

Consolidated Financial Statements
(Expressed in Canadian dollars)

MOSQUITO CONSOLIDATED GOLD MINES LIMITED

Unaudited – Prepared by management without review from the Company's auditor.

First quarter ended December 31, 2008 and 2007

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.
CONSOLIDATED BALANCE SHEETS
Unaudited – Prepared by management
DECEMBER 31, 2008 AND JUNE 30, 2008

	December 31, 2008	June 30, 2008
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 11,161	\$ 349,549
Marketable securities (Note 4)	2,210	187,958
Accounts receivable	248,774	318,436
Other receivable (Note 3)	570,739	947,082
Prepaid expenses	3,267	126,912
	832,884	1,929,937
INVESTMENT (Note 7)	1	1
PROPERTY, PLANT AND EQUIPMENT (Note 5)	4,371,916	4,926,405
MINERAL PROPERTIES (Notes 7)	13,671,480	11,458,532
RECLAMATION DEPOSITS	65,440	65,440
	\$ 18,941,721	\$ 18,380,315
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payables and accrued liabilities	\$ 3,922,981	\$ 2,069,484
Advances (Note 15)	353,210	-
Drilling deposits revenue	50,985	50,985
Due to related parties (Note 12)	214,076	110,090
Current portion of bank loan (Note 9)	10,992	12,814
Current portion of obligations under capital lease (Note 10)	73,601	65,698
	4,625,845	2,309,071
LONG TERM LIABILITIES		
Bank loans (Note 9)	59,825	52,918
Obligations under capital lease (Note 10)	24,300	53,208
	4,709,970	2,415,197
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	\$ 32,448,245	31,452,595
Accumulated other comprehensive loss	-	(354,385)
Contributed surplus	4,937,644	4,777,739
Deficit	(23,186,137)	(19,910,831)
	14,231,751	15,965,118
	\$ 18,941,721	\$ 18,380,315

See accompanying notes to the unaudited financial statements

ON BEHALF OF THE BOARD:

"Patrick Bronson"
 Director

"William Jefferies"
 Director

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
Unaudited – Prepared by management
FOR THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 2008 AND 2007

	Three Months Period Ended December 31, 2008	Three Months Period Ended December 31, 2007	Six Months Period Ended December 31, 2008	Six Months Period Ended December 31, 2007
REVENUE				
Drilling revenue	\$ 963,303	\$ 886,634	\$ 1,106,774	\$ 1,660,148
Drilling operating expenses	1,081,519	1,743,368	\$1,719,589	2,289,950
Gross profit	(118,216)	(856,734)	(612,815)	(629,802)
EXPENSES				
Amortization	315,578	232,891	407,656	257,245
Bank charges and interest	20,943	7,700	38,887	7,700
Consulting fees	41,001	57,089	102,278	68,171
Foreign Exchange	-	-	50,290	-
Geological research	120,133	-	120,133	-
Investor relations and website	12,810	8,000	31,810	8,000
Management fees (note 7)	-	39,000	39,000	78,000
Occupancy costs	-	87,018	-	95,213
Office and miscellaneous	28,633	6,467	55,336	42,272
Property repairs & maintenance	170,072	36,673	173,674	84,064
Professional fees (note 7)	14,085	36,344	106,206	110,808
RENT	20,369	-	28,454	-
Shareholder information, transfer agent and filing fees	37,104	-	54,837	-
Stock-based compensation	898,264	-	1,058,169	-
Telephone and web (note 7)	9,050	10,019	19,945	23,113
Travel and promotion	18,255	104,048	100,501	186,823
	1,706,297	639,370	2,387,176	1,021,499
Income (loss) before under noted items	(1,824,513)	(1,496,104)	2,999,991	(1,651,301)
Investment income	191	63,063	412	91,439
Gain on marketable securities	-	-	-	-
Write-down -marketable securities	-	(78,123)	(357,377)	(78,123)
Gain on sale of equipment	47,000	-	81,650	-
Income (Loss) for the period	(1,777,322)	(1,511,164)	(3,275,306)	(1,637,985)
Deficit, beginning of period	(21,408,815)	(14,381,411)	(19,910,831)	(14,254,590)
Deficit, end of period	(23,186,137)	\$ (15,892,575)	(23,186,137)	\$ (15,892,575)
Basic and fully diluted earnings (loss) per share	\$ (0.05)	\$ (0.06)	\$ (0.09)	\$ (0.06)

See accompanying notes to the unaudited financial statements

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited – Prepared by management
FOR THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 2008 AND 2007

	Three Months Period Ended December 31, 2008	Three Months Period Ended December 31, 2007	Six Months Period Ended December 31, 2008	Six Months Period Ended December 31, 2007
Cash provided by (used for):				
Operations:				
Net Income (Loss) for the period	\$ (1,777,322)	\$ (1,511,164)	\$ (3,275,306)	\$ (1,637,985)
Items not requiring (providing) cash:				
Amortization	315,578	232,891	407,656	257,245
Gain on sale of Equipment	47,000	-	12,350	-
Write down – marketable securities	-	78,123	-	78,123
Stock-based compensation	898,264	-	1,058,169	-
Equity loss	-	-	357,377	-
Net changes in non-cash operating working capital:				
Accounts receivable	(68,858)	359,114	69,662	(217,006)
Prepaid	-	(120,150)	123,645	(59,003)
Marketable securities	-	-	-	-
Note receivable	25,778	25,778	25,778	25,000
Other receivable	-	-	376,343	-
Advances	-	-	353,210	-
Inventory	-	-	-	(62,728)
Due to Kirkness Drilling Company	-	(2,000,000)	-	-
Bank loan	7,293	255,971	(13,448)	329,173
Drilling deposit	-	-	-	50,000
Accounts payables	1,163,045	(83,217)	1,853,497	303,368
	\$ 610,778	(2,762,654)	(1,348,933)	(933,813)
Cash flow from financing activities:				
Due to related parties	(516,084)	11,455	103,986	29,930
Shares to be issued	-	(29,000)	-	-
Shares issued for cash	460,305	421,225	535,305	8,869,976
	(55,779)	403,680	639,291	8,899,906
Cash flows from investments activities				
Exploration and acquisition expenditure	(573,877)	(1,334,737)	(2,544,017)	(2,610,784)
Purchase of plant and equipment	-	(858,785)	-	(3,607,326)
Proceeds from mineral property option	-	-	-	-
Proceeds from sale of marketable securities	-	-	182,755	-
Proceeds on sale of equipment	-	-	34,650	-
	(573,877)	(2,193,522)	(2,326,612)	(6,218,110)
Increase (decrease) in cash	(-18,878)	(4,552,496)	(338,388)	1,747,983
Cash, beginning of period	30,039	9,088,803	349,549	2,788,324
Cash, end of period	\$ 11,161	\$ 4,536,307	\$ 11,161	\$ 4,536,307
Supplementary information				
Income tax paid	-	\$ -	-	\$ -
Interest paid	-	-	-	-

See accompanying notes to the unaudited financial statements

MOSQUITO CONSOLIDATED GOLD MINES LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
Unaudited – Prepared by management
FOR THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 2008 AND 2007

	Three Months Period Ended December 31, 2008	Three Months Period Ended December 31, 2007	Six Months Period Ended December 31, 2008	Six Months Period Ended December 31, 2007
NET INCOME (LOSS)	\$ (1,777,322)	\$ (1,511,164)	\$ (3,275,306)	\$ (1,637,985)
OTHER COMPREHENSIVE LOSS				
Unrealized loss on available for sale marketable securities	(354,385)			
Unrealized loss on available for sale marketable securities	354,385			
COMPREHENSIVE INCOME (LOSS)	(1,777,322)	\$ (1,511,164)	\$ (3,275,306)	\$ (1,637,985)

See accompanying notes to the unaudited financial statements

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

1. NATURE OF AND CONTINUANCE OF OPERATIONS

Mosquito Consolidated Gold Mines Limited (the “Company”) was incorporated under the laws of British Columbia and is listed on the TSX Venture Exchange (“TSX-V”). The Company’s principal business activities include acquiring and developing mineral properties and operating drilling rigs. At December 31, 2008, the Company’s principal mineral property interests are located in Canada, United States of America and Australia. The Company’s drilling operation is located in the United States of America.

These consolidated interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative basis and consistency basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim financial statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company’s latest annual report. In the opinion of the management, all adjustments considered necessary for fair presentation have been included in these consolidated financial statements.

The Company is in the process of exploring and/or developing its properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the property, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from disposition of the mineral properties.

The accompanying financial statements have been prepared on a going concern. 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. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in normal operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Basis of presentation

These consolidated financial statements are expressed in Canadian dollars. They include the accounts of the Company and its wholly-owned subsidiaries, Kirkness Diamond Drilling, Inc. (from the date of acquisition on September 6, 2007), 1156207 Ontario Ltd., Mosquito Mining Corp., and Mosquito Resources Australia Pty Ltd. All significant inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates and assumptions

The preparation of financial statements in conformity with Canadian general accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Areas requiring significant management estimates relate to the determination of impairment of mineral properties, expected tax rates for future income taxes, fair value of stock-based payments, useful lives for amortization of long-lived assets, and the fair values assigned to marketable securities. Financial results as determined by actual events could differ from those estimates.

Foreign currency translation

These financial statements are presented in Canadian dollars. The Company considers its United States operation as integral foreign operations and uses the temporal method to translate all foreign currency at the rate in effect at the transaction date. Monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Non-monetary items are translated at historical exchange rates, except for items carried at market value, which are translated at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at average rates of exchange during the year. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results.

Plant, property and equipment

Plant and equipment is recorded at cost and amortized at the following annual rates:

Computer equipment	30%	declining balance method
Field equipment	20%	declining balance method
Vehicles	30%	declining balance method
Building	39 years	straight line
Office equipment and furniture	5 years	straight line
Rigs, mining equipment and related vehicles	5 years or 30%	straight line declining balance method

One half of the normal rate is recorded in the year of acquisition.

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

Property options agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable directly at the discretion of the optionee, amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received. Option payments received in excess of costs incurred are recognized as revenue.

Impairment of Long-lived Assets

The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying value amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its recoverable value.

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenue recognition

Revenue from drilling contracts is recognized on the basis of actual number of hours spent on each contract plus material costs. Revenue from ancillary services such as equipment rental is recorded when the services are rendered. Revenue is recognized when the service is provided and collection is reasonably assured. The Company invoices its customers on a monthly basis. 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.

Goodwill

Acquisition of business entities are accounted for using the purchase method whereby goodwill represents any excess of the purchase price over fair value of identifiable assets and liabilities acquired at the date of acquisition. Management evaluated goodwill on an annual basis for potential impairment in connection with other long-lived assets. Based on its annual evaluation of goodwill, management has determined that the carrying value of goodwill exceeds its fair value. Accordingly, management has concluded that impairment has occurred and the Company recognized an expense of \$557,208 for the year ended June 30, 2008.

Financial Instruments

The Company's financial instruments may consist of cash, marketable securities, note receivable, accounts receivable, accounts payable and accrued liabilities and amounts due to related parties. The fair value of the Company's financial instruments are estimated by management to approximate their carrying values based on their immediate or short-term maturity.

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.

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Risk management

The Company is engaged in mineral exploration and development and is accordingly exposed to environmental risks and fluctuations in commodity pricing associated with mineral exploration activity. The Company is currently in the initial exploration stages on its property interests and has not determined whether significant site reclamation costs will be required. The Company would only record liabilities for site reclamation when reasonably determinable and when such costs can be reliably quantified.

The Company's functional currency is the Canadian dollar. The Company has current operations outside of Canada exposing it to foreign currency risks. However, the Company is not exposed to significant credit concentration and interest rate risks.

3. OTHER RECEIVABLE

During the year ended June 30, 2008, the Company invested in asset backed commercial paper with a Canadian securities brokerage firm totaling \$3,000,000, of which the Company has withdrawn a total of \$2,535,748 prior to Dec 31, 2008 and earned interest of \$106,620 during the six months ended December 31, 2008. The securities firm has undertaken to completely reimburse the Company the balance in fiscal 2009 under its client relief program. The Company has accordingly classified the amount owing as a receivable.

4. MARKETABLE SECURITIES

The Company has the following marketable securities:

	December 31 2008		June 30 2007	
	Number of shares	Amount (\$)	Number of shares	Amount (\$)
Golden Cariboo Resources Inc	43,000	2,795	43,000	2,795
International Wayside Gold	-		748,182	187,048
Kobex Resources Limited	-		375,000	345,000
Trade Winds Ventures Inc.	20,000	7,500	20,000	7,500
				542,343

5. PROPERTY, PLANT AND EQUIPMENT

<i>December 31, 2008</i>	Cost	Accumulated Amortization	Net Book Value
Land and building	\$ 567,139	\$ (54,154)	\$ 512,985
Office equipment and furniture	200,248	(186,219)	14,029
Aircraft	193,288	(48,321)	144,967
Rigs, mine equipment and vehicles	6,346,470	(2,545,379)	3,801,091
Capitalized leased equipment	281,187	(82,348)	198,839
	\$ 7,588,332	\$ (2,916,421)	\$ 4,671,911

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

6. ACQUISITION OF DRILLING COMPANY

On September 6, 2007, the Company acquired a 100% interest in Kirkness Diamond Drilling Ltd. (“Kirkness”) of Carson City, Nevada, USA for a consideration of US \$3,000,000 (Cdn \$2,927,900) in cash as follows:

1. US \$100,000 (Cdn. \$105,034) deposit (paid)
2. US \$900,000 (Cdn. \$952,398) on TSX-V Exchange approval (paid)
3. US \$2,000,000 (Cdn. \$1,870,468) within 60 days of Exchange approval (paid)

The acquisition of Kirkness is accounted for using the purchase method whereby goodwill represents any excess of the purchase price over fair value of identifiable assets and liabilities acquired at the date of acquisition. The results of operations of Kirkness are included in the consolidated financial statements from the effective date of the acquisition. Kirkness is considered as integral foreign operation of the Company.

The acquisition cost of \$2,927,900 (US \$3,000,000) has been assigned as follows:

Cash	\$	667,890
Receivable		431,770
Prepaid expenses		31,092
Land and building		565,000
Drill, pumps and equipment		1,097,113
Asset under lease		281,187
Vehicles		193,800
Office equipment		4,344
Bank Loans		(73,289)
Obligations under capital lease		(161,347)
Drilling deposits		(50,000)
Accounts payables		(171,592)
Goodwill		557,208
Future income tax		(445,276)
	\$	<u>2,927,900</u>

As at June 30, 2008, management evaluated goodwill and the potential impairment in connection with other long-lived assets. Based on its annual evaluation of goodwill, management has determined that the carrying value of goodwill exceeds its fair value as a result of the operating losses realized by Kirkness since acquisition. Accordingly, management has concluded that impairment has occurred and the Company recognized an impairment loss of \$557,208 for the year ended June 30, 2008.

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

7. MINERAL PROPERTIES

Title to mining claims involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining claims. The Company has investigated title to all of its mineral claims and, to the best of its knowledge, title its claims are in good standing.

The Company held interest in the following mineral properties:

December 31, 2008	Note 10	June 30 2008	Additions, Expenditures, (Disposal) (Write-downs)	December 31, 2008
Cariboo Property, BC, Canada	a	\$ 1	\$ -	\$ 1
Lavery & Cumming Property, Ontario, Canada Acquisition cost	b	1	-	1
Brett 1 and 2 Property, BC, Canada Exploration expenditures	c	1	-	1
Cumo Molybdenum Property, Idaho, USA	d			
Acquisition costs		82,674	-	82,674
Drilling costs		2,114,047	1,484,140	3,598,187
Geology		391,042	16,070	407,112
Environmental study		392,927	5,491	398,418
Assays		50,963	56,050	107,013
Other exploration costs		78,626	64,361	142,987
		3,110,279	1,626,112	4,736,391
Pine Tree Property, Nevada, USA	e			
Acquisition costs		349,807	-	349,807
Drilling costs		5,277,641	314,433	5,592,074
Geology		799,939	37,487	837,426
Assays		237,348	24,891	262,239
Other exploration costs		370,507	39,852	410,359
		7,035,242	416,663	7,451,905
Blackpoint Property, Nevada, USA Acquisition cost	f	1	-	1
Trikay Property, Queensland, Australia Exploration expenditures	h	173,115	46,021	219,136
Motley Property, Idaho, USA Acquisition cost	i	183,700	-	183,700
Statlu Aggregate Property, BC, Canada Exploration expenditures	j	193,989	(20,000)	173,989
Spruce Mountain Property, Nevada, USA Acquisition cost	k	623,162	-	623,162
Spring Creek, Idaho, USA Acquisition cost	l	109,051	40,357	149,408
Copper Chief, Nevada, USA Acquisition cost	m	29,990	-	29,990
		\$ 11,458,532	\$ 2,109,153	\$ 13,567,685

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

7. MINERAL PROPERTIES (continued)

June 30, 2008	Note 10	July 1 2007	Additions, Expenditures, (Disposal) (Write-downs)	December 31, 2008
Cariboo Property, BC, Canada	a	\$ 1	\$ -	\$ 1
Lavery & Cumming Property, Ontario, Canada	b	,		
Acquisition cost		88,700	(88,699)	1
Brett 1 and 2 Property, BC, Canada	c			
Exploration expenditures		179,159	(179,158)	1
Cumo Molybdenum Property, Idaho, USA	d			
Acquisition costs		22,462	60,212	82,674
Drilling costs		148,139	1,965,908	2,114,047
Geology		165,447	225,595	391,042
Environmental study		23,970	368,957	392,927
Assays		2,475	48,488	50,963
Other exploration costs		55,347	23,279	78,626
		417,840	2,692,439	3,110,279
Pine Tree Property, Nevada, USA	e			
Acquisition costs		223,807	126,000	349,807
Drilling costs		1,708,814	3,568,827	5,277,641
Geology		572,927	227,012	799,939
Assays		129,423	107,925	237,348
Other exploration costs		168,257	202,250	370,507
		2,803,228	4,232,014	7,035,242
Blackpoint Property, Nevada, USA	f			
Acquisition cost		82,819	(82,818)	1
Trikay Property, Queensland, Australia	h			
Exploration expenditures		52,369	120,746	173,115
Motley Property, Idaho, USA	i			
Acquisition cost		183,700	-	183,700
Statlu Aggregate Property, BC, Canada	j			
Exploration expenditures		203,989	(10,000)	193,989
Spruce Mountain Property, Nevada, USA	k			
Acquisition cost		623,162	-	623,162
Spring Creek, Idaho, USA	l			
Acquisition cost		22,560	86,491	109,051
Copper Chief, Nevada, USA	m			
Acquisition cost		29,990	-	29,990
		\$ 4,687,517	\$ 6,771,015	\$ 11,458,532

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – Prepared by management

DECEMBER 31, 2008

7. MINERAL PROPERTIES (continued)

a. Cariboo Gold Quartz Property, British Columbia, Canada

The Company has a 100% interest, subject to a 10% net profits interest, in the mining properties known as the Mosquito Creek Gold property and the Cariboo Gold Quartz property. These properties are located in the Cariboo Mining District of British Columbia, Canada.

During August 2003 the Company entered into a Property Option Agreement with International Wayside Gold Mines Limited (“Wayside”) for the 50% interest in the Cariboo Gold Quartz Mineral Claims and a 100% interest in the Mosquito Mine Mineral Claims excluding the placer mining rights. The mill, buildings and hoist on the claims are included as part of the Property Option Agreement. The option agreement provides for the following:

- Wayside must make the following cash payments to the Company:
 - \$50,000, on the signing of the agreement (received);
 - \$450,000 on or before September 15, 2003 (received);
 - \$500,000 on or before August 31, 2004 (received);
 - \$500,000 on or before August 31, 2005 (received);
 - \$500,000 on or before August 31, 2006 (received); and,
 - \$3,500,000 on or before December 31, 2006; (received)
- Any time prior to the exercise of the option, Wayside would have the exclusive right to extract bulk samples (the “Bulk Sample”) from the properties in two stages. The first stage would involve 40,000 tons of sample material or recovery of not more that 15,000 ounces of refined gold, whichever is achieved first, followed by a second stage of bulk sampling program of the second stage 40,000 tons of sampled material or recovery of not more that 15,000 ounces of refined gold, whichever is achieved first.
- Wayside will be responsible at its cost to maintain the Properties and to keep the permits in good standing and be responsible for all environmental and reclamation compliance.
- The Company will be entitled to receive a 5% Net Smelter Return (“NSR”) derived from Bulk Samples. Upon exercise of the option by Wayside, the Company’s NSR will revert to 3% and Wayside would be responsible to satisfy 10% Net Profit Interest in relation to the property. As at December 31, 2005, Wayside had extracted a bulk sample for the NSR to be \$241,342 of which \$187,048 was outstanding as at June 30, 2006. During the year ended June 30, 2007, Wayside settled the amount outstanding for 748,182 shares of Wayside.
- During the year ended June 30, 2007, Wayside made the final cash payment and the Company recognized a gain as follows:

Cash payment, August 31, 2006	\$	500,000
Cash payment, December 31, 2006		3,500,000
Less: net book value of Cariboo Gold Quartz property		(74,863)
Less: net book value of mill		(102,164)
<u>Gain on sale of mineral property option</u>	<u>\$</u>	<u>3,822,973</u>

The Company had expended a total of \$11,860,932 on the project and over the years has amortized and received option payments totaling \$11,786,069.

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7. MINERAL PROPERTIES (continued)

b. Lavery and Cumming Property, Red Lake, Ontario, Canada

During the year ended December 31, 2004, the Company acquired a 100% interest in 1156207 Ontario Ltd. for \$80,000 with the vendor retaining a 1% NSR. 1156207 Ontario Ltd. holds 100% interest in two groups of patented mineral claims known as the “Lavery Property”, Red Lake, Ontario and the “Cumming Property”, near Larder Lake, Ontario. In connection with the acquisition, the Company issued 15,000 shares with a fair value of \$8,700 as finder's fee.

During the year ended June 30, 2008, the Company wrote down the property to a nominal value of \$1.

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.

c. Brett #1 and #2 Property, British Columbia, Canada

During the year ended December 31, 2002, the Company acquired a 30% interest in the Brett #1 and Brett #2 mineral claims located in the Vernon Mining District of British Columbia from Vicore for \$49,391. During the year ended December 31, 2003, the Company acquired the remaining 70% from Vicore for a consideration of 500,000 common shares of the Company at an agreed value of \$125,000. Vicore retains a 2% NSR. During the year ended December 31, 2004, the Company executed an Option Agreement whereby the Company optioned 50% of its interest in the Brett #1 and #2 Property to Running Fox Resource Corp (“Running Fox”) for 200,000 shares of Running Fox, at a fair value of \$80,000 and Running Fox to incur \$500,000 exploration expenditure. During the year ended December 31, 2004, Running Fox incurred the required exploration expenditure and has earned its 50% interest.

During the year ended June 30, 2008, the Company wrote down the property to a nominal value of \$1.

d. Cumo Molybdenum Property, Idaho, USA

On October 13, 2004, the Company completed an “Option to Purchase Agreement” with Cumo Molybdenum Mining Inc. to purchase 8 unpatented mineral claims located in Boise County, Idaho, USA known as “Cumo Molybdenum Property”. The terms of the agreement call for stage advanced royalty payments scheduled as follows:

i)	US \$10,000	upon signing (paid)
ii)	US \$10,000	60 days after signing (paid)
iii)	US \$5,000	6 months after signing (paid)
iv)	US \$20,000	Year 1 after signing (paid)
v)	US \$20,000	Year 2 after signing (paid)
vi)	US \$15,000	Year 3 after signing (paid)
vii)	US \$15,000	every 6 months thereafter

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7. MINERAL PROPERTIES (continued)

d. Cumo Molybdenum Property, Idaho, USA (continued)

The Company is required to perform at least US \$25,000 worth of work on the property during the first year and at least US \$50,000 worth of exploration work each year thereafter for as long as the Option is in effect.

The Company also agreed to pay finder's fees of 60,000 share purchase warrants of the Company with a fair value of \$3,080, exercisable at \$0.71 per share warrant until December 10, 2006.

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 Trikey Copper-Gold Property in Queensland, Australia (Note 10(h)). 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 Trikey property and in consideration of the surrender of the Trikey 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.

The cash payments and the number of shares to be issued to the Company by Kobex as per the terms of the amended agreement are as follows:

Option Exercise Schedule	Number of Shares	Payment	Exploration Expenditures
Upon execution of the agreement (1)	-	\$ 50,000 (1)	\$ -
Upon completion of due diligence and acceptance of filing by regulatory authorities(1)	375,000 (1)	50,000 (1)	-
Earlier of 6 months after signing and the date of regulatory acceptance (1)	-	150,000	-
On or before January 21, 2006	1,125,000	187,500	-
On or before July 21, 2006	-	187,500	-
On or before January 21, 2007	1,500,000	562,500	750,000
On or before January 21, 2008	2,625,000	1,125,000	1,125,000
On or before January 21, 2009	4,375,000	1,500,000	1,500,000
On or before January 21, 2010	-	-	1,875,000
On or before January 21, 2011	-	-	2,250,000
Total	10,000,000	\$ 3,812,500	\$ 7,500,000

(1) Amounts have been received and shares have issued

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7. MINERAL PROPERTIES (continued)

d. Cumo Molybdenum Property, Idaho, USA (continued)

On October 6, 2006, Kobex delivered a “Notice of Termination” of the option agreement with the Company and surrendered all rights and interests in the Cumo Property to the Company. Kobex had not issued the shares or made the required cash payments as required by the amended agreement prior to terminating the agreement. The Company had filed a statement of claim in the Supreme Court of British Columbia against Kobex for \$375,000 and 1,125,000 shares of Kobex. Subsequently the Supreme Court of British Columbia dismissed the Company claims except for a sum of US \$20,000 plus interest.

e. Pine Tree Copper-Molybdenum Property, Nevada, USA

On May 10, 2005, the Company signed a “Mineral Property Option Agreement” (“Agreement”) to purchase certain unpatented mineral claims located in Mineral County, Nevada, USA known as the “Pine Tree Copper-Molybdenum Property”. Under the terms of the Agreement, the Company would earn a 100% undivided interest in the Pine Tree Property in consideration of cash payment of US\$2,000,000, 300,000 treasury shares and US\$150,000 of work expenditure commitment. The summary of the terms are as follows:

Option Exercise Schedule	Number of Shares	Payment	Exploration Expenditures
Within 7 days if signing the agreement (1)	-	\$ 10,000 (1)	\$ -
Upon approval of TSX-V (1)	50,000 (1)	10,000 (1)	-
On first anniversary of the Agreement	50,000 (1)	25,000(1)	50,000
On second anniversary of the Agreement	60,000 (1)	35,000 (1)	100,000
On third anniversary of the Agreement	60,000 (1)	50,000 (1)	-
On fourth anniversary of the Agreement	80,000	125,000	-
On fifth anniversary of the Agreement	-	25,000	-
Each year thereafter (2)	-	-	-
Total	300,000	\$ 280,000	\$ 150,000

(1) Shares have been issued and amount paid

(2) The Company would pay \$25,000 each year after the fifth anniversary until a total of US\$2,000,000 has been paid. These payments would be credited against a 1.5% NSR which after the payment of US\$2 million would reduce the NSR to 0.50%.

At any time within 2 years of approval by the TSX-V, the Company may purchase the property outright for US\$1,000,000 plus the share consideration. If the Company sells, assigns or creates a joint venture with any third party within two years of the date of the Agreement, the vendors would be entitled to 20% of the share consideration received.

f. Blackpoint Property, Nevada, USA

During the year ended December 31, 2005, the Company acquired by staking 49 claims which cover the Blackpoint exploration property near Eureka, Nevada.

During the year ended June 30, 2008, the Company wrote down the property to a nominal value of \$1.

MOSQUITO CONSOLIDATED GOLD MINES LIMITED.

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7. MINERAL PROPERTIES (continued)

g. Red Lake Gold Property, Ontario, Canada

On June 10, 2005, the Company signed an “Option to Purchase Red Lake Mineral Claims Agreement” (“Red Lake Agreement”) to purchase 4 patented mineral claims located in Bateman Township on the eastern shores of Red Lake, Ontario Canada, known as the “Red Lake Gold Property”. Under the terms of the Agreement, the Company would earn a 100% undivided interest in the Red Lake Property in consideration of cash payment of \$500,000 follows:

Option Exercise Schedule	Payment	
Upon approval of TSX-V (the “Approval”)	\$ 25,000	(paid)
On first anniversary of the Approval	50,000	
On second anniversary of the Approval	75,000	
On third anniversary of the Approval	100,000	
On fourth anniversary of the Approval	250,000	
Total	\$ 500,000	

The vendors retained a 2% NSR and the Company may purchase 1% of the NSR at anytime for \$1,000,000.

During the year ended June 30, 2007, the Company terminated the agreement and no further payments are required.

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.

h. Trikay Property, Queensland, Australia

During the year ended December 31, 2004, the Company filed exploration permits covering the Trikay property in Queensland, Australia. On January 21, 2005, the Company entered into an option agreement with 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. 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 the Company granted Kobex a right of first refusal for a period of two years in the event the Company wishes to enter into an agreement with a third party. The agreement was terminated by Kobex

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7. MINERAL PROPERTIES (continued)

h. Trikay Property, Queensland, Australia (continued)

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.

i. Motley Property, Idaho, USA

On March 9, 2007, the Company entered into an agreement to purchase 6 unpatented claims located in the state of Idaho, USA, known as the "Motley Property". Under the terms of the Agreement, the Company acquired a 100% undivided interest in the Property for 100,000 common shares with a fair value of \$167,000 plus a 1% NSR to the vendors and a finder's fees of 10,000 common shares with a fair value of \$16,700.

j. Statlu Aggregate Property, British Columbia, Canada

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 gravel from the property to be mined and sold.

On May 25, 2007, the Company and the vendor agreed that the Company had earned a 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 License of Occupation or June 1, 2008, whichever is earlier
2. Monthly payment on the 15th thereafter until the \$250,000 is paid.

k. Spruce Mountain Property, Nevada, USA

On May 19, 2006, the Company entered into an agreement to purchase 53 patented claims located in Spruce Mountain, Elko County, Nevada, USA. Under the terms of the Agreement, the Company would earn a 100% undivided interest in the Project in consideration of cash payment of US\$550,000 paid as follows:

Option Exercise Schedule	Payment
On or before May 25, 2006	US \$ 75,000 (paid)
On or before July 15, 2006	100,000 (paid)
On or before September 15, 2006	100,000 (paid)
On or before November 15, 2006	125,000 (paid)
On or before January 15, 2007	150,000 (paid)
Total	US \$ 550,000

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l. Spring Creek Property, Idaho, USA

The Company staked claims in Idaho, USA.

m. Copper Chief Property, 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 the Pine Tree Project (Note 10(e)).

8. ADVANCES PAYABLES

During the six months ended December 31, 2008, the Company received \$353,210 in advances from shareholders of which two promissory notes were executed, one for \$100,000 and the second for US \$50,000, both bearing 24% interest per annum.

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9. BANK LOANS

As of December 31, 2008, short term debt consisted of:

	December 31, 2008		September 30, 2008	
	US \$	Cdn. \$	US \$	Cdn. \$
a. Notes payable to a financial institution at interest rate of US Treasury Constant Maturity Index +3.75%; maturing February 2009. The loan is secured by the building.	55,484	67,704	55,256	56,605
b. Notes payable to a financial institution at interest rate of 7.6%; maturing April 2009. The loan is secured by a Company vehicle.	2,551	3,113	5,311	5,412
	58,035	70,817	60,567	61,717
Less: Current obligations	(9,014)	(10,992)	(9,014)	(9,185)
Long term obligations	49,021	59,825	51,553	52,532

10. OBLIGATIONS UNDER CAPITAL LEASE

The Company is a lessee of a drill under a non-cancelable capital lease expiring in 2010. The fair market value of the drill at the date of acquisition was \$281,187 and the obligation under the capital lease was \$161,347. The lease agreement contains a bargain purchase option exercisable at the end of the lease term at an implied interest rate of 8%. The asset is amortized over its estimated productive life.

	December 31, 2008		June 30 2008	
	US \$	Cdn. \$	US \$	Cdn. \$
	80,231	97,901	112,497	114,713
Less current obligations	(60,317)	(73,601)	(60,317)	(61,505)
Long term obligations	19,914	24,300	52,180	53,208

11. SHARE CAPITAL

(a) Authorized – unlimited common shares without par

(b) Issued and outstanding:

	Number of Shares	Amount
Balance, June 30, 2008	35,326,627	\$ 31,452,595
For cash:		
Pursuant to exercise of options at \$1.00	60,000	\$60,000
Pursuant to exercise of options at \$1.00	10,000	\$15,000
Oct 22, 2008		
For cash:		
Pursuant to private placement at \$0.35	2,061,284	\$721,450
Dec 19, 2008		
For cash:		
Pursuant to private placement at \$0.35	660,572	\$213,200
Balance, December 31, 2008	38,118,483	\$ 32,448,245

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11. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued):

(i) During the six month period ended December 31, 2008, the Company completed two non-brokered private placement of 2,061,294 and 660,572 (total 2, 721,856) units at \$0.35 each for total proceeds of \$952,650. Along with the shares 2, 721,856 share purchase warrants were issued. Each unit consists of one common share and one share purchase warrant. The share purchase warrant entitles the holder thereof the right to purchase one additional common share at \$0.45 for a two year period. In connection with this private placements, the Company paid finders' fees of \$14,282.

(c) Stock options outstanding

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, and consultants. TSX-V policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services.

The exercise price of stock options is determined by the board of directors of the Company at the time of granting and may not be less than the average closing price of the Company's shares on the ten trading days immediately preceding the date on which the options are granted and publicly announced, and may not otherwise be less than \$0.10 per share. Options have a maximum term of five years and terminate after a certain number of days following the termination of the optionee's term / employment, except in the case of death, in which case they terminate one year after the event. Vesting of options is made during periodic intervals approved by the TSX-V. Once approved, all options are considered vested and are exercisable at any time, except for options granted to employees or consultants conducting investor relation activities. Options granted to employees or consultants conducting investor relations activities must vest in stages over 12 months with no more than one quarter of the options vesting in any 3 months period.

The continuity of incentive stock options as at December 31, 2008 is as follows:

Expiry Date	Price (\$)	Average Remaining Life (years)	Outstanding October 1, 2008	Granted	Cancelled, Expired Exercised	Outstanding December 31, 2008
April 18, 2011 (1)	.35	2.5	29,000	-	-	29,000
December 9,2009	.35	1.0	135,000	-	-	135,000
October 30, 2013	.35	4.0	2,305,000	-	-	2,305,000
June 2, 2013 (1)	.35	4.5	475,000	-	-	475,000
June 2, 2013 (1)	.35	4.5	345,000	-	-	345,000
			3,289,000	-	-	3,289,000

- (1) Shareholders at the Company's annual general meeting on December 15, 2008 approved the pricing of the options to a new price of \$0.35.
- (2) During the quarter ended September 30, 2008, the Company granted 2,305,000 options at \$0.35 expiring October 30, 2013.

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11. SHARE CAPITAL (continued)

(d) Share purchase warrants outstanding

Outstanding share purchase warrants as at December 31, 2008 were as follows:

Expiry Date	Price (\$)	Outstanding July 1, 2008	Granted	Exercised	Expired	Outstanding December 31, 2008
March 28, 2009	1.50	430,000	-	-	-	430,000
August 16,2009	2.00	5,650,000	-	-	-	5,650,000
August 16,2009	2.00	148,750	-	-	-	148,750
October 22,2010	0.45	2,061,284	-	-	-	2,061,284
December 19,2010	0.45	660,572	-	-	-	660,572
		8,802,005	-	-	-	8,802,005

(e) Contributed Surplus

	December 31, 2008	June 30, 2008
Balance – Beginning	\$ 4,937,64	\$ 2,920,706
Fair value of stock options issued	-	1,757,684
Fair value of stock options issued for investor relation consultants	-	1,757,684
Fair value of finders fees share purchase warrants	-	133,420
Fair value of shares issued for finders fees	-	58,361
Value assigned to options exercised	-	(92,432)
Balance , Ending	\$ 4,937,64	\$ 4,777,739

(f) Subsequent Events

On January 30, 2009 the company announced a non- brokered private placement of 11,500,000 units at the price of \$0.24 for a total of \$2,760,000. Each unit will consist of one common share and one warrant exercisable at \$0.30 cents for a 2 year period. Finders' fees of cash, shares, warrants or a combination of any of the foregoing may be payable on all or a portion of the non-brokered private placement.

12. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these financial statements, related party transactions are in the normal course of operations and are measured at fair value being their exchange amounts, which is the amount of consideration paid or received as agreed by the parties.

Due to related parties

Amounts due to related parties represent advances from and to directors and companies related through directors. These amounts are unsecured, non-interest-bearing and are repayable on demand.

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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 quarters as follows:

	December 31 2008	December 31 2007
Mineral property	39,050	\$ 111,447
Consulting fees	63,228	
Management fees	78,000	78,000
Telephone and website		12,950
Professional fees		26,718