



# INTERNATIONAL MINERALS

<b>2009</b>	Notice of Annual General Meeting of Shareholders
<b>ANNUAL</b>	
<b>GENERAL</b>	Management Proxy Circular
<b>MEETING</b>	
<b>Place:</b>	Marriott Scottsdale Suites-Old Town 7325 E. 3rd Avenue Scottsdale, Arizona, USA.
<b>Time:</b>	2:00 p.m.
<b>Date:</b>	Friday, November 20, 2009



**INTERNATIONAL MINERALS CORPORATION**  
7950 E. Acoma Drive, Suite 211, Scottsdale, Arizona 85260 USA  
Telephone: (480) 483-9932

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Shareholders of **INTERNATIONAL MINERALS CORPORATION** (the "Corporation") will be held at the Marriott Scottsdale Suites Old Town, 7325 E. 3<sup>rd</sup> Avenue, Scottsdale, Arizona, U.S.A., on Friday, the 20th day of November, 2009, at 2:00 p.m. (local time), for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2009 (with comparative statements relating to the preceding fiscal year ended June 30, 2008) together with the report of the auditors thereon;
2. To determine the number of Directors at seven;
3. To elect Directors;
4. To re-appoint Davidson & Company as the Corporation's auditors and to authorize the Audit Committee to fix their remuneration;
5. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

Accompanying this Notice are a Management Proxy Circular, a Form of Proxy and an Annual Return Card Form. The accompanying Management Proxy Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the meeting either in person or by proxy. Those who are unable to attend the meeting are requested to read, complete, sign and mail the enclosed form of Proxy in accordance with the instructions set out in the form of Proxy and in the Management Proxy Circular accompanying this Notice. Please advise the Corporation of any change in your mailing address.

DATED at Scottsdale, Arizona, U.S.A., this 15th day of October, 2009.

BY ORDER OF THE BOARD

*"Stephen J. Kay"*

Stephen J. Kay  
President, CEO and Director



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Scottsdale, Arizona

U.S.A. 85260

Telephone: (480) 483-9932

**MANAGEMENT PROXY CIRCULAR**

(Containing information as at October 15, 2009, unless indicated otherwise)

(All dollar amounts herein are in United States dollars unless indicated otherwise)

**This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of INTERNATIONAL MINERALS CORPORATION (the “Corporation”) for use at the Annual General Meeting of Shareholders of the Corporation (and any adjournment thereof) to be held on Friday, November 20, 2009 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting.**

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation.

The contents and the sending of this Management Proxy Circular have been approved by the Directors of the Corporation.

No person is authorized to give any information or to make any representations other than these contained in this Circular and if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

**Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy are Stephen J. Kay, President, Chief Executive Officer and a director of the Corporation and Rod McKeen, Corporate Secretary and a director of the Corporation.

**A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.**

**A PROXY WILL NOT BE VALID UNLESS THE COMPLETED FORM OF PROXY IS RECEIVED BY COMPUTERSHARE INVESTOR SERVICES, INC. OF CANADA, 100 UNIVERSITY AVENUE, 9<sup>TH</sup> FLOOR, TORONTO, ONTARIO M5J 2Y1 NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME FOR HOLDING THE MEETING OR ANY ADJOURNMENT THEREOF, OR DELIVERED TO THE CHAIRMAN OF THE MEETING PRIOR TO THE COMMENCEMENT OF THE MEETING. PROXIES DELIVERED AFTER THAT TIME WILL NOT BE ACCEPTED.**

A shareholder who has given a proxy may revoke it by delivering an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the office of the Corporation's registrar and transfer agent (**Computershare Investor Services Inc.**, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1) at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **Voting of Proxies**

SHARES REPRESENTED BY PROPERLY EXECUTED PROXIES IN FAVOUR OF PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS MANAGEMENT PROXY CIRCULAR OR WITHHELD FROM VOTING IF SO INDICATED ON THE FORM OF PROXY.

The shares represented by proxies will, on any poll where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made.

SUCH SHARES WILL ON A POLL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE IS SPECIFIED OR FOR WHICH BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxyholder thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Management Proxy Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **Advice to Beneficial Shareholders**

**Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their Shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only proxies from Shareholders of record can be recognized and voted at the Meeting.** Beneficial Shareholders who complete and return an instrument of Proxy must indicate thereon the person (usually a brokerage house) who holds their Shares as a registered Shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial Shareholders is identical to that provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder.

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 such Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions,

brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular and the Proxy to the clearing agencies and intermediaries for onward distribution to non-registered Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' Meetings unless the Beneficial Shareholders have waived the right to receive Meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of Proxy provided by the Corporation to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder should a non-registered Shareholder receiving such a form wish to vote at the Meeting, the non-registered Shareholder should strike out the names of the Management Proxyholders named in the form and insert the non-registered Shareholder's name in the blank provided. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. 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 Proxy with a Broadridge sticker on it cannot use that Proxy to vote Shares directly at the Meeting – the Proxy must be returned to Broadridge well in advance of the Meeting in order to have the Shares voted.** All references to Shareholders in this Circular and the accompanying form of Proxy and notice of Meeting are to Shareholders of record unless specifically stated otherwise.

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

No person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's most recently completed fiscal year ended June 30, 2009, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

Authorized Capital: Unlimited number of common shares without par value

Issued and Outstanding: 92,982,001 common shares without par value<sup>(1)</sup>

(1) As of the Corporation's Record Date of October 15, 2009.

Only shareholders of record at the close of business on Thursday, October 15, 2009, a day which is not less than 30 days prior to the date of the Meeting, (the "Record Date") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting, unless shares are transferred after the Record Date and the transferee establishes to the Corporation's satisfaction that the transferee owns the shares and demands not later than 10 days before the Meeting that the transferee's name be included on the list of shareholders entitled to vote at the Meeting.

On a show of hands, every individual who is present as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each common share registered in his name on the list of shareholders, which is available for inspection

during normal business hours at **Computershare Investor Services Inc.**, 4<sup>th</sup> Floor - 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, and at the Meeting.

To the knowledge of the directors and officers of the Corporation, there are no persons or companies who beneficially own, directly or indirectly or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Corporation.

### **ELECTION OF DIRECTORS**

The Board of Directors (the “Board”) presently consists of seven directors and it is intended to determine the number of directors at seven and to elect seven directors for the ensuing year.

The persons named in the enclosed instrument of proxy intend to vote for the election of a board of directors comprised of seven (7) persons. The names of further nominees for election may come from the floor at the Meeting. The Corporation has received no nominations for election to the Board or any other shareholders' proposal pursuant to section 138 of the *Business Corporations Act (Yukon)* (the “Yukon Act”).

The term of office of each of the present directors expires at the Annual General Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the By-Law No. 1 of the Corporation, or the provisions of the Yukon Act. The number of terms that a director may serve is not limited by the Corporation’s By-Law No. 1 or the provisions of the Yukon Act.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, the country in which he is ordinarily resident, all offices of the Corporation now held by him, his principal occupation, the period of time for which he has been a director of the Corporation, and the number of common shares of the Corporation beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

<u>Name, Position and Country of Residence</u> <sup>(1)</sup>	<u>Principal Occupation and, If Not at Present an Elected Director, Occupation During the Past 5 Years</u> <sup>(1)</sup>	<u>Previous Service as a Director</u>	<u>Number of Shares</u> <sup>(2)</sup>
<b>STEPHEN J. KAY</b> President, Chief Executive Officer and Director United States	President and Chief Executive Officer of the Corporation.	Since Nov. 8, 1993	737,700
<b>ROD C. McKEEN</b> Director and Corporate Secretary Canada	Lawyer; principal in the law firm of Axiom Law Corporation.	Since Dec. 8, 1994	25,000
<b>JORGE PAZ DURINI</b> Director Ecuador	Lawyer; partner in the law firm of Paz & Horowitz Cia. Ltd.	Since April 7, 1994	Nil
<b>GABRIEL BIANCHI</b> <sup>(3)</sup> Director Switzerland	President of Bianchi & Partner, an asset management company for private individuals.	Since Mar. 24, 2003	180,000

<u>Name, Position and Country of Residence<sup>(1)</sup></u>	<u>Principal Occupation and, If Not at Present an <b>Elected</b> Director, Occupation During the Past 5 Years<sup>(1)</sup></u>	<u>Previous Service as a Director</u>	<u>Number of Shares<sup>(2)</sup></u>
<b>ALAN MATTHEWS</b> <sup>(3)(4)(5)</sup> Director Portugal	President of Kernow Mineral Resources and Development, a mining engineering company.	Since Dec. 18, 2003	Nil
<b>MIKE SMITH</b> <sup>(3)(4)</sup> Director Canada	Retired as partner with Pricewaterhouse Coopers in 2004 after 37 years of service.	Since Nov. 28, 2005	Nil
<b>ROBERTO BAQUERIZO</b> <sup>(4)</sup> Director United States	Managing Director for Latin America region of ProVentures, Inc. a consulting and investment firm from January; and President of Mission Hills Holdings, a financial advisory and investment firm specializing in Latin American clients.	Since May 9, 2007	Nil

- (1) The information as to country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned or over which a director, directly or indirectly, exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Denotes member of Audit Committee
- (4) Denotes member of the Compensation Committee
- (5) Denotes Independent Lead Director of the Board

As at October 15, 2009, the total beneficial security holdings of the current directors are 942,700 common shares, which represents 1.01 % of the issued and outstanding common shares of the Corporation as at the Record Date.

The Corporation does not have an executive committee at present.

### **CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES**

No proposed director of the Corporation is, as at the date of this Management Proxy Circular, or was within 10 years before the date of this Management Proxy Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Corporation:

- (a) is, as at the date of this Management Proxy Circular, or has been within the 10 years before the date of this Management Proxy Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person

- (b) has, within 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

## **EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS**

### **Named Executive Officers**

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers"):

- (a) the Corporation's chief executive officer ("CEO");
- (b) the Corporation's chief financial officer or person acting in a similar capacity ("CFO");
- (c) each of the Corporation's 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 fiscal year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation, for that fiscal year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that fiscal year.

During the fiscal year ended June 30, 2009, the Corporation had four "Named Executive Officers", Stephen J. Kay, the President and Chief Executive Officer, Eric Edwards, Chief Financial Officer and Vice President, Craig Duncan, Vice President of Corporate Affairs, and Wendy Yang, Vice President of Investor Relations.

### **Compensation Philosophy and Objectives**

The fundamental goal of the Corporation is to create value for its shareholders and foster well-managed growth of the Corporation. Compensation plays an important role in achieving short and long-term business objectives and in serving this goal. The Corporation's compensation program is designed to:

1. Align the interests of executive officers with shareholder interests to maximize long-term shareholder value;
2. Link executive compensation to the performance of the Corporation and its strategic plan;

3. Compensate executive officers at a level that ensures the Corporation is able to attract, motivate and retain highly qualified individuals with exceptional skills; and
4. To evaluate executive performance on the basis of the Corporation's overall performance and achievements and success in building long-term shareholder value.

Base salaries of the Named Executive Officers were last established in 2008 by the Corporation's Board following recommendations from the Corporation's Compensation Committee which had reviewed compensation levels and market practices within the mining industry. In the context of the difficult economic climate of 2009, no adjustment to executive base salaries were made and no bonuses have been paid in 2009. Under the Corporation's existing compensation program, base salary and any incentive awards are determined in the first quarter of each calendar year.

The Corporation considers that objective corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the Corporation's Named Executive Officers. The Corporation also may consider other factors in setting executive compensation including quantitative and qualitative measurement of corporate and individual performances, peer group review, general market performance data, executive training and development and overall management of the Corporation. The Corporation's objective is to facilitate an increase in shareholder value, retention of qualified executives, and growth of the Corporation through the achievement of corporate and individual performance goals under the leadership of the Named Executive Officers.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. Executive compensation currently consists of fixed cash salary and benefits, optional cash performance bonuses and option-based compensation. Fixed salary and benefits comprise the Executives' base compensation, whereas option-based and cash bonus compensation may or may not be awarded or may be awarded to a greater or lesser extent to the respective executive officer depending on whether he or she has met or exceeded expected performance goals.

At its discretion, the Corporation's Board may compare the Named Executive Officers' salaries with the base salaries for similar officer positions for a peer group of companies and make adjustments as needed. Such a peer group is comprised of comparable companies in the same industry, similar region of operations and market capitalization. The Board considers the recommendations of the Chief Executive Officer regarding executive compensation for other Named Executive Officers and may seek input and information from the Named Executive Officers. Given the stage of the Corporation's development, it does not have any formal objectives, criteria and analysis for determining executive compensation.

To date, no specific formulas have been developed to assign a specific weighting to the cash-based versus option-based compensation components. Instead, the Board of Directors considers the Corporation's performance, including the factors described above, and allocates compensation based on this assessment.

### **Fixed Salary and Benefits**

The annual salary review for each Named Executive Officer is based on an assessment of several factors, including current competitive market conditions, industry compensation levels and particular experience and individual skills, such as leadership ability, management effectiveness and overall performance.

The Corporation also provides its Named Executive Officers with various employee benefits, including medical health insurance, dental insurance and life insurance.

## **Named Executive Officer Employment Contracts**

Effective as of January 2, 2007, the Corporation entered into a new employment agreement (the “CEO Employment Agreement”) with its President and Chief Executive Officer Stephen J. Kay (the “CEO”). The CEO Employment Agreement provides for an annual review and consideration of an increase of the annual salary payable to the CEO to reflect any changes in the performance of the CEO but in no event will the annual salary be less than \$250,000. Effective January 1, 2008, the current annual salary of the CEO is \$262,500. The CEO Employment Agreement further states that the Corporation is to provide other benefits to the CEO, including a Corporation-owned vehicle.

On October 19, 2006, the Corporation entered into an employment agreement (the “VP-Corporate Affairs Employment Agreement”) with Craig Duncan, its Vice-President of Corporate Affairs (the “VP-Corporate Affairs”), which took effect on November 1, 2006. The VP-Corporate Affairs Employment Agreement provides for an annual review and consideration of an increase of salary based on performance. Effective January 1, 2008, the VP-Corporate Affairs’ current salary is \$157,500.

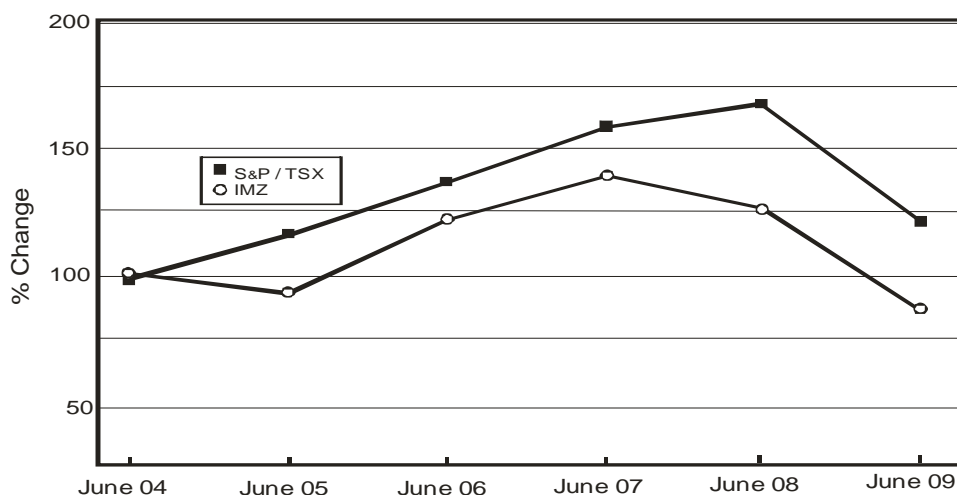
On July 10, 2007, the Corporation entered into a part-time employment agreement (the “CFO Employment Agreement”) with Eric H. Edwards, its Chief Financial Officer (the “CFO”). The CFO Employment Agreement also provides for an annual review and consideration of an increase of salary based on performance. Effective July 1, 2008, the CFO’s current overall salary is \$183,750, of which the Corporation pays approximately 20% (\$36,750). The balance of Mr. Edwards’ salary is paid by Ventura Gold Corp (“Ventura”), a junior exploration company which is publicly traded on the TSX Venture Exchange, as compensation for Mr. Edwards’ services as President and CEO of Ventura (see “Interest of Insiders in Material Transactions” for details of the Corporation’s Cost Sharing Letter Agreement with Ventura with regard to the CFO’s employment).

On August 6, 2007, the Corporation entered into a part-time employment agreement (the “VP-Investor Relations Employment Agreement”) with Wendy Yang, its Vice President of Investor Relations (the “VP-Investor Relations”). The VP-Investor Relations Employment Agreement provides for an annual review and consideration of an increase of salary based on performance. Effective August 1, 2008, the VP-Investor Relations’ current salary is \$152,250, of which the Corporation pays approximately 80% (\$121,800). The balance of Ms. Yang’s salary is paid by Ventura as compensation for Ms. Yang’s services as Vice President of Investor Relations for Ventura (see “Interest of Insiders in Material Transactions” for details of the Corporation’s Cost Sharing Letter Agreement with Ventura with regard to the VP-Investor Relations’ employment contract).

In addition, all of the Named Executive Officers’ employment agreements provide that, subject to regulatory approval, they will be entitled from time to time to receive common share stock options of the Corporation at prices set by the Board in accordance with applicable regulatory guidelines.

## **Share Performance Graph**

The chart below compares the yearly percentage change in the cumulative total shareholder return on the Corporation’s common shares against the cumulative total shareholder return of the Standard and Poor’s / TSX Composite Index for the period commencing June 30, 2004 and ending June 30, 2009.



IMZ ○	100 (\$4.10)	92 (\$3.78)	122 (\$4.99)	137 (\$5.61)	125 (\$5.13)	83 (\$3.41)
S&P / TSX ■	100 (8545.6)	116 (9902.8)	136 (11612.9)	163 (13906.6)	169 (14467.0)	121 (10374.9)

### **Option-Based Compensation**

The Board grants incentive stock options in accordance with the Corporation's Incentive Stock Option Plan (the "Plan") and the policies of the TSX, under which the Board is authorized to grant options to executive officers and directors, employees and consultants of the Corporation (collectively, "Eligible Persons"), enabling them to currently acquire up to an aggregate of 10,500,000 common shares of the Corporation. Under the Plan, the exercise price of each option is equal to the market price of the Corporation's shares as calculated on the date of grant. The following is a summary of the current salient terms of the Plan:

1. The options can be granted for a maximum term of 10 years.
2. At the Board's discretion, the Board may stipulate a six month vesting provision whereby the options vest and become exercisable six months from the date granted.
3. The maximum number of common shares which may be reserved for issuance under Options to any one person at any time under the Plan is 5% of the common shares outstanding at the time of grant (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to that person under any other option to purchase common shares from treasury granted as a compensation or incentive mechanism.
4. Shareholder approval is required by the affirmative vote of a majority of the votes cast at a meeting of shareholders of the Corporation, excluding the votes of Insiders (as defined under Section 1(1) of the Ontario Securities Act), if:
  - (a) the number of common shares reserved for issuance pursuant to Options granted to Insiders is to exceed 10% of the issued and outstanding share capital;
  - (b) the issuance to Insiders, within a one-year period, of common shares under the Plan exceeds 10% of the issued and outstanding share capital; or
  - (c) the issuance to any one Insider and such Insider's Associates, within a one-year period, of Common Shares under the Plan exceeds 5% of the issued and outstanding share capital.
5. Options are not transferable by an option holder other than by will or the laws of descent and

6. If an option holder dies, the legal representative of the option holder may exercise the option holder's Options within one year after the date of the option holder's death, but only to the extent the Options were by their terms exercisable on the date of death.
7. If an option holder ceases to be an Eligible Person for any reason whatsoever other than death, each Option held by the option holder will cease to be exercisable 30 days after the termination date. If any portion of an Option is not vested by the termination date, that portion of the Option may not under any circumstances be exercised by the option holder. Without limitation, and for greater certainty only, this provision applies regardless of whether the option holder was dismissed with or without cause and regardless of whether the option holder received compensation in respect of dismissal or is entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the option holder; and
8. The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required approval. No such amendment, suspension or termination shall alter or impair any Options or any rights pursuant thereto granted previously to any option holder without the consent of such option holder. If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.
9. Pursuant to the policies of the TSX, the Board may, at any time, without further approval by the shareholders, amend the Plan or any Option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:
  - (a) amendments of a "housekeeping" nature such as typographical, clerical and grammatical errors;
  - (b) a change to the vesting provisions of a security or of the Plan;
  - (c) a change to the termination provisions of a security of the Plan which does not entail an extension beyond the original expiry date; and
  - (d) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.
10. Pursuant to the policies of the TSX, shareholder approval is required for the following types of amendments to the Plan:
  - (a) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require any additional shareholder approval;
  - (b) any change to the eligible option holders which would have the potential of broadening or increasing insider participation;
  - (c) the addition of any form of financial assistance;
  - (d) any amendment to a financial assistance provision which is more favorable to option holders;
  - (e) the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve; and

- (f) the addition of a deferred or restricted share unit or any other provision which results in option holders receiving securities while no cash consideration is received by the Corporation.

11. With the consent of the affected option holders, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option becomes exercisable, subject to the prior approval of the relevant stock exchanges.

The granting of stock options by the Board is designed to give each option holder an interest and incentive in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for ongoing performance. The Board, upon recommendations by the Compensation Committee, considers stock option grants when reviewing executive officer compensation packages as a whole.

The Board has sole discretion to determine the key employees to whom it believes that grants should be made and to determine the terms and conditions of the options forming part of such grants. The Board approves ranges of stock option grants for each level of employee. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to the Corporation.

The number of stock options which may be issued by the Corporation are limited under its Plan and by the rules and policies of the TSX. Currently an aggregate of 10,500,000 common shares are reserved under the Plan, 3,884,500 stock options are outstanding and 2,456,500 remain available for additional options. Stock options have various terms up to a maximum of 10 years and are exercisable at the market price (as determined in accordance with the policies of the TSX) of the Corporation's common shares on the date of grant. The option price is determined as the last closing price of the stock on the date of grant. A holder of stock options must be a director, officer, or a full or part-time employee or consultant of the Corporation, a subsidiary or an affiliate in order to be granted stock options.

### SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Share-based Awards (\$) (d)	Option-based Awards (\$) (e)	Non-equity incentive plan compensation (\$)		Pension Value (\$) (g)	All other compensation (\$) (h)	Total Compensation (\$) (i)
					Annual incentive plans (f1)	Long-term incentive plans (f2)			
Stephen J. Kay Chief Executive Officer & President <sup>(1)</sup>	2009	\$262,500	Nil	C\$316,250 <sup>(4)</sup>	Nil	Nil	N/A	\$31,091 <sup>(6)</sup>	\$609,841
Eric H. Edwards Chief Financial Officer and Vice President <sup>(2)</sup>	2009	\$36,750 <sup>(2)</sup>	Nil	Nil	\$10,000 <sup>(5)</sup>	Nil	N/A	Nil <sup>(6)</sup>	\$46,750 <sup>(2)</sup>
Craig Duncan Vice President of Corporate Affairs	2009	\$157,500	Nil	Nil	\$10,000 <sup>(5)</sup>	Nil	N/A	\$24,079 <sup>(6)</sup>	\$191,579

					Non-equity incentive plan compensation (\$)				
Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Share-based Awards (\$) (d)	Option-based Awards (\$) (e)	Annual incentive plans (f1)	Long-term incentive plans (f2)	Pension Value (\$) (g)	All other compensation (\$) (h)	Total Compensation (\$) (i)
Wendy Yang Vice President of Investor Relations	2009	\$121,800 <sup>(3)</sup>	Nil	Nil	\$10,000 <sup>(5)</sup>	Nil	N/A	\$14,934 <sup>(6)</sup>	\$146,734 <sup>(3)</sup>

- (1) Mr. Kay is also a director of the Corporation but does not receive additional compensation for his duties in that capacity. The amount in column (h) includes medical health insurance, dental insurance, life insurance and use of a vehicle.
- (2) Mr. Edwards provides part-time management services to the Corporation in the capacity of the Corporation's Chief Financial Officer and is paid for the remainder of his time by Ventura Gold Corp. ("Ventura"), a company that is related to the Corporation, in the capacity of Ventura's President and Chief Executive Officer. A 20% portion of Mr. Edwards' salary is reimbursed to Ventura by the Corporation (in the amount of \$36,750) with respect to his services as Chief Financial Officer of the Corporation (on a part-time basis). The reimbursement to Ventura is pursuant to the terms of a cost-sharing agreement (see "Indirect Remuneration" and "Interest of Management and Insiders in Material Transactions" below) between the Corporation and Ventura. Mr. Edwards' total annual salary (exclusive of options, benefits and bonus) for the fiscal year ended June 30, 2009 was \$183,750.
- (3) The Corporation has entered into Exploration Management and Service Provider Agreements with Ventura whereby the Corporation provides certain management and technical services to Ventura, including the services of Ms. Yang, for which Ventura reimburses the Corporation. Ms. Yang is paid a salary by the Corporation, a portion of which is reimbursed to the Corporation by Ventura (in the amount of \$30,450). The two companies are related by common directors and officers (see "Indirect Remuneration" and "Interest of Management and Insiders in Material Transactions" below). Ms. Yang's total annual salary for the fiscal year ended June 30, 2009 was \$152,250.
- (4) Exercise of 125,000 incentive stock options granted on June 9, 1999 at an exercise price of C\$0.90. Value calculated using the market price of the common shares of the Corporation on the TSX on the date of exercise (June 8, 2009 closing price was C\$3.43), less the exercise price of the stock options. Mr. Kay exercised 125,000 options but did not sell any of the resulting common shares.
- (5) Performance bonuses awarded by the Board of Directors of the Corporation at the end of calendar year 2008.
- (6) The amount in Column (h) includes medical health insurance, dental insurance and life insurance. Mr. Edwards' health, dental and life insurance benefits are paid by Ventura. In addition, pursuant to Mr. Kay's Employment Agreement, the Corporation provides a vehicle for Mr. Kay's use. Vehicles are not provided to the Corporation's other executive officers.

### **INCENTIVE PLAN AWARDS**

#### **Outstanding Share-Based Awards and Option-Based Awards**

The following table sets out the outstanding share-based awards and option-based awards held by the Named Executive Officers as at June 30, 2009 and includes awards granted in previous years:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (C\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (C\$) (e)	Number of shares or units of share that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (C\$) (g)
Stephen J. Kay President and CEO	200,000 75,000 25,000 60,000 <sup>(2)</sup>	C\$1.00 C\$4.00 C\$5.78 C\$3.73	8/14/2011 2/01/2015 2/26/2017 2/23/2019	C\$482,000 <sup>(1)</sup> Nil <sup>(1)</sup> Nil <sup>(1)</sup> Nil <sup>(1)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>
Eric H. Edwards CFO	100,000 40,000 <sup>(2)</sup>	C\$5.70 C\$3.73	7/10/2017 2/23/2019	Nil <sup>(1)</sup> Nil <sup>(1)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>
Craig Duncan VP-Corporate Affairs	200,000 40,000 <sup>(2)</sup>	C\$5.25 C\$3.73	11/06/2016 2/23/2019	Nil <sup>(1)</sup> Nil <sup>(1)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>
Wendy Yang VP- Investor Relations	250,000 40,000 <sup>(2)</sup>	C\$5.84 C\$3.73	8/06/2017 2/23/2019	Nil <sup>(1)</sup> Nil <sup>(1)</sup>	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>

- (1) Value of unexercised in-the-money options calculated using the closing price of common shares of the Corporation on the TSX on June 30, 2009 of Cdn\$3.41 per share, less the exercise price of in-the-money stock options. "In the Money" means the excess of the market value of the Corporation's common shares on June 30, 2009 over the exercise price of the options.
- (2) Options granted on February 23, 2009 at an exercise price of C\$3.73 with a 6-month vesting period. At June 30, 2009, none of the options were vested. 100% vesting occurred on August 23, 2009, subsequent to fiscal year-end.
- (3) The Corporation has not granted any share-based awards
- (4) The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options.

### **Incentive plan awards – Value vested or earned during the year**

Name	Option-based awards – Value vested during the year (C\$) (a)	Share-based awards – Value vested during the year (C\$) (c)	Non-equity incentive plan compensation – Value earned during the year (C\$) (d)
Stephen J. Kay President and CEO	Nil <sup>(1)</sup> (b)	N/A	N/A
Eric H. Edwards CFO	Nil <sup>(1)</sup>	N/A	N/A
Craig Duncan VP-Corporate Affairs	Nil <sup>(1)</sup>	N/A	N/A
Wendy Yang VP- Investor Relations	Nil <sup>(1)</sup>	N/A	N/A

- (1) During fiscal year 2009, options were granted on February 23, 2009 at an exercise price of C\$3.73 with a 6-month vesting period. At June 30, 2009, none of the options were vested. 100% vesting occurred on August 23, 2009, subsequent to fiscal year-end.

## **PENSION PLAN BENEFITS**

The Corporation offers a basic 401-K retirement plan to officers and employees, which allows for tax deferred contributions by such individuals up to \$15,500 per year and employees older than 50 years old may elect to contribute an additional \$5,000. The Corporation does not match funds that are invested in the plan by officers and employees.

## **TERMINATION AND CHANGE OF CONTROL BENEFITS**

Effective as of January 2, 2007, the Corporation entered into a new employment agreement (the “CEO Employment Agreement”) with its President and Chief Executive Officer, Stephen J. Kay (the “CEO”). The CEO Employment Agreement is subject to termination in certain events. In the case of termination of the CEO Employment Agreement by the Corporation, other than for just cause, or in the event of resignation by the CEO within three months after a change of control of the Corporation (as defined therein), the CEO Employment Agreement provides for payment by the Corporation of a severance allowance to the CEO in an amount equal to 300% of his highest annual base salary and bonus over the past three years of his employment with the Corporation together with an amount equal to 24 months of the CEO’s health insurance and other benefit plans in place at the time of termination or resignation of the CEO.

On July 10, 2007, the Corporation entered into a part-time employment agreement (the “CFO Employment Agreement”) with Eric H. Edwards, its Chief Financial Officer (the “CFO”). The CFO Employment Agreement is subject to termination in certain events. However, the provisions for the termination of the CFO Employment Agreement are the principal responsibility of the CFO’s primary employer, Ventura, a company related by common directors and officers. The Corporation is not responsible for any salary or benefits associated with termination of the CFO’s Employment Agreement (see “Interest of Insiders in Material Transactions” for details of the Corporation’s Cost Sharing Letter Agreement with Ventura with regard to the CFO’s employment).

On October 19, 2006, the Corporation entered into an employment agreement (the “VP-Corporate Affairs Employment Agreement”) with Craig Duncan, its Vice President of Corporate Affairs (the “VP-Corporate Affairs”), which took effect on November 1, 2006. The VP-Corporate Affairs Employment Agreement is subject to termination upon 30-day written notice by either party, with no termination payments specified.

On August 6, 2007, the Corporation entered into a part-time employment agreement (the “VP-Investor Relations Employment Agreement”) with Wendy Yang, its Vice President of Investor Relations (the “VP-Investor Relations”). The VP-Investor Relations Employment Agreement is subject to termination in certain events. In the case of termination of the VP-Investor Relations Employment Agreement by the Corporation, other than for just cause, or in the event of resignation by the VP-Investor Relations within three months after a change of control of the Corporation (as defined therein), the VP-Investor Relations Employment Agreement provides for payment by the Corporation of a severance allowance to the VP-Investor Relations in an amount equal to two times her then-current annual base salary with the Corporation together with an amount equal to 12 months of the VP-Investor Relations’ health insurance and other benefit plans in place at the time of termination or resignation of the VP-Investor Relations.

## **DIRECTOR COMPENSATION**

The Corporation currently compensates its independent, non-executive directors with an annual retainer fee. These directors also receive compensation for committee participation and meeting attendance. Dr. Jorge Paz, director and legal counsel for the Corporation in Ecuador, while not deemed to be an independent director, is paid the same fee as the independent directors, in lieu of charging his time as legal services during his attendance at meetings.

The following table sets out the compensation provided to all directors, who are not Named Executive Officers, for the Corporation's fiscal year ended June 30, 2009:

Name	Fees earned (C\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
Rod C. McKeen	C\$0	Nil	C\$63,250 <sup>(1)</sup>	Nil	N/A	Nil	C\$63,250
Jorge Paz Durini <sup>(2)</sup>	C\$8,500	Nil	Nil	Nil	N/A	Nil	C\$8,500
Gabriel Bianchi	C\$9,500	Nil	Nil	Nil	N/A	Nil	C\$9,500
Alan Matthews	C\$10,500	Nil	Nil	Nil	N/A	Nil	C\$10,500
Mike Smith	C\$12,500	Nil	Nil	Nil	N/A	Nil	C\$12,500
Roberto Baquerizo	C\$8,500	Nil	Nil	Nil	N/A	Nil	C\$8,500

- (1) Exercise of 25,000 incentive stock options granted on June 9, 1999 at an exercise price of C\$0.90. Value calculated using the market price of the common shares of the Corporation on the TSX on the date of exercise (June 8, 2009 closing price was C\$3.43), less the exercise price of the stock options. Mr. McKeen exercised 25,000 options but did not sell any of the resulting common shares.
- (2) Dr. Paz, director and legal counsel for the Corporation in Ecuador, while not deemed to be an independent director, is paid the same fee as the independent directors, in lieu of charging his time as legal services during his attendance at meetings.

#### **Share-based awards, option based awards and non-equity incentive plan compensation**

The following table sets out the outstanding share-based awards and option-based awards held by the directors as at June 30, 2009:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$)	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (C\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Rod C. McKeen	25,000	C\$1.00	8/14/2011	C\$60,250 <sup>(1)</sup>	N/A	N/A
	35,000	C\$4.00	2/01/2015	Nil		
	25,000	C\$5.78	2/26/2017	Nil		
	40,000 <sup>(2)</sup>	C\$3.73	2/23/2019	Nil		

Name  (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (C\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options (C\$) (e)	Number of shares or units of share that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (C\$) (g)
Jorge Paz Durini	50,000 30,000 25,000 40,000 <sup>(2)</sup>	C\$1.00 C\$4.00 C\$5.78 C\$3.73	8/14/2011 2/01/2015 2/26/2017 2/23/2019	C\$120,500 <sup>(1)</sup> Nil Nil Nil	N/A	N/A
Gabriel Bianchi	50,000 20,000 25,000 40,000 <sup>(2)</sup>	C\$1.80 C\$4.00 C\$5.78 C\$3.73	5/22/2013 2/01/2015 2/26/2017 2/23/2019	C\$80,500 <sup>(1)</sup> Nil Nil Nil	N/A	N/A
Alan Matthews	50,000 25,000 25,000 40,000 <sup>(2)</sup>	C\$4.58 C\$4.00 C\$5.78 C\$3.73	2/11/2014 2/01/2015 2/26/2017 2/23/2019	Nil Nil Nil Nil	N/A	N/A
Mike Smith	50,000 25,000 40,000 <sup>(2)</sup>	C\$4.48 C\$5.78 C\$3.73	12/06/2015 2/26/2017 2/23/2019	Nil Nil Nil	N/A	N/A
Roberto Baquerizo	25,000 40,000 <sup>(2)</sup>	C\$5.78 C\$3.73	2/26/2017 2/23/2019	Nil Nil	N/A	N/A

- (1) Value of unexercised in-the-money options calculated using the closing price of common shares of the Corporation on the TSX on June 30, 2009 of Cdn\$3.41 per share, less the exercise price of in-the-money stock options. "In the Money" means the excess of the market value of the Corporation's common shares on June 30, 2009 over the exercise price of the options.
- (2) Options granted on February 23, 2009 at an exercise price of C\$3.73 with a 6-month vesting period. At June 30, 2009, none of the options were vested. 100% vesting occurred on August 23, 2009, subsequent to fiscal year-end.
- (3) The Corporation has not granted any share-based awards.
- (4) The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options.

### **Incentive plan awards – Value vested or earned during the year**

Name  (a)	Option-based awards – Value vested during the year (C\$) (b)	Share-based awards – Value vested during the year (C\$) (c)	Non-equity incentive plan compensation – Value earned during the year (C\$) (d)
Rod C. McKeen	Nil <sup>(1)</sup>	N/A <sup>(2)</sup>	N/A
Jorge Paz Durini	Nil <sup>(1)</sup>	N/A <sup>(2)</sup>	N/A
Gabriel Bianchi	Nil <sup>(1)</sup>	N/A <sup>(2)</sup>	N/A
Alan Matthews	Nil <sup>(1)</sup>	N/A <sup>(2)</sup>	N/A
Mike Smith	Nil <sup>(1)</sup>	N/A <sup>(2)</sup>	N/A
Roberto Baquerizo	Nil <sup>(1)</sup>	N/A <sup>(2)</sup>	N/A

- (1) During fiscal year 2009, options were granted on February 23, 2009 at an exercise price of C\$3.73 with a 6-month vesting period. At June 30, 2009, none of the options were vested. 100% vesting occurred on August 23, 2009, subsequent to fiscal year-end.
- (2) The Corporation has not granted any share-based awards.

In addition to the compensation described above, the Corporation, during the fiscal year ended June 30, 2009, paid or accrued, directly or indirectly, cash compensation to certain directors, who are not Named Executive Officers of the Corporation, for services provided in capacities other than as directors, as follows:

1. Axiom Law Corporation, a law firm in which Rod C. McKeen, a director of the Corporation, is a principal, charged the Corporation Cdn\$159,097 for legal services and reimbursable expenses rendered to the Corporation during the fiscal year.
2. Paz & Horowitz Cia. Ltd., a law firm in which Jorge Paz Durini, a director of the Corporation, is a partner, charged the Corporation \$64,971 for legal services rendered during the fiscal year.

### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND OFFICERS**

A loan of \$75,000 was made to Stephen J. Kay, President, CEO and a director of the Corporation on May 29, 2009. Annual interest payments based on a 3% interest rate are paid monthly. Repayment in full is due no later than 36 months from the date of the loan. The transaction with Mr. Kay, as a related party of the Corporation, was in the normal course of operations and was measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

Two loans totaling \$42,500 were made to Craig Duncan, Vice President of Corporate Affairs on February 3, 2009 (\$17,500) and July 30, 2009 (\$25,000). The loans are repayable at 5% interest over a term not to exceed 24 months. The loans are currently being repaid at the rate of \$2,212.26/month via automatic payroll deductions.

With the exception of the loans to Messrs. Kay and Duncan, during the Corporation's last completed fiscal year ended June 30, 2009, no director, executive officer or officer of the Corporation, proposed management nominee for election as a director of the Corporation or each associate or affiliate of any such director, executive or officer or proposed nominee is or has been indebted to the Corporation or any of its subsidiaries or is and has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

Pursuant to two agreements between the Corporation and Ventura Gold Corp. ("Ventura"), a junior mineral exploration company which is publicly traded on TSX Venture Exchange, the employees of the Corporation provide management and technical services on an "as needed" basis to Ventura according to terms set out below. The Corporation and Ventura are related by four common directors and/or officers: (1) Stephen Kay, who is President and CEO of the Corporation, is the Chairman of the Board of Ventura and a Director of both companies; (2) Eric Edwards, who as of July 10, 2007, is President, CEO and a director of Ventura as well as Chief Financial Officer of the Corporation; (3) Wendy Yang, who as of August 6, 2007, is Vice President of Investor Relations for both companies; and (4) Rod McKeen, who is Corporate Secretary and a director of both companies. The Corporation also currently owns 504,923 common shares of Ventura representing approximately 0.37% of Ventura's outstanding shares.

During the fiscal year ended June 30, 2009, the Corporation was paid or accrued administrative and technical fees and expenses totaling \$602,844 from Ventura. The above-mentioned fees were incurred pursuant to the following two agreements:

1. A Service Provider Agreement, originally dated May 1, 2001 and amended January 1, 2005, whereby the Corporation provides management, administrative and related services to Ventura. The Corporation's employees (including services provided by CEO Stephen Kay) are charged at fixed hourly rates based on their respective salaries with the Corporation. In addition, office and administrative expenses incurred by the Corporation on behalf of Ventura are charged on a cost plus 10% basis. Such management and administrative fees totaled \$282,266 for the fiscal year ended June 30, 2009, including a fixed management fee from Ventura of Cdn\$5,000 per month.
2. An Exploration Program Management Agreement dated January 1, 2005, whereby the Corporation manages Ventura's exploration programs and charges a 10% program management fee to Ventura on exploration expenditures by Ventura. Such program management fees and related expenses totaled \$320,579 for the fiscal year ended June 30, 2009.

In addition, the Corporation has entered into the following Cost Sharing Letter Agreements with Ventura:

1. Pursuant to a Letter Agreement dated June 11, 2007 and effective July 10, 2007, the Corporation paid to Ventura \$36,750 of Eric Edwards' total annual salary from Ventura, reflecting his part-time services as Chief Financial Officer of the Corporation, as well as health (medical and dental) insurance benefits. Ventura paid the balance of Mr. Edwards' \$183,750 annual salary (\$147,000) for his services as President and Chief Executive Officer of Ventura.
2. Pursuant to a Letter Agreement dated June 11, 2007, the Corporation paid \$121,800 of Wendy Yang's total annual salary of \$152,250 for her services as Vice President of Investor Relations of the Corporation, as well as health (medical and dental) and life insurance benefits. Ventura paid the balance of Ms. Yang's annual salary (\$30,450) for her services as Vice President of Investor Relations of Ventura.

On September 23, 2009 the Corporation announced that it had entered into a binding letter agreement, whereby the Corporation will acquire, in an all-share transaction, all of the issued and outstanding shares of Ventura by way of a statutory plan of arrangement (the "Transaction"). Through the Transaction, the Corporation will acquire Ventura's 51% ownership (and the right to earn a 70% interest) in the Inmaculada gold-silver property in southern Peru, located approximately 25 km southwest of the Corporation's 40%-owned Pallancata silver-gold mine. The remaining property interest in Inmaculada is held by Hochschild Mining plc, the Corporation's partner at the Pallancata Mine. For further details of the Transaction please see the Corporation's September 23, 2009 news release at: [http://www.intlminerals.com/release.php?R\\_ID=151](http://www.intlminerals.com/release.php?R_ID=151)

Because the Corporation has four directors and/or senior officers who are also directors and/or senior officers of Ventura, accordingly, the Corporation's independent directors have been responsible for reviewing the Transaction and conducting discussions with Ventura's independent directors.

Other than as set forth above or elsewhere in this Management Proxy Circular and other than transactions carried out in the ordinary course of business of the Corporation or any of its subsidiaries, none of the directors or officers of the Corporation, a proposed management nominee for election as a director of the Corporation, any shareholder beneficially owning shares carrying more than 10% of the voting rights attached to the shares of the Corporation nor an associate or affiliate of any of the foregoing persons had since July 1, 2008 (being the commencement of the Corporation's last completed fiscal year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

## **APPOINTMENT OF AUDITORS**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Davidson & Company, Chartered Accountants ("Davidson & Company") as auditors of the Corporation and to authorize the Audit Committee to fix their remuneration.

## **AUDIT COMMITTEE**

Information concerning the Corporation's Audit Committee is set out under the heading "Audit Committee" in the Corporation's Annual Information Form ("AIF") dated September 24, 2009, which contains information for the fiscal year ended June 30, 2009. The AIF may be obtained on SEDAR under the Corporation's name at [www.sedar.com](http://www.sedar.com). In addition, please see the heading "Corporate Governance Directive of the Swiss Stock Exchange –Section 8.0 –Auditor" below for further information.

## **MANAGEMENT CONTRACTS**

Other than as set out elsewhere in this Management Proxy Circular, there are no management functions of the Corporation which are to any substantial degree performed by a person other than the directors and executive officers of the Corporation.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth as at October 15, 2009, the number of securities authorized for issuance under stock options granted pursuant to the Corporation's Stock Option Plan dated December, 1994 (as amended on December 14, 1999, December 18, 2003, and November 6, 2006 and November 21, 2008), which was last approved by the shareholders of the Corporation on November 21, 2008:

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u> (a)	<u>Weighted-average exercise price of outstanding options, warrants and rights</u> (b)	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u> (c)
Equity compensation plans approved by securityholders	3,884,500	Cdn\$4.54	2,456,500 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>3,884,500</b>		<b>2,456,500</b>

(1) 10,500,000 shares in aggregate reserved for grant of options under incentive stock option plan less number of outstanding options (3,884,500) and the number of exercised options (4,159,000).

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

In accordance with the requirements of National Instrument 58-101 *Disclosure of Corporate Governance Practices* and National Policy 58-201 *Corporate Governance Guidelines* (the "Guidelines"), the Corporation is required to give full and complete disclosure of its systems of corporate governance. To the extent that the Corporation's governance system differs from the Guidelines, each difference and the

reason for the difference is required to be disclosed. The directors of the Corporation have carefully considered the Guidelines and the Corporation’s approach to corporate governance with reference to specifically enumerated Guidelines are addressed below.

For a further discussion of Corporation’s Corporate Governance, please refer to the section on “Corporate Governance Directive of the Swiss Stock Exchange,” below.

In addition, please refer to the Board Mandate, described briefly below in the section on “Board Mandate” and available in full on the Corporation’s website (<http://www.intlminerals.com/boardmandate.php>).

### **Board of Directors**

The Corporation’s Board is composed of a majority of four independent, as well as three non-independent directors. The Corporation holds regular quarterly meetings and other meetings as required, at which the opinion of the independent directors is actively sought and duly acted upon for all material matters related to the Corporation.

The Corporation’s four independent directors are Messrs. Alan Matthews, Gabriel Bianchi, Mike Smith and Roberto Baquerizo.

The Corporation’s three non-independent directors are Messrs. Stephen Kay, Rod McKeen and Jorge Paz Durini. These directors are non-independent insofar as they hold senior executive positions with the Corporation (Mr. Kay) and/or provide, directly or indirectly, significant ongoing legal services to the Corporation on a fee for service basis (Messrs. Paz and McKeen).

### **Directorships**

The following directors of the Corporation are also directors of other reporting issuers as set out below:

<b><u>Name of Director</u></b>	<b><u>Name of Reporting Issuer</u></b>
Stephen J. Kay	Ventura Gold Corp. New Dimension Resources Ltd. Delta Mining and Exploration Corp.*
Alan Matthews	Kernow Mineral Resources & Development Ltd. Arapaho Capital Corp. Red Zone Resources Ltd.
Rod C. McKeen	Ventura Gold Corp. Medallion Resources Ltd.

\* Delta Mining and Exploration Corp. is a U.S. public company, not reporting in Canada

The independent directors of the Board hold meetings at which non-independent directors and members of management are not in attendance and do so at their discretion as deemed necessary. The Corporation holds regular quarterly meetings and other meetings as required to review and discuss the Corporation’s business activities, consider and approve matters presented to the Board for approval and to provide guidance to management. The opinions of the independent directors are sought and duly acted upon for all material matters related to the Corporation. In addition, management informally provides updates to and consults with the Board regularly between formal Board meetings. In general, management consults with the Board when deemed appropriate to keep the Board fully informed regarding the Corporation’s affairs.

The Board has the responsibility to ensure that the Board functions independently of management. The Board does not presently have an independent director as the chair of the Board, but has a lead director

(Alan Matthews), who is independent and acts as a liaison between management and the independent directors to optimize the effectiveness of the Board and its committees. In the absence of the appointment of an independent chairman, the Corporation's CEO Stephen Kay chairs the meetings of the Board.

The Corporation held seven (7) board meetings during its most recently completed fiscal year. The attendance record for its directors at Board meetings and committee meetings is shown below:

<u>Name of Director</u>	<u>Board Meetings Attended/ Total Meetings Held</u>	<u>Audit Committee Meetings (Held Quarterly)</u>	<u>Compensation Committee Meeting (Nov. 21, 2008)</u>
Stephen J. Kay	7 / 7		
Rod C. McKeen	7 / 7		
Jorge Paz Durini	6 / 7		
Mike Smith <sup>(1)(2)</sup>	7 / 7	4 / 4	1 / 1
Alan Matthews <sup>(1)(2)</sup>	7 / 7	4 / 4	1 / 1
Gabriel Bianchi <sup>(1)</sup>	7 / 7	3 / 4	
Roberto Baquerizo <sup>(2)</sup>	6 / 7		1 / 1

(1) Member of Audit Committee

(2) Member of Compensation Committee

### **Board Mandate**

For further information about Corporate Governance, please refer to the Board Mandate, available in full on the Company's website (<http://www.intlminerals.com/boardmandate.php>). The Mandate, which will be reviewed and amended, as needed, from time to time, was approved by the Board on November 21, 2008.

The Mandate describes the organization and function of the Board, including its purpose, composition and responsibilities, including the roles of committees, the lead director and chairman.

The business and affairs of the Corporation are managed by the Executive Officers and senior management, under the direction and supervision of the Board of Directors. Directors shall at all times act in the best interests of the Corporation and in good faith, exercising care, diligence and sound business judgment.

The Board generally discharges its responsibilities directly and through its Committees and by delegating the day-to-day management of the Corporation to its Executive Officers.

The Board meets regularly with the Executive Officers to review the business operations, financial results and corporate governance of the Corporation. The Board relies on management to keep the Board apprised of all significant developments affecting the Corporation.

### **Position Descriptions**

The Board does not currently have a Chairman of the Board separate from the CEO, but does have an independent lead director. The CEO, the lead director and the chair of the Audit Committee do not have formal written position descriptions, but all have clear mandates from the Board to carry out their responsibilities.

The directors are kept fully informed of the decisions that have a material impact on the operation and performance of the Corporation. All major contracts and transactions are put before the directors for

ratification and/or approval. As described in the section on “Board Mandate” above, the Board has charged the Executive Officers and senior management with the responsibilities for the day to day running of the Corporation to propose strategic direction, policies and financial goals, including an annual budget, for the review, consideration and approval of the Board.

### **Orientation and Continuing Education**

The Corporation does not have a formal orientation and education program for new directors. New directors, however, are provided with relevant materials with respect to the Corporation, as well as being oriented on relevant corporate issues by the CEO.

The Board currently discusses Corporate Governance practices annually, and will review relevant policies such as the Code of Business Conduct and Ethics (see next section below) and the Board Mandate from time to time. The Board currently does not provide formal continuing education for its directors. By using a board composed of experienced professionals with a wide range of financial, legal, exploration and mining expertise, the Corporation ensures that the Board operates effectively and efficiently.

### **Ethical Business Conduct**

A written code of ethics and conduct (the “Code”) for the directors, officers and employees was prepared and approved by the Board on September 27, 2007. It was distributed for signature to all directors, officers and employees of the Corporation in October 2007. The Board relies on Mike Smith, Chairman of the Audit Committee and independent director of the Corporation, to monitor compliance with the Code. The Code was filed October 17, 2007 on SEDAR under the Corporation’s name and is also posted on the Corporation’s website.

The Code has been developed to communicate to directors, officers and employees standards for business conduct in the use of Corporation time, resources and assets and, to identify and clarify proper conduct in areas of potential conflict of interest. Each director, officer and employee is provided with a copy of the Code, and if requested by the Corporation, asked to sign an acknowledgement that the standards and principles of the Code will be maintained at all times on the Corporation’s business. The Code is designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code violations; and (d) accountability for adherence to the Code. Violations from standards established in the Code, and specifically under “Whistleblower” situations, are reported to the Chairman of the Audit Committee and can be reported anonymously. The Chairman of the Audit Committee will report to the Board any reported violations at least quarterly or, more frequently depending on the specifics of the reported violation. To date there have been no reported violations.

The Board ensures the exercise of independent judgment in considering transactions and agreements in respect of which a director has a material interest. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to material transactions is provided for review by the Board, particularly by independent directors.

The Board seeks directors who have solid track records in spheres ranging from legal and financial to exploration and mining in order to ensure a culture of ethical business conduct.

### **Nomination of Directors**

The Board does not have a nominating committee at the present time. The current size and composition of the Board allows the entire Board to take responsibility for selecting new directors.

## **Compensation**

The Corporation's Compensation Committee was appointed on February 13, 2007 and consists of independent directors Alan Matthews, Roberto Baquerizo and Mike Smith, with Mr. Smith acting as Chairman of the committee. The committee reviews comparative industry compensation levels and makes recommendations to the Board regarding compensation for the Corporation's Executive Officers.

The Corporation currently compensates its non-executive directors with a Cdn\$5,000 per year annual retainer, a Cdn\$1,000 annual retainer for each committee member, an additional Cdn\$1,000 annual retainer for each committee chairman, and a Cdn\$500 fee for each meeting attended, either in person or by telephone. All members of the Board (independent and non-independent) may also be issued incentive stock options from time to time.

The Chief Executive Officer, who is also a director of the Corporation, is not present and abstains during Board consideration of his performance evaluation and compensation levels.

The Board and Corporation had sufficient information to consider and establish the Executive Officers' compensation and did not retain any compensation consultants or advisors at any time since the beginning of the Corporation's most recently completed fiscal year.

## **Other Board Committees**

The Corporation does not have any standing committees other than the Audit Committee and the Compensation Committee at the present time.

## **Assessments**

The Corporation does not have a formal process for evaluating the performance and effectiveness of Board members and senior officers. Management communicates with major shareholders on an ongoing basis, who are regularly consulted on the effectiveness of Board members and senior officers.

## **CORPORATE GOVERNANCE DIRECTIVE OF THE SWISS STOCK EXCHANGE**

The following section presents further discussion of the Corporation's Corporate Governance, which is required by the Swiss Stock Exchange ("SIX") to maintain the Corporation's primary listing on the SIX. Corporate Governance under the Canadian securities law is also discussed in the section on "Statement of Corporate Governance Practices," above.

### **1.0 Corporate Structure and Shareholders**

#### **1.1 Group Structure**

International Minerals Corporation is a Canadian mineral resource company engaged, indirectly through its subsidiaries, in the exploration, development and exploitation of gold and silver deposits in the northern Andes of South America, primarily in Peru and Ecuador. The Corporation (ISIN: CA4598751002) had a market capitalization of approximately Cdn\$379 million (\$357 million) on October 5, 2009.

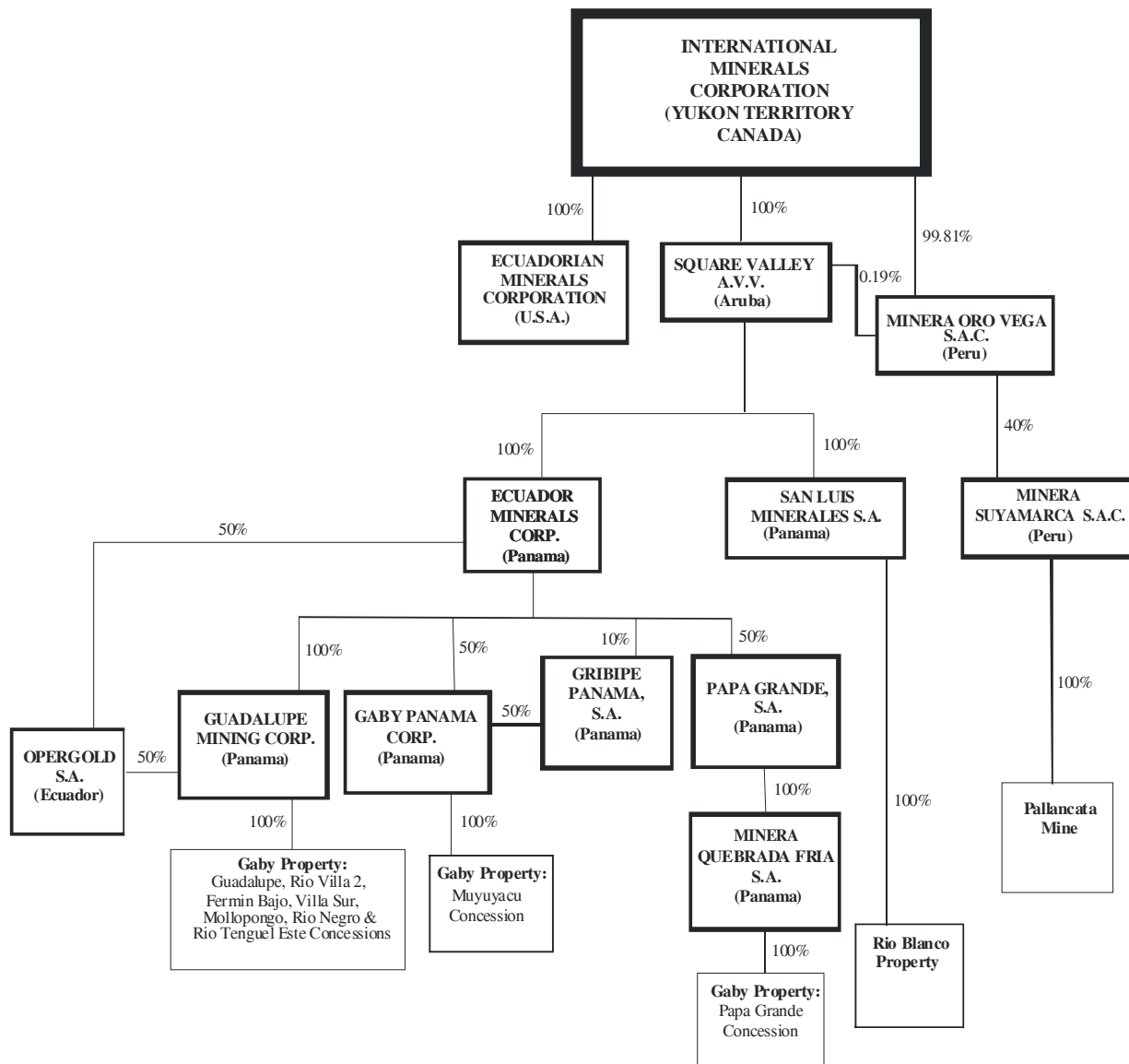
The Corporation was originally incorporated on August 26, 1986. The Corporation operates with the corporate laws of its corporate jurisdiction, being the Yukon Territory of Canada and its Business Corporations Act (Yukon Territory), as amended. On January 24, 2002, the Corporation changed its name from "Ecuadorian Minerals Corporation" to "International Minerals Corporation".

The Corporation's common shares are listed in Canada on the Toronto Stock Exchange under the trading symbol "IMZ" (security number: 1,364,753). The Corporation's common shares were listed for secondary trading on the SIX under the trading symbol "IMZ" on June 19, 2002 and on the Frankfurt Stock Exchange (trading symbol "MIW") on June 5, 2003. The Corporation's common shares were listed for primary trading on the SIX on March 16, 2009 and the Corporation was included in the Swiss Performance Index ("SPI"<sup>®</sup>) on August 24, 2009.

The executive office of the Corporation is located at Scottsdale, Arizona, U.S.A. The corporate registered and records office of the Corporation is located at Suite 200, 204 Lambert Street, Whitehorse, Yukon Territory, Canada.

A chart showing the inter-corporate relationships ("Group Structure") of the Corporation and its principal subsidiaries and their jurisdictions of incorporation, the percentage of voting securities or ownership held by the Corporation and the material mineral property interests which they own or have a right to acquire an interest in is shown below.

### Chart of Group Structure



- (1) Ecuadorian Minerals Corporation (U.S.A.) is a Nevada corporation with 100 issued common shares, all of which are owned by the Corporation.
- (2) Square Valley A.V.V. (Aruba) is a wholly owned subsidiary of the Corporation, with no outstanding share capital.
- (3) Minera Oro Vega S.A.C. (Peru) is 99.81% owned by the Corporation and 0.19% owned by Square Valley A.V.V. (Aruba), which is a wholly owned subsidiary of the Corporation. Minera Oro Vega has 540,000 issued common shares (539,000 shares held by the Corporation and 1,000 shares held by Square Valley).
- (4) The Pallancata property is subject to a joint venture agreement dated June 30, 2006 with affiliated companies of Hochschild Mining plc. The Corporation holds a 40% interest in the joint venture company, Minera Suyamarca S.A.C. Minera Suyamarca has 32,250,000 issued common shares, of which 19,350,000 (60%) are issued to Hochschild and 12,900,000 (40%) are issued to the Corporation.
- (5) Ecuador Minerals Corp. ("EMC"), Guadalupe Mining Corp., Papa Grande S.A., Minera Quebrada Fria S.A. and San Luis Minerales S.A. are Panamanian companies with branches registered to carry on business in Ecuador. These companies do not have outstanding share capital. EMC owns 100% of Guadalupe Mining and San Luis Minerales, and 50% of Papa Grande S.A. (and thus effectively 50% of Minera Quebrada Fria S.A.).
- (6) The remaining 50% equity interest in Papa Grande S.A. (and effectively Minera Quebrada Fria S.A.) is held by Jose Horacio Ampuero, a private Ecuadorian citizen.
- (7) Gaby Panama Corp. is a Panamanian company with a branch registered to carry on business in Ecuador. Gaby Panama has authorized capital of (i) two common shares, (ii) 666 class A preferred shares, (iii) 666 class B preferred shares and (iv) 666 class C preferred shares, all with a nominal value of \$500. EMC owns 50% of the outstanding shares of Gaby Panama.
- (8) The remaining 50% of Gaby Panama Corp. is held by Gribipe Panama S.A., a privately held Panamanian company in which the Company has acquired 10% of the issued and outstanding shares.
- (9) Opergold, S.A. is an inactive operating subsidiary of Ecuador Minerals Corporation and its subsidiary Guadalupe Mining Corp.

## **1.2 Significant Shareholders**

As the Corporation is not incorporated under Swiss law, the provisions of the Swiss Federal Act on Stock Exchanges and Securities Trading on the disclosure of shareholdings do not apply to the Corporation.

The Corporation is unaware of any shareholders beneficially holding 3% or more of the Corporation's share capital. The Corporation is not aware of any shareholders' agreements between shareholders of the Corporation.

## **1.3 Cross Shareholding**

The Corporation has no cross shareholding. The Corporation holds 504,923 common shares of Ventura Gold Corp. and 625,000 common shares of Kernow Resources and Developments Ltd., but neither of those companies owns any common shares of the Corporation at this time.

## **2.0 Capital Structure**

### **2.1 Capital on the Disclosure Deadline and**

### **2.2 Authorized and Conditional Capital**

The Corporation is authorized to issue an unlimited number of common shares without par value for an unlimited duration period. No group of beneficiaries has the right to subscribe for additional capital. The Corporation has no conditional capital.

The following table of information about the Corporation's capital stock is taken from "Note 11, Capital Stock and Contributed Surplus" in the Corporation's Financial Statements and Notes for the fiscal year ended June 30, 2009, which can be found on the Corporation's website:

[http://www.intlminerals.com/release.php?R\\_ID=116&Kind=FS&Rel=S](http://www.intlminerals.com/release.php?R_ID=116&Kind=FS&Rel=S)

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of common shares without par value			
Balance, June 30, 2006	91,860,001	112,631,518	1,532,325
Issued on exercise of warrants	2,830,000	11,989,832	-
Issuance costs of short-form prospectus	-	(39,156)	-
Issued on exercise of options	504,500	1,252,913	-
Stock-based compensation on options exercised	-	282,218	(282,218)
Stock-based compensation	-	-	2,405,396
Balance, June 30, 2007	95,194,501	\$126,117,325	\$ 3,655,503
Issued on exercise of options	410,500	1,365,518	(299,909)
Shares issued – Pallancata finder’s fee	425,000	2,367,442	-
Stock-based compensation	-	-	1,745,510
Balance, June 30, 2008	96,030,001	129,850,285	5,101,104
Shares returned to Treasury and cancelled*	(3,198,000)	(4,288,017)	(1,921,127)
Issued on exercise of options	150,000	115,873	-
Stock-based compensation	-	-	2,146,211
Balance, June 30, 2009	92,982,001	\$125,678,141	\$ 5,326,188

\*See Share Buyback Program below.

### 2.3 Changes in Capital

Please refer to the table above.

During the year ended June 30, 2009, 150,000 common shares were issued for proceeds totaling \$115,873 pursuant to the exercise of previously issued incentive stock options.

During the year ended June 30, 2009, pursuant to a share repurchase program on the Toronto Stock Exchange (“TSX”), the Corporation repurchased 3,198,000 shares at an average price of C\$2.38 per share for a total cost of C\$7,626,438 (\$6,209,144). The Corporation returned to Treasury and cancelled 3,198,000 common shares acquired and allocated \$4,288,017 to capital stock and \$1,921,127 to contributed surplus.

During the year ended June 30, 2008, 410,500 shares were issued for proceeds totaling \$1,065,609 pursuant to the exercise of previously issued incentive stock options. As a result, \$299,909 was transferred from contributed surplus to share capital.

During the year ended June 30, 2008, the Corporation issued 425,000 shares with a value of \$2,367,442 as a finder’s fee in connection with the acquisition of the Pallancata property.

On October 17, 2008, the Corporation commenced a normal course issuer bid or share repurchase program to purchase, through the market on the TSX, 5.0 million of its common shares (“Shares”),

representing 5.21% of the Corporation's 96,030,001 issued and outstanding Shares as at October 8, 2008. Following the end of each quarter, all Shares repurchased are cancelled.

Between January 15th and January 23, 2007, 2,830,000 shares were issued for \$11,989,832 in proceeds from the exercise of warrants issued on a private placement financing completed January 23, 2005.

On May 19, 2006, the Corporation issued and sold, pursuant to a short-form prospectus, 9,500,000 units at C\$5.50 per unit for total proceeds of \$46,647,621 (C\$52,250,000). Each unit consisted of one common share of the Corporation and one-half of a share purchase warrant. Each whole warrant entitled the holder to acquire an additional common share at an exercise price of C\$6.88 on or before May 19, 2008. On June 21, 2006, the Corporation issued an additional 555,019 units at C\$5.50 per unit for total proceeds of \$2,725,296 (C\$3,052,604) pursuant to an over-allotment option. These units were issued under the same terms and conditions as the original units. All such warrants expired on May 19, 2008. The Corporation paid underwriters' fees of \$2,565,619 (C\$2,873,750) and incurred \$502,701 in share issuance costs in connection with the unit offering.

In addition, the Corporation has a C\$40.0 million aggregate principal amount of convertible unsecured subordinated debentures issued as part of the May 2006 public offering. The debentures bear a 5.5% coupon rate for a six year period until May 19, 2012. The debentures are convertible into common shares of the Corporation at the option of the holder at any time at a price of C\$6.88 (the "Conversion Price"). The debentures were non-callable by the Corporation for the initial three-year period, which is followed now by a conditional-call period for two years at the option of the Corporation if the weighted average price of the Corporation's shares exceeds the Conversion Price by 125% for 20 consecutive trading days. The debentures are listed for trading on the TSX under the symbol "IMZ.DB".

For further information about the Corporation's convertible debentures, please refer to "Note 10, Convertible Debentures" in the Corporation's Financial Statements and Notes for the fiscal year ended June 30, 2009, which can be found on the Corporation's website:

[http://www.intlminerals.com/release.php?R\\_ID=116&Kind=FS&Rel=S](http://www.intlminerals.com/release.php?R_ID=116&Kind=FS&Rel=S)

## **2.4 Shares and Participation Certificates**

The Company currently has issued and outstanding 92,982,001 fully paid common shares without par value. The Company has no other class of shares. There are no preferential rights as there are no preferred shares and there are no participation certificates for the Company.

Please refer to the sections on "General Proxy Information," page 4, and "Voting Shares and Principal Holders Thereof," page 6, for information about voting rights.

The Corporation currently pays no dividends. Pursuant to the Corporation By-Law No. 1, and subject to the provisions of the Yukon Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

## **2.5 Profit Sharing Certificates**

There are no profit sharing certificates.

## **2.6 Restrictions on Transferability and Nominee Registration**

There are no restrictions on transferability except pursuant to applicable securities laws.

Pursuant to the Corporation's By-Law No. 1, and subject to provisions of the Yukon Act, no transfer of shares shall be registered in a securities register except upon presentation of the share certificate

representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by his attorney or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the Board of Directors may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board of Directors.

Please refer to the section on “Advice to Beneficial Shareholders,” page 5 for information related to nominees.

## **2.7 Convertible Bonds and Warrants/Options**

Please refer to the section “Option Based Compensation,” page 12, for information about stock options.

The Corporation currently has no outstanding warrants. This is expected to change in fiscal year 2010 as on September 23, 2009, the Corporation announced the signing of a binding letter agreement for the Corporation to acquire, in an all-share transaction, all of the issued and outstanding shares of Ventura Gold Corp. (TSX-V:VGO, “Ventura”) by way of a statutory plan of arrangement (the “Transaction”). Under the Transaction, Ventura shareholders will receive one common share of the Corporation for every 10 Ventura common shares held. Based on respective closing prices for the Corporation and Ventura on September 23, 2009, the consideration is valued at C\$0.43 per Ventura common share. As a result of the Transaction, all existing Ventura share purchase warrants and stock options will be acquired or assumed by the Corporation and adjusted on the basis of the same share exchange ratio. The total value of the Transaction is approximately C\$64.6 million on a fully diluted basis (approximately \$60 million). The Corporation will issue approximately 13.7 million of its common shares to Ventura shareholders pursuant to the Transaction, representing approximately 12.8% of the Corporation’s total post-Transaction issued and outstanding shares. The Corporation’s fully diluted share capital will increase to approximately 117.7 million, resulting from the assumption by the Corporation of the Ventura warrants and stock options, which are expected to represent approximately 863,450 warrants and 410,500 stock options of the Corporation, post-Transaction.

The Corporation has a C\$40.0 million aggregate principal amount of convertible unsecured subordinated debentures issued as part of its May 2006 public offering (see section 2.3 above). For further information about the Corporation’s convertible debentures, please refer to “Note 10, Convertible Debentures” in the Corporation’s Financial Statements and Notes for the fiscal year ended June 30, 2009, which can be found on the Corporation’s website:

[http://www.intlminerals.com/release.php?R\\_ID=116&Kind=FS&Rel=S](http://www.intlminerals.com/release.php?R_ID=116&Kind=FS&Rel=S)

## **3.0 Board of Directors**

### **3.1 Members of the Board of Directors**

The Corporation is led by an experienced Board of Directors. Please refer to the section on “Board of Directors,” page 23, for information about the Corporation’s directors. For further details related to the Board of Directors and corporate governance, please also refer to the Board of Directors’ Mandate on the Corporation’s website (<http://www.intlminerals.com/boardmandate.php>).

### **3.1 Members of the Board of Directors and 3.2 Other Activities and Vested Interests**

**Stephen J. Kay**, President, Chief Executive Officer and executive director of the Corporation, is a British citizen. He has held these roles since inception of the Corporation in 1993. He is a geologist with over 35 years of gold exploration experience in Europe, South Africa, South America and the United States. From 1985 to 1993, he was founder and President of GD Resources Inc., a successful smelter of precious

metal by-products from U.S. gold mines. From 1983 to 1985, Mr. Kay worked with Amselco Exploration (BP Minerals) where he was involved in the discoveries of the Colosseum and Yellow Aster gold mines, both in California. During his 10 years with Gold Fields Mining Corporation until 1983, he was responsible for the initial drilling of the three-million ounce Mesquite gold mine in California. Mr. Kay is a director of New Dimension Resources and Delta Mining and Exploration Corp. He graduated with a Bachelor of Science degree in geology from Swansea University in Wales, United Kingdom.

Mr. Kay is also Executive Chairman of Ventura Gold Corp. On September 23, 2009, the Corporation announced the signing of a binding letter agreement for the Corporation to acquire, in an all-share transaction, all of the issued and outstanding shares of Ventura by way of a statutory plan of arrangement (see “Interest of Insiders in Material Transactions” and Section 2.3 above).

**Roberto Baquerizo**, non-executive director, is an Ecuadorian citizen. Mr. Baquerizo is the Managing Director at ProVentures Inc. in New York, overseeing the Latin American region. He is also President of Mission Hills Holdings, financial advisory and investment firm specializing in Latin American clients. Mr. Baquerizo was the head of the Ecuadorian Central Bank from 1992 to 1993 and also spent 15 years of his career in executive-level positions within the Noboa Group in Ecuador. He holds a Master’s degree in public administration from Columbia University, New York, and a Master’s degree in education from Antioch University, Washington, D.C. He is also a graduate of Catholic University in Washington, D.C.

**Gabriel Bianchi**, non-executive director, is a Swiss citizen. Mr. Bianchi is the Founding Partner of Bianchi & Partner AG, a private Swiss asset management company based in Zurich since 1997. He previously worked in private banking with BSI-Banca della Svizzera Italiana in Switzerland and England. Prior to that, Mr. Bianchi worked as a Manager with UBS in Zurich for over 12 years. He is a graduate of the Business and Economic School, AKAD, as well as the Swiss Banking School, both in Zurich.

**Alan Matthews**, non-executive lead director, is a British citizen. Mr. Matthews is a Mining Engineer and a Chartered Engineer (C. Eng.) with over 30 years mining and exploration experience in the minerals industry, specializing in gold, copper and industrial minerals. Mr. Matthews started his career in South Africa with Anglo American Corporation and for the first 10 years of his career was closely involved with producing mines in various countries. Since then he has been involved with the start-up and commissioning of mines in Scotland (Aberdeen Barytes), Papua New Guinea (Ok Tedi) and the United States (various SX-EW copper operations). He is founder, President, and director of Kernow Resources and Developments Ltd. (“Kernow Resources”) and a director of Arapaho Capital Corporation and Redzone Resources, Ltd. He has been President of Kernow Resources since 1995. Mr. Matthews graduated from the Camborne School of Mines (A.C.S.M.), and earned a Certificate of Engineering from Cornwall Technical, both in Cornwall, United Kingdom.

**Rod C. McKeen**, non-executive director and Corporate Secretary, is a Canadian citizen. Mr. McKeen is a lawyer, and a founder and principal of Axiom Law Corporation in Vancouver, Canada since January 2004. Mr. McKeen has more than 25 years experience in all facets of securities and corporate law pertaining to the mining and mineral exploration industry. Prior to forming Axiom Law Corporation, Mr. McKeen was a partner in the law firm of Gowlings Lafleur Henderson LLP from April 2000 to December 2003 and a partner with the law firm Montpellier McKeen Varabioff Talbot and Guiffre from July 1996 to March 2000. Mr. McKeen’s practice encompasses emerging to mid-size mineral resource companies with projects and operations around the world and involves dealing with stock exchanges and mergers, acquisitions and financing transactions on a similarly global basis. Mr. McKeen earned a Bachelor of Laws degree from the University of British Columbia, Vancouver, Canada and a Bachelor of Arts degree from the University of Alberta, Edmonton, Canada. Axiom Law Corporation, a law firm in which Mr. McKeen is a principal, charged the Corporation C\$159,097 for legal services and reimbursable expenses rendered to the Corporation during the fiscal year ended June 30, 2009.

Mr. McKeen is also Corporate Secretary and a director of Ventura Gold Corp. and a director of Medallion Resources Ltd. On September 23, 2009, the Corporation announced the signing of a binding letter agreement for the Corporation to acquire, in an all-share transaction, all of the issued and outstanding shares of Ventura by way of a statutory plan of arrangement (see “Interest of Insiders in Material Transactions” and Section 2.3 above).

**Jorge Paz Durini**, non-executive director, is an Ecuadorian citizen. Dr. Paz is a partner with Paz and Horowitz (attorneys) and has practiced in the mineral law field since 1983. Dr. Paz has been extensively involved in advising companies on mineral exploration and development in Ecuador and was the Subsecretary of Mines of Ecuador from 1992 to 1993 and legal attorney of the Ecuadorian Chamber of Mines. He also helped draft the existing new mining law of Ecuador from 1989 to 1990 and is currently a consultant to the World Bank, with responsibilities that included drafting the new mining law for Argentina. He is also a consultant to the Interamerican Development Bank (IDB) with respect to legal aspects of the mining sector. Dr. Paz earned a doctoral degree in law from Catholic University of Ecuador and received an LL.M degree (Fulbright Scholar) from Temple University, Philadelphia, USA. Paz & Horowitz Cia. Ltd., a law firm in which Dr. Paz is a partner, charged the Corporation \$64,971 for legal services rendered during the fiscal year ended June 30, 2009.

**Michael Smith**, non-executive director and Chairman of the audit and compensation committees, is a Canadian citizen. Mr. Smith has been a Chartered Accountant since 1971 and retired as partner with PricewaterhouseCoopers in 2004 after 37 years of service, where he was principally involved in the precious and base metal mining industry. Based in Vancouver, Canada, he is a director and an officer of several private institutions. Mr. Smith holds a Bachelor of Arts in economics and mathematics from Queen’s University, Kingston, Ontario, Canada.

For information on committee members, please refer to the table listing the directors and their allocation of tasks for various committee responsibilities on pages 7-8. Also see “Position Descriptions,” page 24, under the section on “Statement of Corporate Governance Practices”.

### **3.3 Elections and Terms of Office**

Please refer to the section on “Election of Directors,” page 7 for the time of first election, elected terms and other details.

### **3.4 Internal Organization and**

### **3.5 Definition of Areas of Responsibility**

Please refer to the section on “Statement of Corporate Governance Practices,” page 22 and the Board of Directors’ Mandate on the Corporation’s website (<http://www.intlminerals.com/boardmandate.php>) for information about the internal organization, decision making authority and areas of responsibility of the Board of Directors and its committees. The Compensation Committee makes recommendations to the Board for approval and final decision.

Information concerning the Audit Committee is set out under the heading “Audit Committee” in the Corporation’s Annual Information Form (“AIF”) dated September 24, 2009, which contains information for the fiscal year ended June 30, 2009, which can be found on the Corporation’s website:

[http://www.intlminerals.com/release.php?R\\_ID=117&Kind=A&Rel=A](http://www.intlminerals.com/release.php?R_ID=117&Kind=A&Rel=A)

The advisory role and authority of the Audit Committee in assisting the Board is described in the Audit Committee Charter in Schedule A of the AIF, including approval of the fees and scope of the external audit and other related services by the external auditor, internal audit and annual and quarterly consolidated financial statements and related financial disclosure.

### **3.7 Information and Control Instruments**

Pursuant to the Board Mandate (<http://www.intlminerals.com/boardmandate.php>), the Board generally discharges its responsibilities directly and through its Committees and by delegating the day-to-day management of the Corporation to its Executive Officers. The Board meets regularly with the Executive Officers to review the business operations, financial results and corporate governance of the Corporation. The Board relies on management to keep the Board apprised of all significant developments affecting the Corporation.

The Board supervises management and monitors its performance through reporting and processes described in more detail in the Mandate. The Board ensures that it has sufficient information to make the appropriate decisions through some of the following means:

- Significant filings, including financial statements, Management Discussion and Analysis, the Annual Information Form and Management Proxy Circular, news releases (ad hoc notices) and any other relevant Corporation information are distributed to the Board on a timely basis.
- Executive Officers are regularly invited to attend Board meetings to report on their areas of responsibility, including key data for the core businesses, financial information, existing and potential risks, and updates on developments in important markets. Other members of management attend Board meetings as deemed necessary.
- At each regular Board meeting, the CEO reports on an update of operations, the progress of strategic goals and accomplishments of the Corporation, matters of potential material consequence and provides supporting presentation materials.
- Minutes of the past Board meeting, including all informational attachments, are provided to all members of the Board.
- The Audit Committee meets regularly with members of management and external auditor.
- On an annual basis, management presents to the Board a strategic plan and annual budget for approval by the Board.
- Management develops policies and procedures, as needed, to adhere to applicable laws, advance a culture of ethical conduct and best business practices, and presents such policies to the Board for approval, following which management implements such policies and procedures.
- Management periodically reviews the Corporation's compliance with its policies and procedures, and updates the Board on the Corporation's effectiveness in regards to its policies and procedures.

The Accounting Department staff completes periodic operational audits and system audits. All organizational units and associated subsidiary companies are subject to audit. Duties are assigned by management and any suspected irregularities are reported without delay to management and, if warranted, to the Chair of the Audit Committee, and if further warranted, to the external auditor. The Accounting Department representatives maintain a regular dialogue with the external auditor to share information, to discuss potential risk issues arising from their respective audits, and to coordinate their activities.

The external auditor is accountable to the Audit Committee and the Board, and ultimately to the shareholders. At the completion of the year-end audit, the auditor presents and discusses the audit report on the financial statements with the Audit Committee, highlighting any significant internal control issues that were identified during the course of the audit. The auditor regularly participates in the Audit Committee meetings and, at least once a year, the lead partner of the audit firm will attend a meeting with the Board (see also Section 8.0 "Auditors" below).

For further information about informational instruments, please refer to Section 8.4 “Informational Instruments Pertaining to the External Audit” below.

#### **4.0 Senior Management**

##### **4.1 Members of Senior Management (Executive Officers) and**

##### **4.2 Other Activities and Vested Interests**

Mr. Kay’s profile, as President, CEO and executive director, is described in Section 3.1 above.

**Eric H. Edwards**, a US and Canadian citizen, is Chief Financial Officer and a Vice President, responsible for the accounting, financial reporting, budgets and finance-treasury functions. Prior to joining Ventura and International Minerals in July 2007, Mr. Edwards was Chief Financial Officer, Vice President of Finance, and Corporate Secretary for the former Queenstake Resources Ltd. from 2005 to July 2007. Prior to Queenstake, Mr. Edwards was with; Kinross Gold Corporation from October 2002 through March 2005 in a senior operations capacity in charge of accounting and materials management, Chief Financial Officer for Viceroy Resource Corporation from June 1999 to August 2002, and was Chief Financial Officer for Ivanhoe Mines from June 1995 through June 1999. Mr. Edwards has over 25 years of experience in the gold mining sector in positions of increasing responsibility in operations, business development and corporate finance. He is a member of the Board of Directors of Sunridge Gold Corp. and Santa Barbara Resources Limited. Mr. Edwards holds a Master’s of Business Administration degree from University of Utah and a Bachelor of Science (Honors) degree in Geology from Utah State University.

Mr. Edwards is President and Chief Executive Officer of Ventura Gold Corp. On September 23, 2009, the Corporation announced the signing of a binding letter agreement for the Corporation to acquire, in an all-share transaction, all of the issued and outstanding shares of Ventura by way of a statutory plan of arrangement (see “Interest of Insiders in Material Transactions” and Section 2.3 above).

**Craig Duncan**, a US citizen, is Vice President of Corporate Affairs, responsible for the Corporation’s government relations, enhancing understanding and credibility of the Corporation among stakeholders and advocacy of its business interests in Ecuador. Mr. Duncan has over 30 years of experience in South America with industrial and mining companies. Fluent in Spanish, he was a consultant with a TSX-listed gold-copper exploration company transitioning into production in Chile and Argentina and a private US-based emerald company operating in Brazil that is planning an AIM listing in London. Previously, he was a commercial banker with Citibank in Chile and Venezuela and a private equity consultant for Merrill Lynch focusing on the Latin American market. In addition, he was President and General Manager of two Coca-Cola bottling plants in Bolivia and a copper manufacturing/coin company in Chile. Mr. Duncan is based in Stamford, Connecticut and holds a Bachelor of Arts in History from Columbia University, New York, and is a graduate of the Advanced Management Program at Harvard Business School, Cambridge, Massachusetts, U.S.A.

**Wendy Yang**, a US citizen, is Vice President of Investor Relations, responsible for the Corporation’s strategic financial communications with shareholders and the investment markets in compliance with securities laws. Ms. Yang has over 20 years of mining industry experience in positions of increasing responsibility in investor relations and strategic communications for junior and senior companies. Prior to joining the Corporation in August 2007, Ms. Yang was Vice President of Investor Relations for the former Queenstake Resources from 2005 to 2007. From 2000 to 2005, she was Director of Investor Relations for Newmont Mining Corporation. Her experience included service at Stillwater Mining, Golden Star Resources, Santa Fe Pacific Gold and AMAX. She is a director of the Denver Gold Group, a gold industry trade group, as well as the Rocky Mountain Chapter of the National Investor Relations Institute. Ms. Yang has a Master’s of Business Administration degree from Colorado State University, Denver, USA and a Bachelor’s of Arts degree in journalism from the University of Oregon, Eugene, USA.

Ms. Yang is also Vice President of Investor Relations for Ventura Gold Corp. On September 23, 2009, the Corporation announced the signing of a binding letter agreement for the Corporation to acquire, in an all-share transaction, all of the issued and outstanding shares of Ventura by way of a statutory plan of arrangement (see “Interest of Insiders in Material Transactions” and Section 2.3 above).

#### **4.3 Management Contracts**

The Corporation does not have any material management contracts with outside or third parties, other than those disclosed above in “Interest of Insiders in Material Transactions”, page 20.

#### **5.0 Compensation, Shareholdings and Loans**

##### **5.1 Content and Method of Determining Compensation and the Shareholding Programs and 5.2 Transparency of the Compensation, Shareholdings and Loans Pertaining to Issuers Domiciled Abroad**

Please refer to the sections on “Executive Compensation Discussion and Analysis,” page 9, and “Director Compensation,” page 17. Further information about the Corporation’s stock options program is described in the section “Option Based Compensation,” page 12. It is expected that the Board’s Compensation Committee will meet at least annually to review and determine Director and Executive Officer compensation, including salary levels and possible award of stock options.

Granting of stock options is an ad hoc process. The Board awards stock options periodically to certain directors, officers, employees and consultants when particular corporate goals have been met. The Corporation does not have a share-ownership program.

Board meetings are typically conducted via telephonic conference calls, except for at least one meeting held at the Corporation’s executive office in Scottsdale, Arizona, in conjunction with the Annual Meeting of Shareholders. Board members and Executive Officers are reimbursed by the Corporation for travel, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board, committees and Annual Meeting of Shareholders as necessary or otherwise in connection with the discharge of their duties.

#### **6.0 Shareholders Right of Participation**

##### **6.1 Voting Rights and Representation Restrictions**

There are no voting right restrictions on the Corporation’s common shares. Each shareholder has one vote for each common share registered in his or her name. Please refer to the sections on “General Proxy Information,” page 4, including “Voting of Proxies,” page 5, and “Voting Shares and Principal Holders Thereof,” page 6 for details.

##### **6.2 Statutory Quorums**

Pursuant to the Corporation’s By-Law No. 1, and subject to provisions of the Yukon Act, a quorum of 5% of shareholders is necessary for shareholder approval of resolutions as follows:

- Ordinary resolution: requires a simple majority of the votes cast at an Annual Meeting or Special Meeting
- Special resolution: requires a two thirds majority of the votes cast at an Annual Meeting or Special Meeting.

### **6.3 Convocation of the Annual Meeting of Shareholders**

Pursuant to the Corporation's By-Law No. 1, and subject to provisions of the Yukon Act, the Annual Meeting of Shareholders shall be held at such time each year as the Board, Chairman of the Board and Chief Executive Officer or President may from time to time determine to receive and consider the financial statements and reports, elect Directors, appoint the external auditor and authorize the Audit Committee to set its remuneration and for transaction of such other business as may be properly brought before the meeting.

In addition, the Board, Chairman of the Board and Chief Executive Officer or President may from time to time determine the need to call a Special Meeting of Shareholders. All business transacted at a Special Meeting and all business transacted at an Annual Meeting of Shareholders, except consideration of the financial statements, auditors' reports, election of directors and reappointment of incumbent auditors, is deemed to be special business.

Shareholders on the Record Date as listed in the Corporation share register receive the invitation to an Annual or Special Meeting of Shareholders through a Notice of Meeting and the Management Proxy Circular. Notice of the time and place of an Annual or Special Meeting of Shareholders must be given not less than 21 nor more than 50 days before the date of the meeting to the Directors, the auditor and to shareholders as of the Record Date. Notice of such meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of Directors, re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any ordinary or special resolution to be submitted to the meeting.

A shareholder or his duly appointed proxy, Director, Officer or auditor may at any time waive the sending of any notice or waive and abridge the time for any notice. In addition, pursuant to Chapter 20, Section 137 Waiver of Notice, Yukon Act attendance by the shareholder or his proxy at a meeting of shareholders is waiver of notice of the meeting, except when attending a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

If a meeting of the shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that it is adjourned. If a meeting of shareholders is adjourned for more than 30 days, notice of the adjourned meeting shall be given as for the original meeting. At any such adjourned meeting no new business can be transacted.

A meeting of the Shareholders may be held without notice at anytime and place permitted by the Yukon Act:

1. if all the Shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consented to such meeting being held; and
2. if the auditor and the Directors are present or waived notice of or otherwise consent to such meeting being held.

At such a meeting, any business may be transacted which the Corporation at a meeting of Shareholders may transact.

### **6.4 Agenda**

Pursuant to the Corporation By-Law No. 1, the Board, the Chairman, if there is one, the Chief Executive Officer or the President has the authority to call the Annual Meeting and a Special Meeting of the shareholders at any time. The agenda for such meeting of shareholders is presented by the Chief Executive Officer. Pursuant to the Corporation By-Law No. 1, all business transacted, except for the

consideration of financial statements, auditor's report, election of Directors and reappointment of the incumbent auditor, at any meeting of shareholders, including the Annual Meeting, is deemed to be special business.

Pursuant to Chapter 20, Section 138 Shareholder Proposals, Yukon Act, a shareholder entitled to vote at an Annual Meeting of Shareholders may submit to the Corporation notice of any matter that the shareholder proposes to raise at the meeting ("Proposal") and discuss at the meeting any matter in respect of which the shareholder would have been entitled to submit a proposal. In addition, the shareholder can request that the Corporation include in the Management Proxy Circular or attach to it a statement by the shareholder of not more than 200 words in support of the Proposal, and the name and address of the shareholder.

A proposal may include nominations for the election of directors if the proposal is signed by one or more holders of shares representing in aggregate not less than 5% of the shares of a class entitled to vote at the meeting to which the proposal is to be presented, but this does not preclude nominations made at a meeting of the shareholders.

As stated in the Yukon Act, the Corporation is not required to comply with such Proposal:

- If the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the previous Annual Meeting of Shareholders;
- It clearly appears that the Proposal is for the purpose of enforcing a personal claim or redress of a personal grievance against the Corporation, its Directors, Officers or security holders, or for promoting general economic, political, racial, religious, social or similar causes;
- The Proposal relates to a meeting of shareholders within two years preceding the receipt of the request, and the shareholder failed to present the Proposal, in person or by proxy, at the meeting;
- The Proposal is substantially the same proposal submitted to shareholders held within two years preceding the receipt of the Proposal that was previously defeated;
- The rights being conferred are being abused to secure publicity.

If the Corporation refuses to include the Proposal in a Management Proxy Circular, the Corporation shall, within 10 days of receiving the Proposal, notify the shareholder submitting the Proposal of its intention to omit the Proposal, along with the reasons for the refusal. The shareholder claiming to be aggrieved by the Corporation's refusal may apply to the Yukon Supreme Court which may restrain the holding of the meeting and make any further order it thinks fit.

## **6.5 Inscriptions Into the Share Register**

Rules governing the deadline for the inscription of registered shareholders into the share register in view of their participation in an Annual or Special Meeting of Shareholders can be found in the sections "General Proxy Information" and "Voting Shares and Principal Holders Thereof" (Pages 4 and 6, respectively).

## **7.0 Changes of Control and Defense Measures**

### **7.1 Duty to Make an Offer**

As the Corporation is not incorporated under Swiss law, the provisions of the Swiss Federal Act on Stock Exchanges and Securities Trading on the duty to make an offer do not apply to the Corporation. However, Canadian securities laws require that, subject to exceptions, a tender offer be made to all shareholders in certain circumstances where a shareholder acquires more than 20% of the issued and outstanding shares of the Corporation.

## **7.2 Clauses on Change of Control**

Certain Executive Officers of the Corporation have change of control clauses in their employment contracts. Please refer to the section on “Termination and Change of Control Benefits,” page 17.

## **8.0 Auditor**

### **8.1 Duration of the Mandate and Term of Office of Lead Auditor**

Davidson & Company, Chartered Accountants, Vancouver, Canada, has had the audit mandate for the Corporation since 1999. The appointment of the auditor is approved annually by the shareholders at the Annual Meeting of Shareholders.

The Audit Committee and management monitor the effectiveness of the external auditor in fulfilling their charter and mandate. The committee will, at least annually, compare the auditor’s performance against the approved audit plan, approved budget and the final results. The Audit Committee solicits feedback from the staff, management and, independently, from the representatives of the external auditor to assess performance.

The responsibility to select and recommend to the Board a qualified auditor falls within the scope of the Audit Committee. From time to time, the Audit Committee and management will undertake a process to request proposals from selected audit firms. The proposals will solicit information and allow management and the Audit Committee to consider many factors, including:

- 1) responsiveness of the bidder to the request for proposal
- 2) past experience with the Corporation
- 3) past experience with other companies in the same business as that of the Corporation
- 4) recommendations of current audit clients with similar size, business and audit complexity
- 5) staff’s professional qualifications, availability and technical abilities
- 6) internal and external quality control review processes and results
- 7) price
- 8) depth of personnel and technical resources, including research, workshops, tax preparation, and other support services

The process of changing audit firms can be disruptive, time consuming and expensive to the Corporation. Provided that the mandate and scope of the external audit are being effectively fulfilled, the Corporation endeavors, where possible, to maintain a long-term relationship that provides for an external audit function with experienced staff, familiarity with the business and specific complexities, a reduced impact on Corporation staff and, a cost effective solution. The Audit Committee annually considers all of these issues to determine if the Corporation should undertake a request for proposals process and evaluate alternative external audit firms.

If the Corporation remains with an external audit firm for a number of years, the Lead Auditor responsibility, or Assigned Partner, is limited to a six year term. Upon completion of a term as Assigned Partner, a new lead partner is assigned and the outgoing partner becomes a consulting partner to provide for an efficient transfer of responsibility and knowledge. (For further information, please refer to the section on “Appointment of Auditor,” page 22.)

### **8.2 Auditing Fees**

The auditor’s fees totaled \$246,987 for 2008. The Corporation has not yet received the auditor’s fees charged for the fiscal year ended June 30, 2009.

### **8.3 Additional Fees**

The auditor was paid \$16,300 for tax compliance, tax advice and tax planning services for fiscal year 2008.

### **8.4 Informational Instruments Pertaining to the External Audit**

The Audit Committee, on behalf of the Board, is responsible for monitoring performance of the external auditor, checking their independence and coordinating their work with the internal audit. In addition, the Audit Committee monitors the implementation by management of findings of the external and internal auditor. The Audit Committee therefore meets at least annually with representatives and lead partners of the external auditor as well as with internal audit. Furthermore, the Audit Committee prepares proposals for the reappointment or removal of the external auditor for submission to the Board, which then nominates the external auditor for election at the Annual Meeting of Shareholders. The Audit Committee also pre-approves all audit and non-audit services rendered by the external auditor. Please see Section 8.1 above for specific details.

The Audit Committee reports to the Board of Directors about the discussions with the external auditor. At least once a year, the Lead Auditor takes part in a meeting of the Board of Directors. For further information, please refer above to 3.4 Internal Organization and 3.5 Definition of Areas of Responsibility.

## **9. Information Policy**

The market value of the Corporation and its ability to obtain funds for continuing operations and growth at the lowest possible cost depend on its financial brand and reputation for credibility and integrity in communicating with the investment community and public.

Pursuant to the Corporation's Code of Business Conduct and Ethics, available on the Corporation's website (<http://www.intlminerals.com/conduct.php>), the Corporation is committed to full, fair, accurate, timely and understandable disclosure in the reports the Corporation files with regulators and uphold compliance with all laws and governmental regulations that are applicable. The Corporation complies with the disclosure requirements of the Canadian and Swiss securities' regulators, the TSX and SIX.

The Corporation's website ([www.intlminerals.com](http://www.intlminerals.com)) describes the operations, Board of Directors and governance, and investor relations information, including:

- news releases or "ad hoc notices" pursuant to SIX rules, (which can be found at: <http://www.intlminerals.com/newsreleases.php>)
- share price data (<http://www.intlminerals.com/stockquote.php>)
- financial reporting (<http://www.intlminerals.com/financialreports.php>)
- corporate calendar (<http://www.intlminerals.com/corporatecalendar.php>)
- management presentations and webcasts (<http://www.intlminerals.com/presentations.php>)

Contact information for the Corporation's major offices is listed on the Corporation's website (<http://www.intlminerals.com/contactus.php>).

The Corporation's investor relations contact is available, and the Corporation's news releases and other announcements may be subscribed at no cost through the Corporation's website under Contact Us/Email Alerts: <http://www.intlminerals.com/emailalerts.php>. Alternatively, please direct investor relations queries via email to: [information@intlminerals.com](mailto:information@intlminerals.com).

The Corporation has taken reasonable care in publishing information on its website. However, no representation or warranty is made as to its accuracy or completeness. The information provided is not a

substitute for independent professional advice before making any investment decision. Investors are advised that there are risk factors and uncertainties in the Corporation's business and industry that are described in the Corporation's regulatory filings and investors should refer to the Corporation's latest disclosure in its regulatory filings available on the Corporation's website: (<http://www.intlminerals.com/companyfilings.php> and <http://www.intlminerals.com/financialreports.php>) as well as at [www.sedar.com](http://www.sedar.com) under the Corporation's name.

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

Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote on the same in accordance with their best judgment of such matters.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.intlminerals.com](http://www.intlminerals.com). Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis ("MD&A") for its most recently completed fiscal year. To request copies of the Corporation's financial statements and MD&A, please contact Terri Kasten at (480) 483-9932 or via email at [tkasten@intlminerals.com](mailto:tkasten@intlminerals.com).

DATED: In Scottsdale, Arizona this 15th day of October, 2009.

INTERNATIONAL MINERALS CORPORATION

*"Stephen J. Kay"*

President, Chief Executive Officer and Director