

## MOSQUITO CONSOLIDATED GOLD MINES LIMITED

**MSQ: TSX-V**

**Closing Price (October 8): \$1.29**

**52-Week Range: \$1.49-\$0.175**

**Shares Outstanding: 49.75 million**

**Market Cap: \$64.18 million**

### NI 43-101 PRELIMINARY ECONOMIC ASSESSMENT OF CUMO

Mosquito Consolidated Gold Mines Limited has received a very encouraging NI 43-101-compliant preliminary economic assessment (PEA) of the Company's Idaho-based CUMO molybdenum-copper-silver project.

The PEA used the resource information based on the recent NI 43-101 resource estimate (reported in our September 2009 Update Report at [www.eresearch.ca](http://www.eresearch.ca)) in the table below:

CUMO Deposit Facts		Initiating Report		Currently Update Report	
		Indicated	Inferred	Indicated	Inferred
Molybdenum oxide (MoO <sub>3</sub> )	Billion of lbs	0	2.89	1.84	2.29
Copper (Cu)	Billion of lbs	0	3.41	2.21	3.66
Silver (Ag)	Millions of oz	0	148.9	95.0	158.5
Tungsten (W)	Millions of lbs	0	185.0	127.3	175.5

On a pre-tax financial model and with a long-term base metal price scenario, the study produced the following for the CUMO project:

Assumptions	150,000 Short Tons Per day	100,000 Short Tons Per day
Discount rate	5%	5%
Cost per lb for Molybdenum	\$3.90	\$4.30
Cost per lb for Copper	\$0.50	\$0.60
Start-up Capex	\$2.8 billion	\$2.2 billion
NPV	\$16 billion	\$10 billion
Payback Period	2.3 years	3.0 years



The figures point to the development of CUMO towards an initial ore production rate of 100,000-150,000 short tons per day.

The PEA also produced three other scenarios (high prices, low prices, and 10-year cyclical prices), which analyzed the CUMO project's sensitivity to metal prices. The NPV results are shown in the table below.

Assumptions		
High prices: Molybdenum oxide \$28/lb; Copper \$3.5/lb; Silver \$15/oz, Rhenium \$10/gram; and Sulphuric acid \$235/ton		
Low prices: Molybdenum oxide \$7.5/lb; Copper \$1.5/lb; Silver \$9/oz, Rhenium \$2.5/gram; and Sulphuric acid \$85/ton		
10-year prices: Using the range, with the lowest price in the low prices and the highest in the high prices.		
Scenarios	150,000 Short Tons Per day	100,000 Short Tons Per day
NPV for high prices	\$35 billion	\$22 billion
NVP for low prices	\$2.9 billion	\$1.1 billion
NVP for 10-year cyclical	\$21 billion	\$12 billion

Further details on the PEA are contained in Mosquito's October 8, 2009 news release, available on SEDAR: [www.sedar.com](http://www.sedar.com).

**COMMENT:** *We believe that the PEA study should have a positive impact on the Company's stock price since it increases the value of the CUMO project significantly.*

## THE COMPANY

Mosquito Consolidated Gold Mines Limited is a Canadian junior mining company focusing on mineral properties in the U.S (Idaho and Nevada), Canada (British Columbia and Ontario), and Australia. The Company holds a diverse portfolio of precious and base metals projects with long-life mines and multi-billion-dollar resources. For more information on Mosquito, see our September 24, 2009 *Update Report*, available on our website at [www.eresearch.ca](http://www.eresearch.ca), or click on the link below.

[http://www.eresearch.ca/report/MSQ\\_092409-U.pdf](http://www.eresearch.ca/report/MSQ_092409-U.pdf)

## RECOMMENDATION

We recommend the shares of Mosquito to risk-tolerant investors for long-term participation in an advancing junior mining exploration company. At the time of our *Update Report* in September, we set a 12-month Target Price at \$2.00 per share and our 24-month Target Price at \$3.00. A detailed review and analysis of the PEA is required before we would be able to assess its effect on our Target Prices.



-3-

**NOTE:** *eResearch reports on Mosquito Consolidated Gold Mines Limited and other companies are available FREE on our website at [www.eresearch.ca](http://www.eresearch.ca).*

**Analysts:**

Eric Eng, B.A., MBA

Bob Weir, B.Sc., B.Comm, CFA

**eResearch is registered with the Ontario Securities Commission  
as an Exempt Market Dealer.**

**eResearch Disclaimer:** *eResearch accepts fees from the companies it researches (the "Covered Companies"), and from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.*

*Mosquito Consolidated Gold Mines Limited paid eResearch a fee of \$20,000+GST to conduct research on the Company on an Annual Continual Basis.*

*To ensure complete independence and editorial control over its research, eResearch follows certain business practices and compliance procedures. Fees from Covered Companies are due and payable prior to the commencement of research.*

*In keeping with the policies of eResearch concerning its strict independence, all of the opinions expressed in this report, including any determination of a 12-month Target Price or selection of a Recommendation (Buy-Hold-Sell) for the Company's shares, are strictly those of eResearch, and are free from any influence or interference from any person or persons at the Company.*

---

**eResearch Corporation  
56 Temperance Street, Suite 501  
Toronto, ON M5H 3V5  
Toll-Free: 1-877-856-0765**