

## **MOSQUITO CONSOLIDATED GOLD MINES LIMITED**

### **INFORMATION CIRCULAR**

This information circular contains information as at October 26, 2009.

### **PERSONS MAKING THIS SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of Proxies by the Management of the Company for use at the Annual and Special General Meeting (the "Meeting") of the shareholders of MOSQUITO CONSOLIDATED GOLD MINES LIMITED (the "Company") to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and at any adjournment thereof. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by officers of the Company. The cost of solicitation will be borne by the Company.

### **GENERAL PROXY INFORMATION**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the voting common shares in the capital of the Company (the "Shares") held on a record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. All costs of this solicitation will be borne by the Company.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy are directors, officers or other representatives of the Company. A shareholder entitled to vote at the Meeting has the right to appoint a person or company, who need not be a shareholder, to attend and act for the shareholder on the shareholder's behalf at the Meeting other than either the persons or company designated in the accompanying form of proxy, and may do so either by inserting the name of that other person in the blank space provided in the accompanying form of proxy or by completing and delivering another suitable form of proxy. Submitting a proxy by mail, by hand or by fax are the only methods by which a shareholder may appoint a person as proxy other than a director or officer of the Company named on the form of proxy.

#### **Voting by Proxyholder**

On a poll the nominees named in the accompanying form of proxy will vote or withhold from voting the Shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. If the shareholder has specified a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. The proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,

- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the proxy, the nominees named in the accompanying form of proxy will vote the Shares represented by the proxy at their own discretion for the approval of such matter.

### **Registered Shareholders**

Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a proxy must complete, date and sign the form of proxy. It must then be returned to the Company's transfer agent, COMPUTERSHARE TRUST COMPANY OF CANADA, 100 University Street, 9th Floor, Toronto, ON, M5J 2Y1, or to the Company prior to the commencement of the Meeting. Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person.

### **Advice to Beneficial Holders of Shares**

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In the United States, the vast majority of such Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that they follow the instructions of their broker to ensure their instructions respecting the voting of their Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Services ("Broadridge") in the United States and in Canada. Broadridge mails a voting instruction form in lieu of the form of proxy provided by the Company. The voting instruction form will name the same persons as the proxy to represent the Beneficial Shareholder at the Meeting. A Beneficial Shareholder has the right to appoint a person (who need not be a Beneficial Shareholder of the Company) other than the persons designated in the voting instruction form, to represent the Beneficial Shareholder at the Meeting. To exercise this right, the Beneficial Shareholder should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting

instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use it to vote Shares directly at the Meeting - the voting instruction form must be returned to Broadridge, as the case may be, well in advance of the Meeting in order to have the Shares voted. Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, Beneficial Shareholders may request in writing that their broker send to them a legal proxy which would enable them to attend at the Meeting and vote their Shares.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to COMPUTERSHARE TRUST COMPANY OF CANADA, 100 University Street, 9th Floor, Toronto, ON, M5J 2Y1 or at the address of the registered office of the Company at Suite 100 - 1616 West 3rd Avenue, Vancouver, B.C. V6J 1K2, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law. In addition, a proxy may be revoked by the registered shareholder personally attending the Meeting and voting the registered shareholder's Shares. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as set out herein.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Board of Directors of the Company has fixed October 26, 2009 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

As of **October 26, 2009**, the Company had outstanding **60,360,705** fully paid and non-assessable Shares without par value, each carrying the right to one vote.

To the knowledge of the directors and executive officers of the Company, only the following person(s) beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares</u>
CDS*	38,802,815	64.28%
Hongxue Fu	11,226,386	18.60%

\*The beneficial shareholders represented by this registered holder(s) are unknown.

The above information was supplied to the Company by the shareholders and from the insider reports available at [www.SEDI.ca](http://www.SEDI.ca).

## **FINANCIAL STATEMENTS**

The comparative audited financial statements of the Company for the year ended June 30, 2009 and the report of the auditor thereof will be placed before the Meeting. The audited financial statements, the report of the auditor, together with the management's discussion and analysis can be found on [www.sedar.com](http://www.sedar.com).

## **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to approve the resolutions described herein except special resolutions will be required to change the authorized share structure of the Company to an unlimited number of shares and to adopt new Articles for the Company. A special resolution is a resolution passed by a majority of not less than **two-thirds** of the votes cast by the shareholders who, being entitled to do so, voted in person or by proxy at the Meeting. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## **ELECTION OF DIRECTORS**

The size of the Board of Directors of the Company is currently determined at 7. The board proposes that the number of directors remain at 7. Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at 7.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the British Columbia Business Corporations Act ("BCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at October 26, 2009.

<b>Name, Office Held, and Residence</b>	<b>Date First Appointed</b>	<b>Present Occupation and if not elected director Occupation for past 5 years</b>	<b># of Shares Beneficially Owned, Directly or Indirectly, or Over which Control or Direction is Exercised at the Date of this Information Circular</b>
Brian M. McClay* <i>President, CEO and Director</i> British Columbia, Canada	June 15, 2004	Businessman	1,004,010
Hongxue Fu <i>Chairman</i> Beijing, China	October 1, 2009	Businessman	11,226,386
William Jefferies <i>Secretary and Director</i> British Columbia, Canada	December 6, 1999	Businessman	371,800
Patrick Bronson* <i>Director</i> British Columbia, Canada	September 28, 1993	Businessman	1,250,000
Wayne Ash* <i>Director</i> British Columbia, Canada	June 26, 2000	Mining Engineer	137,500
Shaun Dykes <i>Director</i> British Columbia, Canada	May 14, 2003	Professional Geologist	709,500
Matt Ball <i>Director</i> British Columbia Canada	August 29, 2006	Senior Geologist	Nil

\* Member of Audit Committee

## CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the board of directors (the "Board"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day- to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices in Form 58-101F2, which disclosure is set out below.

### 1. Board of Directors

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. The Board acts in accordance with:

- (a) the *Business Corporations Act* (British Columbia)
- (b) the Company's articles of incorporation and by-laws
- (c) the Company's code of business conduct
- (d) the charters of the Board and the Board committees; and
- (e) other applicable laws and Company policies

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results.

The Board is actively involved in the Company's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management. The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board periodically reviews the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Board also monitors the Company's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board periodically discusses the systems of internal control with the Company's external auditor.

The Board is responsible for choosing the President and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company's major communications, including annual and quarterly reports, financing documents and press releases. The Company communicates with its stakeholders through a number of channels including its web site. The Board approved the Company's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board, through its Audit Committee, examines the effectiveness of the Company's internal control processes and management information systems. The Board consults with the internal auditor and management of the Company to ensure the integrity of these systems. The internal auditor submits a report to the Audit Committee each year on the quality of the Company's internal control processes and management information systems.

The Board is responsible for determining whether or not each director is an independent director. The President, Secretary and any other officer are not considered independent. None of the other directors work in the day-to-day operations of the Company, are party to any material contracts with the Company, or receive any fees from the Company except as disclosed in this circular.

## 2. Directorships

The following table sets forth the directors of the Company who currently hold directorships on other reporting issuers:

<u><i>Name of Director</i></u>	<u><i>Name of Other Reporting Issuer</i></u>
Hongxue Fu	Trans National Minerals Inc.

## 3. Orientation and Continuing Education

The Board of Directors of the Company briefs all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

## 4. Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the corporation. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and

fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

#### 5. Nomination of Directors

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

#### 6. Compensation

The Board of Directors conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of Directors with the return to shareholders. The Board of Directors decides the compensation of the Company's officers, based on industry standards and the Company's financial situation.

#### 7. Other Board Committees

The Board of Directors has no other committees than the Audit committee.

#### 8. Assessments

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees.

### **AUDIT COMMITTEE**

The audit committee's mandate and charter can be described as follows:

1. Each member of the Audit Committee shall be a member of the Board of Directors, in good standing, and the majority of the members of the audit committee shall be independent in order to serve on this committee.
2. At least one of the members of the Audit Committee shall be financially literate.
3. Review the Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board of Directors. Consider changes that are necessary as a result of new laws or regulations.
4. The Audit Committee shall meet at least four times per year, and each time the Company proposes to issue a press release with its quarterly or annual earnings information. These meetings may be

combined with regularly scheduled meetings, or more frequently as circumstances may require. The Audit Committee may ask members of the Management or others to attend the meetings and provide pertinent information as necessary.

5. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the committee.
6. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
7. Approve any non-audit services provided by the independent auditors, including tax services. Review and evaluate the performance of the independent auditors and review with the full Board of Directors any proposed discharge of the independent auditors.
8. Review with the Management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
9. Consider, with the Management, the rationale for employing accounting firms rather than the principal independent auditors.
10. Inquire of the Management and the independent auditors about significant risks or exposures facing the Company; assess the steps the Management has taken or proposes to take to minimize such risks to the Company; and periodically review compliance with such steps.
11. Review with the independent auditor, the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
12. Inquire regarding the "quality of earnings" of the Company from a subjective as well as an objective standpoint.
13. Review with the independent accountants: (a) the adequacy of the Company's internal controls including computerized information systems controls and security; and (b) any related significant findings and recommendations of the independent auditors together with the Management's responses thereto.
14. Review with the Management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
15. Review with the Management, the independent auditors, the interim annual financial report before it is filed with the regulatory authorities.
16. Review with the independent auditor that performs an audit: (a) all critical accounting policies and practices used by the Company; and (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management of the Company, the ramifications of each alternative and the treatment preferred by the Company.
17. Review all material written communications between the independent auditors and the Management.

18. Review with the Management and the independent auditors: (a) the Company's annual financial statements and related footnotes; (b) the independent auditors' audit of the financial statements and their report thereon; (c) the independent auditor's judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting; (d) any significant changes required in the independent auditors' audit plan; and (e) any serious difficulties or disputes with the Management encountered during the audit.
19. Periodically review the Company's code of conduct to ensure that it is adequate and up-to-date.
20. Review the procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
21. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.
22. The Audit Committee will perform such other functions as assigned by law, the Company's articles, or the Board of Directors.

### **Composition of the Audit Committee**

The members of the audit committee are **Brian M. McClay, Wayne Ash and Patrick Bronson**, a majority of which are independent and at least one member of which is financially literate.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgement.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

### **External Auditor Service Fees**

The audit committee has reviewed the nature and amount of the non-audited services provided by Dale Matheson Carr-Hilton, Labonte, LLP Chartered Accountants, of Vancouver, British Columbia to the Company to ensure auditor independence. Fees incurred with Dale Matheson Carr-Hilton, Labonte, LLP Chartered Accountants, of Vancouver, British Columbia for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

<b>Nature of Services</b>	<b>Fees Paid to Auditor in Year ended June 30, 2009</b>	<b>Fees Paid to Auditor in the prior Fiscal Year</b>
Audit Fees(1)	\$85,000	\$75,000
Audit-Related Fees(2)	Nil	\$5,538
Tax Fees(3)	Nil	Nil
All Other Fees(4)	Nil	Nil
<b>Total</b>	<b>\$85,000</b>	<b>\$80,538</b>

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include fees for services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

### **Exemption**

The Company is relying upon the exemption in section 6.1 of National Instrument 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110.

### **APPOINTMENT OF AUDITOR**

Dale Matheson Carr-Hilton, Labonte, LLP Chartered Accountants, of Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors.

### **COMPENSATION OF EXECUTIVE OFFICERS**

#### **COMPENSATION DISCUSSION AND ANALYSIS**

The compensation of the executive officers is determined by the Board, based in part on recommendations from the Chief Executive Officer.

The Board evaluates individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation, the Board base its decisions on its general business and industry knowledge and experience and publicly available information of comparable companies while also taking into account our relative performance and strategic goals.

The executive officer compensation consists of two basic elements: i) base salary; and ii) incentive stock options. The details are set out in the Summary Compensation Table.

The base salary established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the compensation committee. In deciding on the salary portion of the compensation of the executive officers, major consideration is given to the fact that the Company is an early stage development company and does not generate any material revenue and must rely exclusively on funds raised from equity financing. Therefore, greater emphasis may be put on incentive stock option compensation.

The incentive stock option portion of the compensation is designed to provide the executive officers of the Company with a long term incentive in developing the Company's business. Options granted under the Company's stock option plan are approved by the Board of Directors, and if applicable, its subcommittees, after consideration of the Company's overall performance and whether the Company has met targets set out by the executive officers in their strategic plan.

#### SUMMARY COMPENSATION TABLE

Name and Principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards(1) (\$)	Non-equity Incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Brian M. McClay President and CEO	2009	Nil	Nil	295,680	Nil	Nil	Nil	Nil	295,680
William Jefferies Secretary	2009	Nil	Nil	12,800	Nil	Nil	Nil	Nil	12,800

(1) The fair market value of these option-based awards was determined using the Black Scholes Analysis.

"Named Executive Officer" means each Chief Executive Officer, each Chief Financial Officer and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year and each individual who would be an NEO but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

### INCENTIVE PLAN AWARDS

#### OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Brian M. McClay	1,155,000 425,000	\$0.35 \$0.35	Oct 30, 2013 June 2, 2013	Nil	Nil	Nil
William Jefferies	50,000	\$0.35	Oct 30, 2013	Nil	Nil	Nil

#### INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Brian M. McClay	11,550	Nil	Nil
William Jefferies	500	Nil	Nil

#### PENSION PLAN BENEFITS

The Company does not have a pension plan or provide any benefits following or in connection with retirement.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Neither the Company or any of its subsidiaries has any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of employment of the executive officers' employment with the Company and its subsidiaries or from a change of control of the Company or any subsidiary of the Company or a change in the executive officers' responsibilities following a change in control.

### DIRECTOR COMPENSATION

#### DIRECTOR COMPENSATION TABLE

<b>Name</b>	<b>Fees Earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards(1) (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Hongxue Fu	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Patrick Bronson	Nil	Nil	12,800	Nil	Nil	Nil	12,800
Wayne Ash	Nil	Nil	12,800	Nil	Nil	Nil	12,800
Shaun Dykes	Nil	Nil	89,600	Nil	Nil	Nil	89,600
Matt Ball	Nil	Nil	64,000	Nil	Nil	Nil	64,000

(1) The fair market value of these option-based awards was determined using the Black Scholes Analysis.

The Company has no standard arrangement pursuant to which Directors are compensated by the Company for their services in their capacity as Directors other than the unissued treasury shares that may be issued upon the exercise of the Directors' Stock Options. There has been no other arrangement pursuant to which Directors were compensated by the Company in their capacity as Directors except as disclosed herein.

## EQUITY COMPENSATION PLAN INFORMATION

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	3,174,000	\$0.35	2,862,071
Equity compensation plans <i>not</i> approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>3,174,000</b>	<b>\$0.35</b>	<b>2,862,071</b>

There are no employment contracts between either the Company or its subsidiaries and the above-named executive officers other than disclosed herein or in the financial statements.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end most recently completed financial year or as at the date hereof.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An informed person is one who generally speaking is a director or executive officer or a 10% shareholder of the Company. To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended June 30, 2009, or has any interest in any material transaction in the current year other than as set out herein.

### MANAGEMENT CONTRACTS

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **1. Stock Option Plan and Incentive Stock Options**

Management has recommended that the Company renew by adoption the Stock Option Plan containing among other things, provisions consistent with the current policies of the Exchange. The Stock Option Plan is also subject to Exchange approval.

Under the Stock Option Plan, the Board of Directors may grant up to 10% of the issued number of shares issued and outstanding as at the date of the stock option grant. On this basis, the Stock Option Plan shall be operated as a “rolling” plan. Under the Stock Option Plan: (i) the maximum term of any option will be ten years from the date of grant or such lesser period as determined by the Board of Directors; and (ii) any amendment to the Stock Option Plan will also be subject to the approval of the Exchange. Further, provided that disinterested shareholder approval has been obtained, it shall be permissible under the Stock Option Plan to: (i) grant to insiders, within a 12 month period, a number of options exceeding 10% of the number of the issued and outstanding shares of the Company (determined at the date of the stock option grant); (ii) issue more than 5% of the issued and outstanding shares of the Company (determined at the date of the stock option grant) to any one individual in any 12 month period; and (iii) decrease the exercise price of options previously granted to the Company's insiders. Under a disinterested shareholder approval, the insiders and their associates must abstain from voting.

Management believes that the Stock Option Plan is in the Company's best interests and recommends that the shareholders approve the Stock Option Plan.

### **2. Amendment of Articles**

Management is seeking shareholder approval that the Articles of the Company be altered by cancelling the existing Articles and creating and adopting the new form of Articles (the “New Articles”).

The New Articles will contain the following new provisions: i) the directors may approve a change of name of the Company without the necessity for shareholder approval; ii) shareholders' meetings may be held by electronic means; iii) shareholder meetings may, if authorized by the directors, be held outside British Columbia; and iv) the Company may alter its Notice of Articles, Articles and share structure in the following manner: the Company may by directors' resolution, create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares; increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established; subdivide all or any of its unissued, or fully paid issued, shares; if the Company is authorized to issue shares of a class of shares with par value, decrease the par value of those shares; or if none of the shares of that class of shares are allotted or issued, increase the par value of those shares; change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value; alter the identifying name of any of its shares; or adopt alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to the Articles are solely within the directors' powers, control or authority.

The New Articles will give Management greater flexibility to arrange the Company's corporate structure. The Board of Directors recommends amending the Company's Notice of Articles and adopting the New Articles.

The full text of the proposed New Articles will be presented to the shareholders at the Meeting. Shareholders wishing to view the proposed Articles in advance of the Meeting may do so at the registered office of the Company, Suite 300 - 576 Seymour Street, Vancouver, BC, during normal business hours, or by requesting a copy from the Company.

The shareholders are asked to consider and, if thought fit, pass a special resolution approving the amendment of the Company's Articles by cancelling the existing Articles and adopting the new form of Articles as further described in the Information Circular and authorizing the Board of Directors of the Company not to act upon the resolution if they so choose without further approval of the shareholders

This amendment to the Notice of Articles shall take effect immediately on the date and time the Notice of Alteration of the Notice of Articles is filed with the Registrar of Companies (British Columbia).

### **3. Change of Name**

Management is seeking shareholder approval to change the name of the Company from "Mosquito Consolidated Gold Mines Limited" to "**CUMO Mining Corp.**" Although the current name has long been associated with the operations of the Company, Management believes the new name better reflects the future direction of the Company.

The shareholders are asked to consider and, if thought fit, to approve a special resolution to change the name of the Company to "**CUMO Mining Corp.**" and the Articles and Notice of Articles of the Company, be altered accordingly and the Board of Directors be authorized to revoke the resolution before it is acted on as they see fit without further approval of the shareholders.

### **4. Approval of Shareholder Rights Plan**

The Company is a party to a shareholder rights plan agreement with **COMPUTERSHARE INVESTOR SERVICES INC.**, as rights agent, dated August 20<sup>th</sup>, 2009 (the "Rights Plan"). The Rights Plan has the following objectives: (a) to prevent creeping acquisitions of control; (b) to give adequate time for Shareholders to properly assess a take-over bid without undue pressure; (c) to provide the Board of Directors time to consider value-enhancing alternatives to a take-over bid and to allow competing bids to emerge; and (d) to ensure that Shareholders of the Company are provided equal treatment under a take-over bid. The Rights Plan is not intended to prevent take-over bids that treat Shareholders fairly and has not been adopted in response to any proposal to acquire control of the Company.

Under the Rights Plan, those bids that meet certain requirements intended to protect the interests of all Shareholders are deemed to be "Permitted Bids". Permitted Bids must be made by way of a take-over circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for sixty days. In the event a take-over bid does not meet the Permitted Bid requirements or a person otherwise acquires 20% or more of the outstanding Common Shares (an "Acquiring Person"), subject to certain exemptions, the rights will entitle Shareholders, other than any Shareholder acquiring the Common Shares, to purchase additional Common Shares at a substantial discount to the market value at the time. As a result, the investment of the Shareholder or Shareholders making the acquisition will be greatly diluted if a substantial portion of the rights are exercised.

Shareholders of the Company who are the Beneficial Owner of 20% or more of the outstanding voting shares of the Company at the time that the Rights Plan became effective are “Grandfathered Persons”, and are excluded from the definition of Acquiring Person. However, if a Grandfathered Person becomes the Beneficial Owner of any additional outstanding common shares of the Company other than through the permitted share acquisitions, then the Grandfathered Person will become an Acquiring Person on the date of such acquisition. There were no Grandfathered Persons as of the effective date of the Rights Plan.

The Rights Plan does not interfere with the day-to-day operations of the Company. The issuance of the Rights does not in any way alter the financial condition of the Company, impede its business plans or alter its financial statements. The rights are not listed, thus the Rights Plan is not dilutive and will not have any effect on the trading of common shares. However, if a “Flip-In Event” (as defined in the Rights Plan) occurs and the rights separate from the common shares, reported earnings per share and reported cash flow per share on a fully-diluted basis may be affected. In addition, holders of rights not exercising their rights after a Flip-In Event may suffer substantial dilution.

The Rights Plan may be waived by the Board of Directors in the following circumstances:

The Board of Directors acting in good faith may waive the application of the Rights Plan in respect of the occurrence of any Flip-In Event if (i) the Board of Directors has determined that a person became an Acquiring Person under the Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and (ii) the Acquiring Person has reduced its Beneficial Ownership of voting shares such that at the time of waiver the person is no longer an Acquiring Person.

The Board of Directors acting in good faith may, prior to the occurrence of the relevant Flip-In Event as to which the Rights Plan has not been waived, waive the application of the Rights Plan to a Flip-In Event that may occur by reason of a take-over bid made by means of a take-over bid circular to all holders of record of voting shares. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall be deemed to have waived the application of the Rights Plan in respect of any other Flip-In Event occurring by reason of such a take-over bid made prior to the expiry of a bid for which a waiver is, or is deemed to have been, granted.

The Board of Directors acting in good faith may, with the prior consent of the holders of voting shares, determine, at any time prior to the occurrence of a Flip-In Event as to which the application of the Rights Plan has not been waived, if such Flip-In Event would occur by reason of an acquisition of voting shares otherwise than pursuant to a take-over bid made by means of a take-over bid circular to holders of voting shares and otherwise than by inadvertence when such inadvertent Acquiring Person has then reduced its holdings to below 20%, to waive the application of the Rights Plan to such Flip-In Event. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall extend the separation time to a date subsequent to and not more than ten business days following the meeting of Shareholders called to approve such a waiver.

The Rights Plan will expire unless the Shareholders vote at the Meeting to continue its operation. At the Meeting, the Shareholders will be asked to consider and vote to approve the adoption of the Rights Plan, a summary of which is set forth in Schedule “A” hereto. This summary is qualified in its entirety by reference to the text of the Rights Plan, which is available upon request from the Secretary of the Company at Unit 100 - 1616 West 3<sup>rd</sup> Avenue, Vancouver, B.C. V6J 1K2 with telephone number (604) 689-7902, or a copy of the Rights Plan may be obtained from the Company's public disclosure documents found on SEDAR at [www.sedar.com](http://www.sedar.com). Capitalized terms used in the summary without express definition have the meanings ascribed thereto in the Rights Plan.

Accordingly, the shareholders are being asked to consider and, if thought fit, to approve an ordinary resolution to adopt the Shareholder Rights Plan Agreement between the Company and Computershare Investor Services Inc.

It is intended that all proxies received will be voted in favour of the adoption of the Rights Plan, unless a proxy contains instructions to vote against the Rights Plan. The Rights Plan will continue in effect only if it is approved by greater than 50% of the votes cast by Shareholder present in person or by proxy. If the Rights Plan is not approved it will terminate and the rights issued under it will be void. The Board of Directors of the Company recommends that Shareholders vote in favour of the Rights Plan.

## **5. Pine Tree Property Option Agreement**

### ***Description of the Transaction***

The Company is currently negotiating an option agreement (the “Option Agreement”) with Trans National Minerals Inc. (“TNF”) whereby the Company is proposing to grant TNF an option (the “Option”) to acquire a 100% interest in the Company’s Pine Tree Property Copper-Molybdenum property located in Mineral County, Nevada (the “Pine Tree Property”), subject to an underlying 2% net smelter return royalty (further described under the *Pine Tree Property* section). The Company and TNF are in the process of negotiating the details of the definitive agreement and will announce the completion of the agreement upon execution.

TNF is a Capital Pool Company (as defined under the policies of the Exchange) and this transaction shall serve as its Qualifying Transaction (as defined under the policies of the Exchange). The closing date of the Option Agreement shall be the later of the expiry of the thirty (30) day due diligence period under the Option Agreement and Exchange approval of the Qualifying Transaction (the “Effective Date”).

To exercise the Option, TNF will pay the Company \$1,000,000 and 5,000,000 common shares over 4 years, payable as follows:

	<b>Cash payment</b>	<b>Share Issuance</b>
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
<b>Total</b>	<b>\$1,000,000</b>	<b>5,000,000 common shares</b>

TNF must also incur an aggregate of \$3,000,000 in expenditures on the Pine Tree Property on or before the fourth anniversary of Effective Date of the Option Agreement subject to TNF incurring a minimum amount of \$500,000 in expenditures each year.

On the Effective Date, the Company will deliver to TNF executed transfers of all interests in the Pine Tree Property in favor of TNF, which transfers may be registered by TNF. However, upon registration of such

transfers, TNF will be the legal and registered owner of the Pine Tree Property for administrative convenience only and beneficial interest in the Pine Tree Property will only be transferred to TNF when the Option has been fully exercised.

### ***Related Party Transaction***

The negotiation of the Option Agreement commenced at the same time as the subscription of 9,090,000 common shares of the Company by International Energy and Mineral Resources Investment (Hong Kong) Company Limited (“IEMR”) which was completed on June 17, 2009. IEMR is controlled by Mr. Hongxue Fu and Ms. Jianwen Zheng, who also jointly controls Ivy Mining Inc. (“Ivy”). Ivy holds 2,083,333 common shares of the Company and 2,083,333 share purchase warrants of the Company. An Early Warning Report filed under National Instrument 62-103 was filed by IEMR on June 23, 2009 in connection with the shares acquired by IEMR and is available at [www.sedar.com](http://www.sedar.com). Mr. Hongxue Fu personally holds 53,053 common shares of the Company, acquired as part of the private placement completed by the Company on October 2, 2009. The foregoing represents 18.60% of the issued and outstanding shares of the Company.

Hongxue Fu and Jianwen Zheng, as a result of their control over IEMR and Ivy and Mr. Fu’s personal holdings, control over 10% of the voting securities to the Company and are collectively considered a “related party” to the Company. Mr. Fu also owns 6,830,357 shares out of the 13,392,855 issued and outstanding number of shares (equal to a 51% equity interest) of TNF and Ms. Zheng owns 2,812,500 shares (equal to a 21% equity interest). As TNF is also controlled by Mr. Fu and Ms. Zheng, TNF is an affiliated entity to Mr. Fu and Ms. Zheng and therefore also considered a “related party” to the Company and the transaction with TNF is considered a “related party transaction” under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) and TSXV Policy 5.9 *Protection of Minority Security Holders in Special Transactions*.

Under Part 5 of MI 61-101, a formal valuation and minority shareholder approval are required for a related party transaction unless certain exemptions apply. Under MI 61-101 s.5.5(b), if an issuer does not have its securities listed on certain senior exchanges (such as the Toronto Stock Exchange), an exemption from the formal valuation requirement would be available. As the securities of the Company are only listed on the TSX Venture Exchange, it may qualify for this exemption. Under MI 61-101 s. 5.7(1)(a), a related party transaction is exempt from minority shareholder approval if at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25 per cent of the issuer’s market capitalization.

25% of the market capitalization of the Company based on the 20 business day trading average of \$0.993 and 60,360,705 shares issued as of October 9, 2009 equals \$14,984,545.02. The consideration paid by TNF for the Pine Tree Property is 5,000,000 shares of TNF and \$1,000,000. Based on a 20 business day trading average price of TNF of \$0.215, the value today of these share payments which will be paid over time is \$1,075,000. The total consideration paid by TNF for the Option is calculated to be \$2,075,000 (\$1,075,000 (value of share consideration) + \$1,000,000 (cash payments)), which is substantially lower than 25% of the market capitalization of the Company. Based on this simple calculation, the Company would qualify for an exemption from the minority shareholder approval requirement. However, the Company has been advised by the Exchange that it will require a fairness opinion of the transaction and disinterested shareholder approval of the Option Agreement under Policy 5.3 and Policy 5.9 of the TSX Venture Policies.

### ***The Pine Tree Property***

The Pine Tree Property is comprised of 59 mineral claims covering an area of 1320 acres (531 hectares). The claims are all located in the Pilot Mountains, Mineral County, western Nevada and situated in Township 6 North, Range 36 east (Figure 1 and 2). The property is centered at geographical coordinates of 38° 22' 35" North latitude; 118° 00' 46" West longitude with UTM coordinates of 4 248 196 N and 411 522 E in Zone 11. The property is situated in a pro-mining county in an area not considered environmentally sensitive, several small-scale mines and operations are within the area.

The Pine Tree Property is easily accessible year round via gravel roads from the town of Mina, located seven miles away to the west on US Highway #95. Although there are no infrastructure or ancillary services available on site, the city of Hawthorne, located 35 miles away to the northwest has all the necessary services required to support an active exploration program. Further services to support a full scale mining operation are available in Reno and Las Vegas.

Drill water is readily available from a spring located 6500 feet north along the main access road to the property. A 2" pipe with a 2,000 gallon tank has been installed. The tank can be filled in approximately 1 hour and 15 minutes. The spring is owned by Dave Holmgren of Gabs, Nevada (local rancher) and the Company pays \$10.00 per 1,000 gallons for the water. With multiple drills, additional water is required and is purchased for \$5.15 per 1,000 gallon from the Mina town water supply, approximately 8 miles away. Tipton Contracting of Mina hauls the water from Mina to a 30,000 gallon storage tank located at the Dunlap and Pine Tree road intersections. Water trucks then haul the water to the various drills. Several other springs can be found throughout the area

The Pine Tree Property is located in the Pilot Mountains, lying in a physiographic province characterized by a series of generally northwest trending mountain ranges separated by alluvial valleys. Elevations on the property range from 5,500 to 8,300 feet above sea level. Vegetation is typical of higher elevation portions of Nevada, with the property covered by a moderate growth of pinion pine, juniper trees and sagebrush. Average temperatures range from 38°F to 89°F, with annual precipitation of less than 5 inches.

The Pine Tree Property is located within a 65-mile belt that hosts numerous gold, silver and copper deposits and active mines. Significant historical past producers of gold and silver operated in the immediate vicinity of the property. The Pine Tree Property's primary target is a +500 million ton copper-molybdenum-rhenium porphyry deposit with potential gold, silver, indium and gallium by-products.

The Pine Tree Property deposit was originally discovered in the 1950's and was owned jointly by Continental Mining and Bear Creek Mining. The property was subsequently re-staked by Nevada geologist, Mr. Tom Evans, and prospector, James H. Meyers. The Company entered into an option agreement dated May 10, 2005 (the "Original Option Agreement") with Western Geoscience, Inc. and James H. Meyers (collectively, the "Original Optionors") to acquire 15 mineral claims that make up the initial Pine Tree Property. Under the Original Option Agreement, the Company was to make payments of i) \$255,000 in cash; and ii) 300,000 in common shares, over a four year period from the date of signing to the Original Optionors. After the first four years, the Company is required to pay \$25,000 annually, up to a total of \$2,000,000. The Original Option Agreement also granted a 2% net smelter return royalty in favour of the Original Optionors from all minerals, concentrates or other products mined or milled from the Pine Tree Property. The net smelter return royalty will be reduced to 0.5% when the total amount paid by the Company to the Original Optionors under the Original Option Agreement reaches \$2,000,000.

During the spring and summer of 2005 the Company staked an additional 46 claims to further expand the property. All claims are renewable on September 1 of every year by paying \$135 per claim to the bureau of land management and \$8.50 per claim to the mineral county assessors open. Total maintenance fees for the current claims are U.S. \$8,467 per year plus small recording fees.

### ***Reasons for Disposition***

Management believes that the potential of the Pine Tree Property is not properly reflected in the Company's market capitalization. The transaction with TNF is an opportunity to receive fair value for the Pine Tree Property. The proceeds from the transaction will be used to forward the development of the Company's Cumo molybdenum project, which is at a more advanced stage and the project economics have recently been evidenced by the Preliminary Economic Assessment of the Cumo molybdenum project. Management believes that it would be in the Company's best interest to focus its energy and resources on development of the Cumo molybdenum project.

### ***Fairness Opinion***

Ross Glanville & Associates Ltd. ("Glanville") has been retained by the Board of Directors to determine the fairness to the shareholders of the Company, from a financial point of view, of the proposed acquisition of the Pine Tree Property by TNF (the "Fairness Opinion"). A brief summary of the Fairness Opinion is set out below.

In order to provide the Fairness Opinion, Glanville, among other things, reviewed the latest audited and unaudited financial statements of the Company and TNF; read the NI 43-101 Technical Report on the Pine Tree Property (dated August 20th, 2009); examined the share trading price history and market capitalizations of the Company and TNF; reviewed prior and budgeted mineral exploration expenditures on the Pine Tree Property; analyzed publicly-listed companies with similar mineral exploration properties; reviewed prior fairness opinions prepared by Glanville and others; considered the assets of TNF; reviewed the websites of the companies; read news releases of each of the companies over the prior years (the Company since 2005, and TNF since incorporation last year); reviewed issued shares, options, and warrants; and reviewed other relevant technical, financial, and economic factors. Glanville has not visited the Pine Tree Property, and will not be performing independent geological or engineering investigations or title searches.

Based on two different approaches to the valuation of the Pine Tree Property, it is Glanville's opinion that the net value (net of royalties) of the Company's interest in the Pine Tree Property is approximately \$1.5 million, with a reasonable range of between approximately \$1.0 million and \$2.5 million. Such an apparent wide range is not unreasonable for early stage exploration/development projects due to the risks associated with these types of projects.

Although the sum of the cash value and the share consideration proposed to be paid by TNF (\$1,000,000 and 5,000,000 shares) is substantially more than the indicated value of the Company's interest in the Pine Tree Property, one must discount the cash and share value to allow for the timing of the expenditures and share issuances, as well as the risk of not completing the option terms. As a result, it is Glanville's opinion that the value of the consideration to be provided by TNF is approximately equal to the value of the net interest of the Company in the Pine Tree Property.

Based on the foregoing and a review of all factors considered relevant, **Glanville is of the opinion that, as of the date hereof, the terms of the proposed acquisition are fair, from a financial point of view, to the shareholders of the Company.** However, Glanville expresses no opinion as to the expected trading price of the shares of the Company or TNF if the proposed acquisition is completed.

*Resolution*

Management recommends that the shareholders of the Company approve the proposed Option Agreement. The shareholders are being requested to consider, and if thought fit, pass an ordinary resolution on a disinterested basis, to approve a proposed option agreement which is currently being negotiated between the Company and Trans National Minerals Inc. (“TNF”) whereby the Company is proposing to grant TNF an option to acquire a 100% interest in the Company’s Pine Tree Property and all transactions contemplated thereby as further described in the Information Circular and authorizing the Board of Directors of the Company not to act upon the resolution if they so choose without further approval of the shareholders. Disinterested shareholder approval is defined as being approval by a majority of votes cast at the Meeting excluding votes attached to Shares beneficially owned by the Fu Group. The Company and TNF are in the process of negotiating the details of the definitive agreement and will announce the completion of the agreement upon execution.

**6. Potential Change of Control**

Mr. Hongxue Fu and Ms. Jianwen Zheng and the companies they control (collectively, the “Fu Group”) currently hold 11,226,386 shares which represent 18.60 % of the issued and outstanding shares of the Company. The Fu Group’s current holdings of common shares of the Company are as follows:

<b>Registered holder of the shares</b>	<b>Number of common shares of the Company held</b>
Ivy Mining Inc.	2,083,333
International Energy and Mineral Resources Investment (Hong Kong) Company Limited	9,090,000
Hongxue Fu	53,053
Total	11,226,386

It is contemplated that members of the Fu Group may participate in future financings of the Company and acquire additional shares resulting in Mr. Fu and his Associates (as defined by the policies of the Exchange) holding equal to or greater than 20% of the Company’s issued and outstanding shares. If this occurs, it will be deemed a “Change of Control” by the Exchange and prior Exchange approval is required.

Prior to the Exchange granting its approval of a Change of Control, shareholder approval will be required. Accordingly management of the Corporation seeks approval for the Change of Control, related to the holdings of the Fu Group. Any issuances to the Fu Group which would not result in a Change of Control shall not be affected whatsoever by any result of the vote on this proposed resolution.

The Management recommends that the shareholders of the Company approve the potential Change of Control resulting from future acquisition of shares by the Fu Group.

*Resolution*

The shareholders are requested to consider, and if thought fit, pass special resolution on a disinterested basis, to approve the potential Change of Control of the Company that may result if the future issuance of securities to the Fu Group (as defined in the Information Circular) results in a Change of Control in favour of the Fu Group. Disinterested shareholder approval is defined as being approval by a majority of votes cast at the Meeting excluding votes attached to Shares beneficially owned by the Fu Group.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is included in the Company's audited comparative financial statements for the year ended June 30, 2009 and the prior fiscal year and the auditor's report and related management discussion and analysis. Copies of the Company's most current interim financial statements and related management discussion and analysis, and additional copies of this proxy circular, may be obtained from Sedar at [www.Sedar.com](http://www.Sedar.com) and upon request from the Company's Secretary at the address of the Company.

**OTHER MATTERS**

The Directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Information Circular.

**DATED October 26, 2009.**

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Brian M. McClay"*

**Brian M. McClay**  
**Director**

## SCHEDULE "A"

### SUMMARY OF SHAREHOLDER RIGHTS PLAN

#### **1. Summary of the Principal Terms of the Rights Plan**

This summary is qualified in its entirety by reference to the text of the Rights Plan, which is available upon request from the Secretary of the Company Unit 100 – 1616 West 3rd Avenue, Vancouver, BC V6J 1K2 with telephone number (604) 689-7902, or a copy of the Rights Plan may be obtained from the Company's public disclosure documents found on SEDAR at [www.sedar.com](http://www.sedar.com). Capitalized terms used in this summary without express definition have the meanings ascribed thereto in the Rights Plan.

#### **2. Issue of Rights**

The Company issued one right (a "Right") in respect of each Common Share outstanding at the close of business on August 20, 2009 (the "Record Time"). The Company will issue Rights on the same basis for each Common Share issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time (both defined below).

#### **3. Rights Certificates and Transferability**

Before the Separation Time, the Rights will be evidenced by the certificates for the Common Shares and will not be transferable separate from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates which will be transferable separate from and independent of the Common Shares.

#### **4. Exercise of Rights**

Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the Exercise Price of \$100 (subject to certain anti-dilution adjustments). This Exercise Price is expected to be in excess of the estimated maximum value of the Common Shares during the term of the Rights Plan. Upon the occurrence of a Flip-In Event (defined below) prior to the Expiration Time, each Right (other than any Right held by an "Acquiring Person", which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Common Shares which have an aggregate Market Price equal to twice the Exercise Price of the Rights for a price equal to the Exercise Price. Effectively, this means a Shareholder of the Company (other than the Acquiring Person) can acquire additional Common Shares from treasury at half their Market Price.

#### **5. Definition of "Acquiring Person"**

An Acquiring Person is a person who is the Beneficial Owner (defined below) of 20% or more of the outstanding Common Shares, subject to certain exceptions, excluding where a person becomes the Beneficial Owner of 20% or more of the outstanding Common Shares by way of an Exempt Acquisition (defined below).

#### **6. Definition of "Beneficial Ownership"**

A person is a Beneficial Owner if such person or its affiliates or associates or any other person acting jointly or in concert owns the securities at law or in equity, and has the right to acquire (immediately or within 60 days) the securities upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

However, a person is not a Beneficial Owner under the Rights Plan where:

- (a) the securities have been deposited or tendered pursuant to a take-over bid, unless those securities have been accepted unconditionally for payment or exchange or have been taken up and paid for;
- (b) such person (including a fund manager, trust company, pension fund administrator, trustee or nondiscretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds or investment funds for others, as long as that person:
  - (i) holds those Common Shares in the ordinary course of its business for the account of others;
  - (ii) holds not more than 30% of the Common Shares (in the case of a pension fund administrator); and
  - (iii) is not making a take-over bid or acting jointly or in concert with a person who is making a takeover bid; or
  - (iv) such person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

#### **7. Definition of “Exempt Acquisition”**

An Exempt Acquisition is a transaction whereby a person acquires Common Shares by way of a distribution of Common Shares or convertible securities made by the Company pursuant to a prospectus, private placement or other distribution made by the Company exempt from prospectus requirements. A Beneficial Owner of 20% or more of the outstanding Common Shares acquired as a result of an Exempt Acquisition is not an Acquiring Person unless such a person subsequently becomes the Beneficial Owner of an additional 1% of the outstanding Common Shares (except pursuant to an Exempt Acquisition).

#### **8. Definition of “Separation Time”**

Separation Time occurs on the tenth trading day after the earlier of:

- (a) the first date of public announcement that a person has become an Acquiring Person;
- (b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Bid) or such later date as determined by the Board; and
- (c) the date on which a Permitted Bid or Competing Bid ceases to qualify as such or such later date as determined by the Board.

#### **9. Definition of “Expiration Time”**

Expiration Time occurs on the date being the earlier of

- (a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan; and
- (b) the date immediately after the Company's annual meeting of Shareholders to be held in 2011.

#### **10. Definition of a “Flip-In Event”**

A Flip-In Event occurs when a person becomes an Acquiring Person, provided however, that the Flip-In Event shall be deemed to occur at the close of business on the tenth day (or such later date as the Board may determine) after the first date of public announcement that a person has become an Acquiring Person. Upon

the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person or any of its related parties to whom the Acquiring Person has transferred its Rights, will become null and void and the Acquiring Person's investment in the Company will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

#### **11. Definition of “Permitted Bid”**

A Permitted Bid is a take-over bid made by a person (the “Offeror”) pursuant to a take-over bid circular that complies with the following conditions:

- (a) the bid is made to all registered holders of Common Shares (other than Common Shares held by the Offeror), and for all Common Shares (other than the Common Shares held by the Offeror);
- (b) the Offeror agrees that no Common Shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid and that no Common Shares will be taken up or paid for unless at such date more than 50% of the outstanding Common Shares held by Shareholders other than the Offeror and certain related parties have been deposited pursuant to the bid and not withdrawn;
- (c) the Offeror agrees that the Common Shares may be deposited to and withdrawn from the take-over bid at any time before such Common Shares are taken up and paid for; and
- (d) if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the bid shall remain open for an additional period of at least 10 business days to permit the remaining Shareholders to tender their Common Shares.

#### **12. Definition of “Competing Bid”**

A Competing Bid is a take-over bid that:

- (a) is made while another Permitted Bid is in existence; and
- (b) satisfies all the requirements of a Permitted Bid except that the Common Shares under a Competing Bid may be taken up on the later of 35 days after the Competing Bid was made and 60 days after the earliest date on which any other Permitted Bid or Competing Bid that was then in existence was made, and at such date more than 50% of the outstanding Common Shares held by Shareholders other than the Offeror and certain related parties have been deposited pursuant to the bid and not withdrawn.

#### **13. Redemption of Rights**

The Rights may be redeemed by the Board at its option with the prior approval of the Shareholders at any time before a Flip-In Event occurs at a redemption price of \$0.00001 per Right. In addition, the Rights will be redeemed automatically in the event of a successful Permitted Bid, Competing Bid or a bid for which the Board has waived the operation of the Rights Plan.

#### **14. Waiver**

The Board, acting in good faith, may waive the application of the Flip-In provisions of the Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of Common Shares. However, if the Board waives the Rights Plan with respect to a particular bid, it will be deemed to have waived the Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of Common Shares before the expiry of that

first bid. Other waivers of the “Flip-In” provisions of the Rights Plan will require prior approval of the Shareholders of the Company. The Board may also waive the “Flip-In” provisions of the Rights Plan in respect of any Flip-In Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person.

**15. Term of the Rights Plan**

Unless otherwise terminated, the Rights Plan will expire on the date immediately after the Company's annual meeting of Shareholders to be held in 2012.

**16. Amending Power**

Except for minor amendments to correct typographical errors and amendments to maintain the validity of the Rights Plan as a result of a change of law, Shareholder approval is required for amendments to the Rights Plan.

**17. Rights Agent**

Computershare Investor Services Inc.

**18. Rightsholder not a Shareholder**

Until a Right is exercised, the holder thereof as such will have no rights as a Shareholder of the Company.