

MOSQUITO CONSOLIDATED GOLD MINES LTD.

FOR THE YEAR ENDED JUNE 30, 2011

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, 2011 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 27, 2011. 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 favorable or unfavorable, 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 27, 2011 there were share purchase options outstanding allowing the holders of these options to purchase 6,775,600 common shares and share purchase warrants outstanding allowing the holders to purchase 7,870,343 common shares.

Given the fact that as of October 27, 2011, there were 81,806,197 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 and share payments (totaling 300,000 shares) to the two project vendors in consideration of:

* Advance royalty payments as follows:

- US\$10,000 within 7 days after signing (completed);
- US\$10,000 upon the approval by the TSX-V (completed);
- US\$25,000 on or before 1st anniversary (completed);
- US\$35,000 on or before 2nd anniversary (completed);
- US\$50,000 on or before 3rd anniversary (completed);
- US\$125,000 on or before 4th anniversary (completed);
- US\$25,000 on or before 5th anniversary (completed);
- US\$25,000 each year thereafter until a total of US\$2,000,000 has been paid after which the 2% NSR shall be reduced to a 0.5% NSR. On June 25, 2010, the Company entered into an option agreement with IEMR Resources Inc. who agreed to be responsible for these obligations (up-to-date).

* 300,000 shares as follows:

- 50,000 shares upon approval by the TSX-V (completed);
- 50,000 shares on or before 1st anniversary (completed);
- 60,000 shares on or before 2nd anniversary (completed);
- 60,000 shares on or before 3rd anniversary (completed);
- 80,000 shares on or before 4th anniversary (completed).

* US\$450,000 exploration expenditures as follows:

- \$50,000 on or before 1st anniversary (completed);
- \$100,000 on or before 2nd anniversary (completed);
- \$100,000 on or before 3rd anniversary (completed);
- \$100,000 on or before 4th anniversary (completed);
- \$100,000 on or before 5th anniversary (completed).

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.

PT06-07	140.8	459.0	318.2	0.81	0.08	0.043	61	0.044	1.58	0.31	17.99
Including	225.2	451.7	226.5	1.01	0.11	0.055	81	0.045	1.99	0.40	19.80
or	385.9	449.7	63.9	1.55	0.14	0.095	134	0.054	2.49	0.42	24.75
PT06-09	84.1	238.5	154.4	0.78	0.02	0.032	70	0.02	1.81	0.48	16.60
Including	102.4	238.5	136.1	0.85	0.09	0.047	70	0.02	1.92	0.53	16.62
or	117.0	186.2	69.2	1.14	0.09	0.070	110	0.02	2.24	0.76	18.16
	from meters	To meters	Length (m)	Cu Equiv. %	Cu %	MoS2 %	Re (ppb)	Au (Gms/T)	Ag (Gms/T)	In (Gms/T)	Ga (Gms/T)
PT06-10	166.4	404.2	234.1	0.92	0.09	0.051	70	0.06	1.46	0.30	18.34
Including	270.1	284.7	34.7	1.16	0.10	0.069	90	0.05	1.02	0.13	21.06
or	343.5	400.5	57.0	1.09	0.17	0.056	70	0.06	2.22	0.69	20.14
PT07-11	225.9	609.8	383.9	1.01	0.11	0.059	100	NA	1.71	0.21	17.99
Including	334.4	609.8	249.8	1.37	0.16	0.085	150	NA	2.30	0.28	18.40
or	470.0	609.8	113.4	1.72	0.18	0.114	200	NA	1.76	0.28	18.3
PT07-12	319.74	715.67	395.94	1.01	0.08	0.062	103	NA	0.74	0.23	18.58
including	477.93	622.40	144.48	1.50	0.10	0.101	170	NA	0.95	0.30	19.82
PT07-15	137.16	374.29	237.13	0.61	0.08	0.030	22	NA	1.38	0.28	15.24
including	153.01	178.61	25.6	0.88	0.01	0.061	13	NA	0.35	0.06	15.11
	304.8	254.18	49.38	0.98	0.18	0.047	41	NA	2.59	0.78	18.25
PT08-17	318.21	667.50	349.3	0.90	0.07	0.056	52	NA	0.51	0.14	17.07
including	318.21	420.62	102.41	1.42	0.01	0.110	41	NA	0.33	0.04	14.47

PT08-19	137.16	215.19	68.88	1.9	0.24	0.003	9	NA	191.11	0.42	17.62
including	236.5	246.9	10.38	10.69	0.83	0.001	0.002	0.45	152.2	0.06	13.36
PT08-20	137.16	215.19	6.07	0.71	0.61	0.008	0.012	NA	6.74	1.29	19.72
PT08-21	137.16	215.19	74.98	0.41	0.29	0.003	0.003	NA	2.29	0.32	16.69
including	137.16	215.19	36.58	0.47	0.37	0.0031	0.004	NA	3.57	0.47	16.43

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 (ICPMS) 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).

On June 25, 2010, the Company entered an option agreement with IEMR Resources Inc. (formerly, Trans National Minerals Inc.) ("IEMR"). Pursuant to the agreement, IEMR acquired an option to purchase 100% interest in Pine Tree Property. In order to maintain the option in good standing, IEMR is required to make the following payments and share issuance to the Company:

	Cash payment	Share Issuance
On the Effective Date	\$200,000	1,000,000 common shares
On or before the first anniversary of the Effective Date	\$200,000	1,000,000 common shares
On or before the second anniversary of the Effective Date	\$200,000	1,000,000 common shares
On or before the third anniversary of the Effective Date	\$200,000	1,000,000 common shares
On or before the fourth anniversary of the Effective Date	\$200,000	1,000,000 common shares
Total	\$1,000,000	5,000,000 common shares

In addition, IEMR must incur aggregate exploration and development expenditures on the property of three million (\$3,000,000) dollars on or before the fourth anniversary date of the Effective Date, subject to minimum expenditures of five hundred thousand (\$500,000) dollars being incurred each year on or before the applicable anniversary date of the Effective Date.

During the option period, IEMR will also be responsible for making advance royalty payments of US\$25,000 per year to the holders of the NSR Royalty.

During the 2010-2011 IEMR completed a total of nine diamond drill holes for 15,652.7 meters (18545.5 feet) and will complete the first resource calculation on the property.

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 NI 43-101, 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. The terms of the agreement call for:

* Advance royalty payments as follows:

- US\$10,000 upon signing (completed);
- US\$10,000 after 60 days (completed);
- US\$5,000 after 6 months (completed);
- US\$20,000 1st year anniversary (completed);
- US\$20,000 2nd year anniversary (completed);
- US\$15,000 3rd year anniversary (completed);
- US\$15,000 every 6 months thereafter (up-to-date).

These payments are to be credited against a 1.5% NSR which reduces to 0.5% NSR after

payments of US \$3,000,000.

* 300,000 shares as follows:

- 90,000 shares after 60 days (completed);
- 90,000 shares after 9 months (completed);
- 120,000 shares after 18 months (completed).

* Work requirement as follows:

- US\$25,000 during the first year (completed);
- At least US\$50,000 each year thereafter (up-to-date).

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. 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.

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 Shaun M Dykes, M. Sc(eng), P.Geo . a Director and Exploration manger

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	Northing	Easting	Elevation	dip	azimuth	Length
Number	feet	feet	feet	degrees	degrees	Feet
27-06	120,016.7	220,160.3	6351.4	-90	na	1849
28-06	119,531.6	220,796.4	6321.1	-90	na	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	na	2095 suspended
34-07	118530.5	220,343.8	6512	-70	095	1769 suspended
35-08	118658.3	220487.4	6534.	-90	na	2817 completed
36-08	119266.8	219322.9	6457	-90	na	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	na	2688 completed
40-08	119539.8	220816.8	6321	-70	225	2252 completed
41-08	119545.7	219005.8	6247	-90	na	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)
46-09	118,917.9	220,813.2	6575.1	-70	110	959 abandoned
47-09	120,741.3	219,432.5	5827	-70	270	2530 completed
48-09	120,741.3	219,432.5	5827	-70	305	2576 completed
49-09	118,881.6	221,719.8	6668	-90	na	2847 completed
50-09	121,752.9	219,929.4	5885	-75	270	1826 completed
51-09	121,752.9	219,929.4	5885	-90	na	1583.5 completed

52-09	118,585.3	221,268.9	6798	-75	020	2772 completed
53-09	119,802.3	218,821.4	6183	-75	015	2461 completed
54-09	119,802.3	218,821.4	6183	-75	015	2471 completed
55-10	117,559.6	218422.4	6724.2	-65	0	2479 completed
56-10	117,559.9	218421.8	6724.2	-65	305	1294 completed
57-10	117,559.3	218422.2	6724.2	-90	na	534 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 Including 614.1 meters (2040.0 feet) grading 0.103% MoS₂ (0.129% MoS₂ Eq)
377.2 meters (1253.0 feet) grading 0.130% MoS₂ (0.150% MoS₂ Eq)

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

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

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

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

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

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

Hole 38-08 Including 692.3 meters (2271.0 feet) grading 0.029% MoS₂ (0.045% MoS₂ Eq)
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% MoS₂ (0.110% MoS₂ Eq)
236.5 meters (776.0 feet) grading 0.143% MoS₂ (0.148% MoS₂ Eq)

Hole 40-08 Including 668.2 meters (2192.0 feet) grading 0.114% MoS₂ (0.140% MoS₂ Eq)
515.1 meters (1690.0 feet) grading 0.129% MoS₂ (0.154% MoS₂ Eq)

Hole 41-08 Including 603.5 meters (1980.0 feet) grading 0.074% MoS₂(0.081% MoS₂ Eq.)
164.6 meters (540.0 feet) grading 0.107% MoS₂(0.120% MoS₂ Eq)

Hole 42-08 Including 657.5 meters (2157.0 feet) grading 0.044% MoS₂(0.061% MoS₂ Eq)
224.6 meters (737.0 feet) grading 0.063% MoS₂(0.073% MoS₂ 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
Hole 47-09 Including	598.59 meters (1812 feet) grading 0.18% Cu and 0.056% MoS ₂ 303.9 meters (1123.5 feet) grading 0.19% Cu and 0.071% MoS ₂
Hole 48-09 Including	440.9 meters (1446.5 feet) grading 0.18% Cu and 0.053% MoS ₂ 323.1 meters (1060 feet) grading 0.17% Cu and 0.057% MoS ₂
Hole 49-09 Including	457.2 meters (1500 feet) grading 0.07% Cu and 0.093% MoS ₂ 274.31 meters (900 feet) grading 0.06% Cu and 0.105% MoS ₂
Hole 50-09 Including	217.8 meters (714.5 feet) grading 0.15% Cu and 0.026% MoS ₂ 71.5 meters (234.5 feet) grading 0.14% Cu and 0.051% MoS ₂
Hole 51-09 Including	320 meters (1050 feet) grading 0.15% Cu and 0.037% MoS ₂ 112.8 meters (370 feet) grading 0.15% Cu and 0.105% MoS ₂
Hole 52-09 Including	426.7 meters (1400 feet) grading 0.06% Cu and 0.103% MoS ₂ 259.1 meters (850 feet) grading 0.05% Cu and 0.141% MoS ₂
Hole 53-09 Including	509.3 meters (1671 feet) grading 0.19% Cu and 0.091% MoS ₂ 292.1 meters (961 feet) grading 0.15% Cu and 0.115% MoS ₂
Hole 55-10 Including	58 meters (190 feet) grading 0.05% Cu and 0.107% MoS ₂ 3 meters (10 feet) grading 0.15% Cu, 0.0.025% MoS ₂ , 68.8 grams Ag/T and 2.15 grams Au/ton
Hole 57-09	57.9 meters (190 feet) grading 0.02% Cu and 0.070% MoS ₂

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.

In November 2009 Mosquito announced the results of an independent NI 43-101 compliant Preliminary Economic Assessment (“PEA”) managed by Ausenco Minerals Canada Inc. (Ausenco), a Vancouver-based engineering firm with corporate headquarters in Brisbane, Australia. Based on a pre-tax financial model (earnings before interest, tax, depreciation and amortization) and using a long-term, base-metal price scenario, Ausenco’s study showed the CUMO project having a Net Present Value (NPV) of US\$16 Billion for a 150,000 short tons per day ore production rate and US\$10 Billion for a 100,000 short tons per day ore production rate. Corresponding Internal Rates of Return (IRR) were 36% and 29% respectively – significantly above the minimum 12.5% to 15% IRR typically required for United States-based projects to be considered for production – and straight-line payback periods for startup capital costs were 2.3 and 3.0 years respectively. These very substantial figures indicate that Mosquito should be developing CUMO toward an initial ore production rate of between 100,000 and 150,000 short tons per day. Complete details of the study are available at www.Mosquitogold.com.

Mosquito subsequent to year end 2010 purchased approximately 100 acres of Private land next to the Cumo deposit and started drilling Hole10-55 on this property to test the down dip extension of the main zone and to obtain geotechnical information about rock strength and fracture orientation.

On February 14, 2011 U.S. Forest service approved an new plan of operations for the CuMo Project. The permit approval will allow Mosquito to build up to 10.2 miles of temporary roads and drill up to 256 two-inch-diameter exploratory holes from 137 drill sites over a five-year period. The actual amount of road and drill hole construction will depend on results encountered as the exploration proceeds. Mosquito stated that it expects that the actual road miles and number of drill holes will be substantially less than the upper limit described in the Environmental Assessment.

Subsequent to this approval, on April 6, 2011, a local group of environmentalists appealed the decision to grant the plan of operations. On May 17, 2011, the appeal was rejected by US Forest Service allowing further development to proceed. This is part of the regular process in regards to applying and receiving Exploration permits. Mosquito's expert team of consultants and lawyers based in Boise, Idaho performed excellent work in accomplishing the approval of the Plan of Operations and the rejection of the subsequent appeal.

Forsgren Engineering of Boise, have already started the environmental baseline studies required to collect the data required for a feasibility study. They along with Brown and Caldwell were previously involved with the work on the Environmental assessment and the plan of operations. Exploration 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.

During the year ending June 30, 2011, 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. Snowden Mining Industry Consultants, an independent, internationally recognized mineral industry consultant, calculated the estimate.

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

Indicated Classification: 2.03 billion tons with

2.14 billion pounds of molybdenum oxide(MoO₃),
 3.27 billion lbs of Copper (Cu),
 140.7 million ounces of silver (Ag) and
 158.2 million lbs of tungsten(W)

Plus and additional, Inferred Classification 3.95 billion tons with

2.34 billion pounds of molybdenum oxide(MoO₃),
 5.55 billion lbs of Copper (Cu),
 242.5 million ounces of silver (Ag) and
 90.9 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 Recovered metal value cutoff grade. These are estimates of what may be considered waste, stockpile and run of mill.

Indicated

Cutoff	millions	Grade > Cutoff				Contained Metal					Recov.	Recov. Lbs
		MoS2	Cu	Ag	W	Million lbs. Mo	Million lbs MoO3	Million lbs Cu	Million oz Ag	Million lbs W	Cu	MoO3
\$US	(tons)	(%)	(%)	(g/t)	(ppm)						Equiv	Equiv
<5*	158.60	0.006	0.05	1.76	15.20	12.0	17.9	144.3	8.2	4.8	0.08	0.20
5-20	1,012.51	0.035	0.09	2.67	34.70	428.9	643.3	1821.4	78.7	70.3	0.31	0.73
>=20	881.2	0.094	0.08	2.15	47.37	988.5	1482.7	1325.7	55.1	83.5	0.68	1.60

Inferred

Cutoff	RCV	Grade > Cutoff				Contained Metal					Recov.	Recov. Lbs
		millions	MoS2	Cu	Ag	W	Million lbs. Mo	Million lbs MoO3	Million lbs Cu	Million oz Ag	Million lbs W	Cu
\$US	(tons)	(%)	(%)	(g/t)	(ppm)						Equiv	Equiv
<5*	2,609.30	0.002	0.05	1.53	1.43	48.5	72.8	2407.1	116.1	7.5	0.09	0.22
5-20	2,212.09	0.030	0.07	2.15	13.53	806.2	1209.4	3046.8	138.6	59.9	0.26	0.61
>=20	702.9	0.085	0.07	1.94	17.27	713.2	1069.7	926.9	39.7	24.8	0.61	1.44

Notes: RCV is a recovered metal value based on the grade and tonnage estimates described above.

\$2.50 RCV cutoff was chosen as the base cutoff grade for comparison of global resource as it is the lowest cutoff value that has reasonable prospects of economic extraction. Especially when current metal prices, (which are significantly higher than those used in the study) are taken into consideration.

Some of the Totals may not sum exactly due to rounding.

Due to TSX exchange rules only the cutoff can be reported prior to feasibility, not the actual values. a Copper equivalent (Cu. Equiv.) and Molybdenite equivalent (MoS₂ Equiv.) are based on the following metal prices (all in US\$): Copper \$2.10/lb, Molybdenum Oxide (\$16/lb), Silver \$0.35/gram and Tungsten \$0.22/gram.(\$7.00 per lb). Other factors include 1% = 20 pounds; 1 ppm = 1 gm/T; 1000 ppb = 1 ppm = 1 gm/T.

Molybdenum is sold as either ferro-molybdenite or molybdenum oxide.

The price used in these estimates is \$16 per pound Molybdenum oxide.

To obtain the amount of Molybdenum oxide that can be produced from MoS₂, the following is required: convert MoS₂ to Mo by dividing MoS₂ by 1.6681 then convert to MoO₃ (Molybdenum Oxide) by multiplying by 1.5. Therefore the amount of molybdenum oxide is pounds MoS₂ times 1.5 / 1.6681.

Estimated metallurgical recoveries used in the calculations are as follows for each metal zone. Recoveries are slightly lower than those currently reported by SGS in their recent metallurgical study, as they have been adjusted by Ausenco to reflect losses anticipated during the cleaning and roasting stages.

TABLE 4

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

Formulas :

Recovery (recv) for a metal is taken from the above table for each assay/block in a particular zone and is value percentage/100

$$RCV = ((Cu * 20 * \% recv) + ((MoS2 * 20 * (1.5 / 1.6681) * \% (MoO3) * recv) + (Ag * \% recv) + (W * \% recv))$$

$$\text{Recovered Cu. Equiv.} = RCV / (\$(Copper) * 20)$$

$$\text{Recovered MoS2. Equiv.} = RCV / ((1.6681 / 1.5) * \% (MoO3) * 20)$$

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.

During the year ended June 30, 2010, the property was written to a nominal value of \$1 as the Company had no current exploration plans.

Motley Property, Idaho, USA

On March 9, 2007, the Company entered into an agreement to purchase four 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. The company staked 299 additional claims to cover the numerous quartz veins that have been identified in the area of the property.

During the year ended June 30, 2009, the Company wrote down the property to a nominal value of \$1 as it has no current exploration plans.

Motley Property is considered as part of the Spring Creek Project by the management

Spring Creek Property, Idaho, USA

The Company staked claims in Montana and Idaho, USA.

During the year ended June 30, 2010, the Company wrote down the property to a nominal value of \$1 as it had no current exploration costs.

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.

During the year ended June 30, 2010, the property was written to a nominal value of \$1 as the Company had no current exploration plans.

Boise Property, USA

On July 8, 2010, the Company entered into a Property Option Agreement to purchase the certain mineral claims located in Boise County, Idaho, USA. These patent mineral claims are part of the CuMo deposit. In order to maintain the Option in good standing, the Company shall be required to pay the vendor Option Payments in the amount of US\$ 1,200,000 on the following dates:

- i) US \$400,000 on the Closing date (paid)

ii) US \$400,000 on or before the first anniversary of the Closing date; and

iii) US \$400,000 on or before the second anniversary of the Closing date.

Payment of the Option payments may be accelerated at the Company's option. US \$400,000 on or before the first anniversary has already been paid subsequent to 2011 year end.

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.

On January 25, 2011, the Company has entered into an agreement with Running Fox Resources Ltd. whereby the Company grants, subject to a net smelter royalty, the exclusive right to purchase

the Company's 50-per-cent interest in the Brett property located near Vernon, B.C. Running Fox has previously earned a 50-per-cent interest in the property.

Running Fox Resources agreed to pay the Company \$1-million as follows: \$50,000 on signing, \$450,000 within one business day of regulatory acceptance by the TSX Venture Exchange and \$500,000 within 30 days of the TSX-V acceptance date, and three million common shares within 10 business days of TSX-V acceptance. As of May 24, the above amounts were fully paid and shares were issued. In addition the Company retains a sliding-scale royalty on the property based on the price of gold as follows:

- Gold price up to \$500 per ounce -- 2-per-cent net smelter royalty;
- Gold price between \$501 and \$1,000 per ounce -- 3-per-cent NSR.
- Gold price between \$1001 and \$1,500 per ounce -- 5-per-cent NSR.
- Gold price between \$1501 and \$2,000 per ounce -- 6-per-cent NSR.
- Gold price over \$2,001 per ounce -- 8-per-cent NSR.

Laverty Lake and Cummins Property – Red Lake, Ontario

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 "Laverty Property", Red Lake, Ontario and the "Cummins 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.

By way of an option agreement dated January 26, 2009, subsequently amended on March 11, 2009, the Company optioned the Laverty Property to Mega Precious Metals Inc. ("Mega") (formerly Skybridge Development Corp. ("Skybridge")) in consideration of:

* \$500,000 cash payments as follows:

- \$100,000 on the signing of the agreement (completed);
- \$100,000 12 month anniversary date (completed);
- \$100,000 24 month anniversary date (completed);
- \$100,000 36 month anniversary date;
- \$200,000 48 month anniversary date.

* 250,000 shares of Skybridge and 500,000 shares of Mega as follows:

- 250,000 shares on the signing of the agreement (completed);
- 100,000 shares 12 month anniversary date (completed);
- 100,000 shares 24 month anniversary date (completed);
- 100,000 shares 36 month anniversary date;
- 200,000 shares 48 month anniversary date.

* 1,500,000 exploration expenditures as follows:

- \$250,000 prior to the 12 month anniversary date (completed);
- \$250,000 prior to the 24 month anniversary date (completed);
- \$250,000 prior to the 36 month anniversary date;
- \$250,000 prior to the 48 month anniversary date;
- \$500,000 prior to the 60 month anniversary date.

The Company retains a 2% NSR from the product extracted from ore mined from the property.

During the year ended June 30, 2011, \$100,000 payment and 200,000 shares valued at \$145,000, totaled \$245,000 (2010: \$100,000) was recorded as a gain as the property had been written to \$1.

Lavery Property 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 Lavery 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 Lavery 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.

The Cummins Property consists of 5 patented mineral claims located in McElroy Township, approximately 10 kilometers southwest of Larder Lake, Ontario. Mosquito has a 100% interest in the project and has not performed any work to date.

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 License 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.

The Company has received the full payment from the vendor and has no interest in the property.

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

Results of Operations for the years ended June 30, 2011, 2010 and 2009

The Company's audited financial statements for the year ended June 30, 2011 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, 2011, 2010 and 2009 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:

	2011	2010	2009
Drilling revenue	2,436,555	\$ -	\$ 142,195
Management fees	225,906	-	-
Other revenue	38,142	-	-
Drilling operating costs	2,919,199	-	126,712
Consulting	119,581	162,430	201,242
Investor relations	155,124	63,113	42,512
Management fees	246,000	156,000	156,000
Professional fees	762,399	367,177	393,269
Stock-based compensation	665,127	1,403,836	1,303,154
Travel and business promotion	487,799	135,540	112,307
Write-down of mineral properties	59,045	236,867	836,849
Write-off of property, plant and equipment	181,506	-	-

Gain on sale of mineral properties	(2,144,999)	(146,011)	(30,136)
Write-off related party loan	100,517	-	-
Loss for the year	(2,133,012)	(3,494,304)	(4,506,480)
Basic and diluted income (loss) per share	(\$0.03)	(\$0.06)	(\$0.11)
Working capital, (deficiency)	1,330,074	3,425,227	1,084,009
Mineral properties, property, plant and equip.	24,447,954	21,192,444	18,982,369
Shareholder equity	25,858,502	24,683,361	20,132,068

The loss for the year ended June 30, 2011 was \$2,133,012 compared to loss of \$3,494,304 in the year ended June 30, 2010 was primarily due to:

- 1 Reduced impairment loss on mineral properties
- 2 Increased gain on sale of mineral properties
- 3 Reduced stock-based compensation

The Company's cash position during the year ended June 30, 2011 decreased by \$3,209,987 mainly due to the increased operating costs during the year.

Summary of quarterly results Critical Accounting Estimates:

	30 Jun 11	31 Mar 11	31 Dec 10	30 Sep 10	30 Jun 10	31 Mar 10	31 Dec 09	30 Sep 09
Net income (loss)	572,558	126,212	(1,489,308)	(1,342,474)	(625,174)	(604,040)	(729,389)	(1,535,701)
Gain (loss) per share	\$0.01	\$0.01	(\$0.02)	(\$0.02)	(\$0.01)	(&0.01)	(\$0.01)	(\$0.03)

Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared by the management in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). They include the accounts of the Company and its wholly-owned subsidiaries, Kirkness Diamond Drilling Co., Inc. ("Kirkness"), 1156207 Ontario Ltd., Mosquito Mining Corp., and Mosquito Operation Inc. 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 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 and property, plant and equipment, asset retirement obligations, valuation allowances for future income tax assets, fair values of share-based payments, useful lives for amortization of property, plant and equipment. Actual results could differ from those estimates.

Foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The Company considers its United States operation as integrated foreign operations and uses the temporal method to translate all foreign currency transactions. 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.

Marketable securities

Marketable securities are classified as available-for-sale and recorded at fair value based on quoted market prices with unrealized gain (loss) recorded in other comprehensive income (loss).

Investments

Investments in which the Company exerts significant influence are accounted for using the equity method whereby the original cost of the investment is adjusted for the Company's share of earnings, losses and dividends. Investments in which the Company does not exert significant influence are accounted for using the cost method. Under the cost method of accounting, the investment is initially recorded at cost and earnings from such investments are recognized only to the extent they are received or receivable.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Plant and equipment are amortized at the following annual rates:

Aircraft	30%	declining balance method
Building	39 years	straight line
Drill rigs, mining, field and shop equipment and related vehicles	5 to 7 years 20%	straight line or declining balance method
Office equipment and furniture	5 to 7 years	straight line or

	30%	declining balance method
Vehicles	20%	declining balance method

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.

Management evaluates the carrying value of the Company's mineral properties on a reporting period basis or as events or circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether costs remain capitalized, or written off as impairment charges. Mineral properties, where future cash flows are not reasonably determinable, are evaluated for impairment based on changes in events or circumstances and management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

Although the Company has taken steps to verify titles to mineral properties in which it has an interest, this procedure does not guarantee the Company's titles. 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.

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 other income.

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 exceeds the total undiscounted future net cash flows expected from its use and eventual disposition. If there is impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Environmental costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of feasibility study or the Company's commitments to plan of action based on the then known facts. The Company intends to comply with all environmental authorities.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would indicate obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The initial fair value of the liability is accreted, by charges to operations, over the remaining life of the long-lived asset.

As of June 30, 2011, the Company does not have any significant asset retirement obligations.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Revenue recognition

Revenue from drilling contracts is recognized on the basis of the number of feet cored, chargeable drill and equipment rental hours as well as 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 semi-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. The fair value of stock options determined using the Black-Scholes option pricing model at the date of the grant is charged immediately to the operations, with an offsetting credit to contributed surplus. Where vesting provisions exist for stock options, the fair value is recognized over the service period. Upon the exercise of stock options, the fair value of the award is transferred to share capital from contributed surplus.

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.

Related party transactions

All monetary transactions in the normal course of operations are measured at the exchange value which is determined by management to approximate fair value. Non-monetary related party transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. The commercial substance requirement is met when the future cash flows associated with

the transfer of property are expected to change significantly as a result of the transaction. All other related party transactions are recorded at the carrying value.

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

	June 30, 2011	June 30, 2010	June 30, 2009
Deferred exploration costs	\$ 149,069	-	-
Equipment rental, utilities and telephone	18,067	-	-
General support and corporate development	18,449	-	-
Purchase of equipment	30,000	-	-
Wage	120,240	-	-
Mineral property	-	-	\$ 271,108
Consulting fees	-	-	33,000
Management fees	246,000	156,000	156,000
Telephone and website	-	-	20,181
Professional fees	-	-	61,000

During the year ended June 30, 2011:

(1) The Company entered into a management service agreement with IEMR, a shareholder and a company with a common director. Under the agreement, the Company agreed to manage, direct, supervise and implement exploration programs on the Pine Tree Property for a fee based on 10% of all exploration costs including any overruns up to but not exceeding 15%. Kirkness also entered into a contract to provide drilling services to IEMR. Billings by Kirkness also would qualify as the exploration costs under the agreement.

The Company and Kirkness earned \$225,906 management fees and \$2,259,054 drilling revenue from IEMR. As of June 30, 2011, accounts receivable and other receivables included \$924,080 owing from IEMR.

(2) The Company entered into a management agreement with a company owned by the president. The terms of the agreement require the Company to pay a monthly fee of \$12,500 (plus 13% HST) and a one time bonus payment of \$45,000 (plus 13% HST).

(3) \$17,248 owing to a company with a common director was included in accounts payable and accrued liabilities.

(4) \$123,806 (2010: \$131,799) was owed to directors, companies owned by the president and related party transactions are in the ordinary course of business and are measured at the exchange amounts, being the amounts agreed to by the related parties. The amounts due to

related parties are without interest or stated terms of repayment.

Financial instruments

The Company's financial instruments consist of cash, marketable securities, accounts receivable, other receivables, HST / GST recoverable, accounts payable, accrued liabilities, and due to related parties. The Company has designated its cash as held-for-trading, which is measured at fair value. Marketable securities are classified as available-for-sale, which are measured at fair value and unrealized gain (loss) resulting from changes in fair value are recorded in other comprehensive income (loss) until the investment is de-recognized or impaired, at which time the amounts would be recorded in earnings. Accounts receivable, other receivables and HST / GST recoverable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities, and due to related parties are classified as other financial liabilities, which are measured at amortized cost. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Financial instruments - disclosures

The Company adopted CICA Handbook Section 3862 Financial Instruments – Disclosures.

The additional fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company has included disclosures recommended by this section in Note 14 of these financial statements.

Comprehensive income

The Company follows CICA Section 1530 Comprehensive Income which establishes standards for reporting and presenting comprehensive income or loss, which is defined as the change in equity from transactions and other events from sources other than income or loss, which is defined as the change in equity from transactions and other events from sources other than the Company's shareholders. Other comprehensive income or loss refers to items recognized in

comprehensive principles such as unrealized gains or losses on available-for-sale investments. Amounts initially recorded to other comprehensive income or loss is reclassified to earnings when the financial instrument is derecognized or impaired.

Capital disclosures

The Company follows CICA Section 1535 Capital Disclosures which requires disclosure of the Company's objectives, policies, and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements; and, if the Company has not complied, the consequences of such non-compliance.

The Company has included disclosures recommended by the Handbook sections in Note 11 to these financial statements.

Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year presentation.

Future Changes in Accounting Policies, not yet adopted

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1852 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which replace the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, while section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted.

The Company has determined that there will be no impact of the adoption of these sections on its financial statements.

International Financial Reporting Standards ("IFRS")

In February 2008, The CICA Accounting Standards Board ("AcSB") confirmed the changeover to International Financial Reporting Standards ("IFRS") from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will adopt IFRS effective July

1, 2011 and will be required to restate, for comparative purposes, amounts reported by the Company for its year ended June 30, 2011. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS as well as certain presentation differences. The Company has begun assessing the adoption of IFRS for 2012 and has discussed its plan in the Company's Management's Discussion and Analysis for the year ended June 30, 2011.

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.

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, Charlton and Company, 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 27, 2011, there were 81,806,197 common shares issued and outstanding
- 3 As at October 27, 2011, there were 6,775,600 incentive stock options outstanding.
- 4 As at October 27, 2011, there were 7,870,343 share purchase warrants outstanding.

Financial instruments and risk management

The Company's financial instruments consist of cash, accounts receivable, other receivables, HST / GST recoverable, accounts payable, accrued liabilities and due to related parties. Cash and marketable securities are carried at fair value using a level 1 fair value measurement. The fair values of accounts receivable, other receivables, HST / GST recoverable, accounts payable, accrued liabilities and due to related parties approximated their carrying values due to the short-term nature of these instruments.

The Company is engaged primarily in the mineral exploration business and manages related industry risk directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity-based market prices associated with mineral property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements. There is no certainty that all environmental risks and contingencies have been addressed.

The Company is exposed in varying degrees to a variety of financial instrument related risks as follows:

Interest Risk

The amounts due to related parties are non interest bearing. The Company does not have other financial liabilities. Therefore interest rate risk is minimal.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk includes cash, accounts receivable, other receivables and HST / GST recoverable. The credit risk with respect to its cash is minimized as cash placed with major financial institutions. To reduce credit risk of accounts receivable and other receivables, the Company regularly reviews their collectability and establishes an allowance based on its best estimate of potentially uncollectible amounts. HST / GST recoverable is due from the Government of Canada and therefore, the credit risk exposure is low.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company operates primarily in Canada and the United States. The Company did not management currency risks through hedging or other currency management tools. Management believes that the Company's future exposure to currency risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company, from time to time, needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on reasonable terms.

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.