roots stage with several structural and geophysical targets identified. The property is located within a major gold bearing belt and has structural and geophysical features that indicate the potential for gold mineralization, however insufficient work has been done in order to define the nature, size and extent of any mineralization. No significant exploration was completed on this project by Mosquito in the past year.

Statlu Creek Gravel Deposit – Mission B.C.

On December 21, 2005, the Company entered into an option agreement whereby the Company would earn a 60% interest in the Statlu Aggregate Project near Chehalis, British Columbia. Under the terms of the Agreement, the Company would finance the project to the time a license of occupation is issued by the Department of Land and Water of British Columbia and a permit is issued which would allow sand and gravels from the property to be mined and sold.

On May 25, 2007, the Company and the vendor agreed that the Company had earned 50% ownership in the Project and that the vendor has the option to re-acquire 100% of Company's interest for the payments totaling \$250,000, paid as follows:

1. payment of \$10,000 within 60 days after the receipt of a Licence of Occupation or June 1, 2008, whichever is earlier
2. Monthly payment on the 15th thereafter until the \$250,000 is paid.
3. If the vendor fails to make the payments to the Company, then a 50/50 joint venture is formed.

Mineral Projects - Australia

Trikey Deposit

The Deposit is situated in the prolific pre-Cambrian Mineral Belt of northwest Queensland, Australia is located approximately 40 kilometers by road from the famous mining center of Mt. Isa. The pre-Cambrian Mineral Belt is host to a number of well known deposits: the Century (zinc), Mount Isa, Hilton Group, Cannington, Lady Loretta, Dougald River base metal, Ernest Henry and Osborne copper-gold, Tick Hill and Selwyn gold (the latter with copper co-product) and the Mary Kathleen and Valhalla uranium deposits. Mosquito currently holds a 100% interest in an

exploration permit covering two kilometer wide by six kilometer long (1,200 hectares) area on the project. To date, two oxide deposits (Copperweed and Rebound) and one large main deposit (Main-Trikay) has been identified.

Previous work on the Trikey Project consists of geological mapping, geochemical and geophysical surveying, the collection of 158 outcrop and trench composite samples, the location of over 6,700 copper bearing outcrops, drilling of 16 shallow rotary percussion holes and metallurgical testing of the acid leaching characteristics of the oxidized ore. This work was completed over a 10 year period between 1990 and 2000 by the geologist owner. The 158 bulk outcrop-composite samples (not less than 40 kilograms each) were also collected by the previous owner, with an average reported grade of 2.65% copper and 0.5 grams of gold per tonne. Values greater than 1.0% copper (67 samples) concentrate in an area 49 hectares in size, averaged 5.91% copper and 1.85 grams of gold per tonne. Mosquito is proposing to spend C\$650,000 on an exploration program for the Trikey Project, whose primary focus will be to further evaluate the project's mineralized zones. A program of detailed geological mapping and sampling has just been completed (March 31) with additional work planned.

On February 3, 2009 Mosquito optioned the property to Salmon River Resources Ltd. Salmon River has agreed to pay Mosquito CAD\$50,000 and, upon TSX approval, will issue Mosquito 100,000 shares of Salmon River. In addition, within 30 days of the delineation by a qualified person, in accordance with NI43-101, of mineral reserves of not less than 2,000,000 ounces of gold or equivalent, Salmon River will pay to Mosquito a further CAD\$1,000,000, or at Mosquito's option, issue to Mosquito that number of common shares of Salmon River having a value of CAD\$1,000,000 based on the weighted average trading price of Salmon River's shares on a recognized stock exchange for the 20 trading days following the public announcement of such reserves.

Additional information about the Company is available on SEDAR at www.sedar.com.

Results of Operations for the years ended June 30, 2009, 2008 and 2007

The Company's audited financial statements for the years ended June 30, 2009 have been prepared in accordance with Canadian generally accepted accounting standards applicable to a going concern which assumes that the Company will continue operations and will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company is unable to continue operations or does not receive continued financial support from its shareholders and financial communities.

The following is a discussion and analysis of the results of operation and the financial condition of the Company for the years ended June 30, 2009, 2008 and 2007 along with certain factors that may affect the Company's prospective financial condition and results of operations. The discussion and analysis contains forward-looking statements that involve risks and uncertainties. Actual events could differ from those anticipated in these forward-looking statements.

Selected Information:

| | 2009 | 2008 | 2007 |
|--|-------------|--------------|-------------|
| Drilling revenue | \$ 142,195 | \$ 2,429,567 | \$ - |
| Drilling operating costs | 126,712 | 3,081,905 | - |
| Consulting | 201,242 | 199,194 | 157,647 |
| Investor relations | 42,512 | 61,240 | 71,920 |
| Management fees | 156,000 | 156,000 | 156,000 |
| Professional fees | 393,269 | 303,905 | 186,485 |
| Stock-based compensation | 1,303,154 | 1,757,684 | 2,345,489 |
| Travel and business promotion | 112,307 | 474,369 | 195,048 |
| Mineral property written off | 836,849 | 354,009 | 31,232 |
| Impairment of goodwill | - | 557,208 | - |
| (Gain) loss on sale of mineral property option | (30,136) | - | (3,822,973) |
| Future income tax recovery | - | 445,276 | - |
| Net income (loss) for period | (4,506,480) | (5,656,241) | 512,165 |
| Basic and diluted income (loss) per share | (\$0.11) | (\$0.17) | \$0.02 |
| Working capital, (deficiency) | 1,084,009 | (379,134) | 3,300,749 |
| Mineral properties, property, plant and equip. | 18,982,369 | 16,384,937 | 5,753,755 |
| Shareholder equity | 20,132,068 | 15,965,118 | 9,112,243 |

The loss for the year ended June 30, 2009 was \$4,506,480 compared to loss of \$5,656,241 in year ended June 30, 2008 was primarily due to:

1. reduced Loss in the operation of the drilling company
2. reduced in travel and consulting fees
3. reduced stock-based compensation expense.

The Company's cash position during the nine months ended June 30, 2009 increased by \$1,384,189 mainly due to financing activities during the year.

Summary of quarterly results

| | 30 June 09 | 31 Mar 09 | 31 Dec 08 | 30 Sept 08 | 30 Jun 08 | 31 Mar 08 | 31 Dec 07 | 30 Sept 07 |
|-----------------------|------------|-----------|-------------|-------------|-------------|-------------|-------------|------------|
| Net income (loss) | (671,110) | (560,064) | (1,777,322) | (1,497,984) | (2,121,332) | (1,896,924) | (1,511,164) | (126,821) |
| Gain (loss) per share | (\$0.02) | (\$0.01) | (\$0.04) | (\$0.04) | (\$0.06) | (\$0.05) | (\$0.06) | (\$0.01) |

Critical Accounting Estimates:

These audited financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of unaudited financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The significant areas requiring the use of management estimates is recoverability of the mineral property costs, valuation allowance for future income taxes, goodwill and expected share price volatility for purposes of estimating the fair value of stock options granted. Actual results may differ from these estimates.

Mineral properties

All costs related to mineral property acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production using the units of production basis or written off if the interest is deemed impaired, abandoned or sold or the

carrying value is determined to be impaired. Write-downs due to impairment in value are charged to operations.

The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects as well as future profitable production or proceeds from the disposition thereof.

Mineral property costs are regularly reviewed, on a property by property basis, to consider whether there are any conditions which may indicate impairment. The conditions evaluated include the economics of the project, the Company's progress in its exploration activities, and the exploration results experienced by the Company. When conditions indicate that there may be impairment, the carrying value of the property is compared to its net recoverable amount which is estimated as the undiscounted cash flows expected to result from the property's use and eventual disposition. When the carrying value of the property exceeds its net recoverable amount, the estimated fair value of the property is computed and an impairment loss is recognized equal to the excess of the carrying amount over the fair value.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests.

Revenue recognition

Revenue from drilling contracts is recognized on the basis of actual number of hours spent on each contract. Revenue from ancillary services such as equipment rental is recorded when the services are rendered. Revenue is recognized when collection is reasonably assured. Contract prepayments (customer deposits) are recorded as deferred revenue and applied towards the contracts.

Stock-based compensation

The Company follows the recommendations of CICA Handbook Section 3870, which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. Compensation expense for options granted is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model.

Income tax

The Company accounts for future income taxes using the asset and liability method, whereby future tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the carrying values of the asset and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income taxes and liabilities of a change in rates is included in operations in the period that includes the substantive enactment date. Where the probability of a realization of a future income tax asset is more likely than not, a valuation allowance is recorded.

Income (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per common share is not presented differently from basic loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

Liquidity and Solvency

The Company has a working capital deficit and will require to raise additional funds to enable the Company to meet its ongoing obligations as they become due. The Company will raise additional funds through the market and debt instruments but there can be no assurance the management can raise the required capital.

Transactions with related parties

The Company incurred expenditures for various services provided by directors and officers and corporations controlled by directors and officers of the Company during the quarter as follows:

| | June 30, 2009 | | June 30, 2008 | | June 30, 2007 |
|-----------------------|------------------|----|------------------|----|------------------|
| Mineral property | 271,108 | \$ | 304,229 | \$ | 245,533 |
| Consulting fees | 33,000 | | 91,330 | | 3,280 |
| Management fees | 156,000 | | 156,000 | | 156,000 |
| Telephone and website | - | | 20,181 | | - |
| Professional fees | 61,000 | | 42,218 | | 42,000 |

Any other payments are made as reimbursement of expenses to officers or directors in normal course of business.

Off-balance sheet items:

The Company does not have any off-balance sheet items.

Oversight Role of the Audit Committee

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and unaudited financial statements prior to their submission to the Board of Directors for approval. The Audit Committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters. For each audit, the external auditors prepare a report for members of the Audit Committee summarizing key areas, significant issues and material control weaknesses encountered, if any.

Going concern

The CICA accounting standards board amended section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company has included disclosures recommended by the new Handbook sections in its accompanying financial statements.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital to fund ongoing exploration expenditures and operating losses and ultimately on generating profitable operations. Specifically, the recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not generated any revenues to date from its mineral properties and is considered to be in the exploration stage.

Management is also aware that significant material uncertainties exist, related to current economic conditions that could cast doubt upon the Company's ability to continue to finance its exploration activities. Management is not able to assess the likelihood of timing of improvements in the equity markets for raising capital for future acquisitions or expenditures. These uncertainties represent a liquidity risk and may impact the Company's ability to continue as a going concern in the future. Management plans on raising additional funding with equity financing and/or advances from related parties to meet its exploration programs.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after July 1, 2011. The transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company plans to complete an IFRS changeover plan and establish a preliminary timeline for the execution and completion of the conversion project. The changeover plan will include a preliminary assessment of the differences between Canadian GAAP and IFRS and the potential effects of IFRS to accounting and reporting processes, information systems, business processes and external disclosures. This assessment will provide insight into what are anticipated to be the most significant areas of difference applicable to the Company.

Following the completion of the IFRS changeover plan, the Company will perform an in-depth review of the significant areas of difference, identified during the preliminary assessment, in order to identify all specific Canadian GAAP and IFRS differences and select ongoing IFRS policies. Key areas addressed will also be reviewed to determine any information technology issues, the

impact on internal controls over financial reporting and the impact on business activities. External advisors will be retained to assist management with the project on an as needed basis. The Company will also continue to monitor standards development as issued by the IASB and the AcSB as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of its adoption of IFRS.

Management's Responsibility for Financial Information

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

The external auditors, Dale Matheson Carr-Hilton LaBonte LLP appointed by the shareholders at the Annual General Meeting have audited the Company's financial statements with their report indicating the scope of their audit and their opinion on the financial statements.

. Other requirements:

Share capital:

1. Authorized: unlimited number of common shares without par value
2. As at October 14, 2009, there were 59,231,848 common shares issued and outstanding
3. As at October 14, 2009, there were 5,899,000 incentive stock options outstanding.
4. As at October 14, 2009, there were 19,845,871 share purchase warrants outstanding

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in the foregoing Management's Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth above.