

INTERNATIONAL MINERALS CORPORATION

<b>2008</b>	Notice of Annual and Special Meeting of Shareholders
<b>ANNUAL</b>	
<b>GENERAL</b>	Management Proxy Circular
<b>MEETING</b>	
<b>Place:</b>	International Minerals Corporation Offices 7950 E. Acoma Drive, Suite 211, Scottsdale, Arizona 85260
<b>Time:</b>	2:00 p.m.
<b>Date:</b>	Friday, November 21, 2008

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

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an Annual and Special Meeting of Shareholders of **INTERNATIONAL MINERALS CORPORATION** (the "Corporation") will be held at the offices of the Corporation, 7950 E. Acoma Drive, Suite 211, Scottsdale, Arizona, U.S.A., on Friday, the 21st day of November, 2008, at the hour of 2:00 p.m. in the afternoon (local time), for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2008 (with comparative statements relating to the preceding financial year ended June 30, 2007) 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 consider and, if thought fit, to ratify and approve by ordinary resolution an amendment to the Incentive Stock Option Plan of the Corporation increasing the number of common shares reserved for issuance from a maximum of 8,500,000 common shares to a maximum of 10,500,000 common shares of the Corporation; and
6. 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 7th day of October, 2008.

BY ORDER OF THE BOARD

*"Stephen J. Kay"*

Stephen J. Kay  
President, CEO and Director

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**INTERNATIONAL MINERALS CORPORATION**

7950 East Acoma Drive, Suite 211

Scottsdale, Arizona

U.S.A. 85260

Telephone: (480) 483-9932

**MANAGEMENT PROXY CIRCULAR**

(Containing information as at October 7, 2008, 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 and Special Meeting of Shareholders of the Corporation (and any adjournment thereof) to be held on Friday, November 21, 2008 (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 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, 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 other than as potential optionees under the Corporation's Incentive Stock Option Plan which is proposed to be amended (see "Particulars of Other Matters to be Acted Upon: Amendment to Stock Option Plan" below).

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

Authorized Capital: Unlimited number of common shares without par value  
Issued and Outstanding: 96,030,001 common shares without par value<sup>(1)</sup>

(1) As of the Corporation's Record Date of October 7, 2008.

Only shareholders of record at the close of business on Tuesday, October 7, 2008, 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.

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<sup>(1)</sup></u>	<u>Principal Occupation and, If Not at Present an Elected 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>STEPHEN J. KAY</b> President, Chief Executive Officer and Director United States	President and Chief Executive Officer of the Corporation.	Since Nov. 8, 1993	612,700

<u>Name, Position and Country of Residence<sup>(1)</sup></u>	<u>Principal Occupation and, If Not at Present an Elected 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>ROD C. McKEEN</b> Director and Corporate Secretary Canada	Lawyer; Principal in the law firm of Axiom Law Corporation.	Since Dec. 8, 1994	Nil
<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
<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 27 years of service.	Since Nov. 28, 2005	Nil
<b>ROBERTO BAQUERIZO</b> 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

The Corporation does not have an executive committee at present.

### **STATEMENT OF EXECUTIVE COMPENSATION**

The Corporation is required, by the Proxy and Management Proxy Circular Regulations to the Yukon Act (the "Yukon Regulations") and applicable securities legislation in British Columbia, Alberta and Ontario (the "Regulations"), to disclose to its shareholders details of compensation paid to its directors and officers. The following fairly reflects all material information regarding compensation paid to the Corporation's directors and officers under applicable Canadian law.

Named Executive Officer(s) includes (a) the Chief Executive Officer ("CEO"); (b) the Chief Financial Officer ("CFO") (including any person acting in a similar capacity as the CEO or CFO); (c) each of the Corporation's three most highly compensated executive officers, other than the CEO and CFO, who were

serving as executive officers at the end of the most recently completed fiscal period and whose total salary and bonus exceeds Cdn\$150,000; and (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year. During the fiscal year ended June 30, 2008, the Corporation had four "Named Executive Officers", Stephen J. Kay, the President and Chief Executive Officer, Eric Edwards, Chief Financial Officer, Craig Duncan, Vice President of Corporate Affairs, and Wendy Yang, Vice President of Investor Relations. Quinn Bastian, the Corporation's former Vice President of Finance and acting Chief Financial Officer, resigned on September 22, 2006.

### **Summary Compensation Table**

The following table discloses the compensation paid to, awarded or earned (in U.S. dollars) by the Corporation's Named Executive Officers during the Corporation's three most recently completed financial years ended June 30, 2008, 2007 and 2006:

Name and Principal Position (a)	Year (b)	Annual Compensation			Long Term Compensation			All Other Compensation (i)
		Salary (U.S.\$) (c)	Bonus (\$) (d)	Other Annual Compensation (e)	Awards		Payouts	
					Securities Under Options granted (#) (f)	Restricted Shares or Restricted Share Units (\$) (g)	LTIP Payouts (\$) (h)	
Stephen J. Kay Chief Executive Officer, President and Director	2008	\$256,250 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	\$19,718 <sup>(6)</sup>
	2007	\$250,571	\$100,000	\$112,109 <sup>(1)</sup>	25,000	Nil	Nil	\$9,600 <sup>(7)</sup>
	2006	\$184,500	Nil	\$180,000 <sup>(1)</sup>	Nil	Nil	Nil	\$17,822 <sup>(6)</sup>
Eric H. Edwards Chief Financial Officer	2008	\$33,833 <sup>(2)</sup>	Nil	Nil	100,000	Nil	Nil	\$9,600 <sup>(7)</sup>
	2007	N/A	N/A	N/A	N/A	N/A	N/A	\$13,505 <sup>(6)</sup>
	2006	N/A	N/A	N/A	N/A	N/A	N/A	\$9,600 <sup>(7)</sup>
Craig Duncan Vice President of Corporate Affairs	2008	\$153,750 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	\$13,505 <sup>(6)</sup>
	2007	\$100,000 <sup>(3)</sup>	Nil	Nil	200,000	Nil	Nil	\$13,505 <sup>(6)</sup>
	2006	N/A	N/A	N/A	N/A	N/A	N/A	\$13,505 <sup>(6)</sup>
Wendy Yang Vice President of Investor Relations	2008	\$103,917 <sup>(4)</sup>	Nil	Nil	250,000	Nil	Nil	\$13,505 <sup>(6)</sup>
	2007	N/A	N/A	N/A	N/A	N/A	N/A	\$9,600 <sup>(7)</sup>

	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Quinn Bastian Acting Chief Financial Officer <sup>(2)</sup>	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2007	\$20,542 <sup>(5)</sup>	Nil	Nil	Nil	Nil	Nil	N/A
	2006	\$87,125	Nil	Nil	Nil	Nil	Nil	\$15,707

- (1) Mr. Kay's annual paid salary for the year ended June 30, 2008 was \$256,250. For the year ended June 30, 2007, in addition to his annual salary, Mr. Kay received \$112,109 in partial payment of a previously accrued balance of unpaid salary owed to him from previous years. In the fiscal year ended June 30, 2006, Mr. Kay received \$180,000 in partial payment of the accrued balance of unpaid salary owed to him. Mr. Kay was not paid any salary in the years ended June 30, 2001 and 2002, or from July 1, 2002 to February 28, 2003. The unpaid amounts were accrued as unpaid salary. At June 30, 2007 this previously accrued unpaid salary was paid in full.
- (2) Mr. Edwards was appointed Chief Financial Officer of the Corporation (on a part-time basis) on July 10, 2007. Pursuant to Mr. Edwards' Employment Agreement, the Corporation paid \$33,833 of his annual \$175,000 salary, from Ventura Gold Corp. ("Ventura"), a company related by common directors and officers, for his services as Chief Financial Officer of the Corporation. Mr. Edwards also serves as the President and Chief Executive Officer of Ventura (see "Interest of Insiders in Material Transactions" below).
- (3) Mr. Duncan was appointed Vice President of Corporate Affairs of the Corporation on October 19, 2006. and his paid salary for the eight month period ending June 30, 2007 was \$100,000.
- (4) Ms. Yang was appointed Vice President of Investor Relations of the Corporation on August 6, 2008. Pursuant to her Employment Agreement, the Corporation paid Ms. Yang \$103,917 of her annual \$145,000 salary and the balance was paid by Ventura, a company related by common directors and officers, for her services as Vice President of Investor Relations of Ventura (see "Interest of Insiders in Material Transactions" below).
- (5) Mr. Bastian resigned as Vice President of Finance and acting CFO of the Corporation on September 22, 2006. Mr. Bastian's paid salary for the three months of fiscal year 2007 prior to his resignation was \$20,542.
- (6) Pursuant to Mr. Kay's Employment Agreement, the Corporation provides health (medical and dental) insurance with an annual 2008 premium of \$18,333 and life insurance with an annual 2008 premium of \$1,385. Premiums for health and life insurance in 2007 and 2006 were \$17,822 and \$13,505 respectively.
- (7) Pursuant to Mr. Kay's Employment Agreement, the Corporation provides a vehicle for Mr. Kay's use.
- (8) Pursuant to Mr. Edwards' Employment Agreement, the Corporation provides health (medical and dental) insurance with an annual 2008 premium of \$15,984. The cost of the health insurance is reimbursed to the Corporation by Ventura as part of a Service Provider Agreement between the two companies (see "Interest of Insiders in Material Transactions" below). Mr. Edwards' life insurance is paid by Ventura.
- (9) Pursuant to Mr. Duncan's Employment Agreement, the Corporation provides health (medical and dental) insurance with an annual 2008 premium of \$18,938.
- (10) Pursuant to Ms. Yang's Employment Agreement, the Corporation provides health (medical and dental) insurance with an annual 2008 premium of \$11,558 and life insurance with an annual 2008 premium of \$415.

### **Long-Term Incentive Plan Awards**

Long term incentive plan awards ("LTIP") means "any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one financial year whether performance is measured by reference to financial performance of the Corporation or an affiliate, or the price of the Corporation's shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units". The Corporation has not granted any LTIP's during the past fiscal period.

### **Stock Appreciation Rights**

Stock appreciation rights ("SAR's") means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of

cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Corporation's shares. There were no SAR's granted during the financial year ended June 30, 2008 to the Named Executive Officers of the Corporation.

### **Option Grants in Last Fiscal Period**

The following table sets forth information concerning grants of stock options pursuant to the rules and policies of the Toronto Stock Exchange ("TSX") during the financial period ended June 30, 2008 to the Named Executive Officers of the Corporation:

Name (a)	Securities Under Options Granted (#) (b)	% of Total Options Granted to Employees in Fiscal Year <sup>(1)</sup> (c)	Exercise or Base Price (\$/Security) <sup>(2)</sup> (d)	Market Value of Securities Underlying Options on Date of Grant (\$/Security) (e)	Expiration Date (f)
Eric H. Edwards	100,000 <sup>(3)</sup>	20.2%	Cdn\$5.70	Cdn\$5.70	July 10, 2017
Wendy Yang	250,000 <sup>(4)</sup>	50.5%	Cdn\$5.84	Cdn\$5.84	Aug. 6, 2017

- (1) Percentage of total options granted during the fiscal period.  
(2) The exercise price of stock options was set by the Board of the Corporation and corresponds to the closing price of the Corporation's stock on the day of grant.  
(3) Granted on July 10, 2007  
(4) Granted on August 6, 2007

### **Aggregated Option Exercises in Last Fiscal Period and Fiscal Year-End Option Values**

The following table sets forth details of all exercises of stock options by the Named Executive Officers of the Corporation for the fiscal period ended June 30, 2008 and the fiscal year-end value of the Named Executive Officers' unexercised stock options:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (Cdn\$)	Unexercised Options at Fiscal Year-End (#) <sup>(1)</sup> Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End (Cdn\$) <sup>(1)(2)</sup> Exercisable/ Unexercisable
Stephen J. Kay	200,000 <sup>(3)(4)</sup>	Cdn\$1,110,000 <sup>(4)</sup>	125,000 <sup>(5)</sup> / Nil 200,000 <sup>(6)</sup> / Nil 75,000 <sup>(7)</sup> / Nil 25,000 <sup>(8)</sup> / Nil	Cdn\$528,750 / Nil Cdn\$826,000 / Nil Cdn\$84,750 / Nil Nil / Nil
Eric Edwards	Nil	Nil	100,000 <sup>(9)</sup> / Nil	Nil / Nil
Craig Duncan	Nil	Nil	200,000 <sup>(10)</sup> / Nil	Nil / Nil
Wendy Yang	Nil	Nil	250,000 <sup>(11)</sup> / Nil	Nil / Nil

- (1) As freestanding SARs have not been granted, the number of shares relates solely to stock options.  
(2) Value calculated using the closing price of common shares of the Corporation on the TSX on June 30, 2008, being the last business day of the fiscal year, of Cdn\$5.13 per share less the exercise price per share.

- (3) Exercise of stock options prior to expiry date (options were granted on February 12, 1998 and would have expired on February 11, 2008).
- (4) Value calculated using the closing price of common shares of the Corporation on the TSX on the exercise date of February 11, 2008, of Cdn\$6.24 per share less the exercise price per share. Mr. Kay exercised 200,000 options but did not sell any of the resulting common shares.
- (5) Incentive stock options granted on June 9, 1999 at an exercise price of Cdn\$0.90 per share expiring on June 9, 2009;
- (6) Incentive stock options granted on August 15, 2001 at an exercise price of Cdn\$1.00 per share expiring on August 14, 2011.
- (7) Incentive stock options granted on February 1, 2005 at an exercise price of Cdn\$4.00 per share expiring on February 1, 2015.
- (8) Incentive stock options granted on February 26, 2007 at an exercise price of Cdn\$5.78 per share expiring on February 26, 2017.
- (9) Incentive stock options granted on July 10, 2007 at an exercise price of Cdn\$5.70 per share expiring on July 10, 2017.
- (10) Incentive stock options granted on November 6, 2006 at an exercise price of Cdn\$5.25 per share expiring on November 6, 2016.
- (11) Incentive stock options granted on August 6, 2007 at an exercise price of Cdn\$5.84 per share expiring on August 6, 2017.

### **Defined Benefit or Actuarial Plan Disclosure**

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.

### **Employment Contracts, Change in Responsibilities and Termination of 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 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.

In addition, the CEO Employment Agreement provides that, subject to regulatory approval, the CEO 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.

The CEO Employment Agreement also provides for an annual review and 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. From July 1, 2005 to June 30, 2006, the CEO received \$184,500 in paid salary and \$180,000 in partial payment of the accrued unpaid salary owed from previous years, for a total of \$364,500. From July 1, 2006 to June 30, 2007, the CEO received \$250,571 in paid salary and \$112,109 in full payment of the remaining accrued unpaid salary owed for a total of \$362,680. The CEO Employment Agreement further provides that the Corporation is to provide other benefits to the CEO, including health insurance (medical and dental), life insurance and 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 is subject to termination upon 30-day written notice by either party, with no termination payments specified. The VP-Corporate Affairs Employment Agreement provides that, subject to regulatory approval, the VP-Corporate Affairs 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.

The VP-Corporate Affairs Employment Agreement also provides for an annual review and increase of salary based on performance. Effective January 1, 2008, the VP-Corporate Affairs’ current salary is \$157,500. The VP-Corporate Affairs Employment Agreement further provides that the Corporation is to provide other benefits to the VP – Corporate Affairs, including health insurance (medical and dental).

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 CFO Employment Agreement also provides that, subject to regulatory approval, the CFO 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.

The CFO Employment Agreement also provides for an annual review and increase of salary based on performance. Effective July 1, 2008, the CFO’s current salary from Ventura is \$183,750, of which the Corporation pays approximately 20% (\$36,750). The balance of Mr. Edwards’ salary is paid by Ventura, for Mr. Edwards’ services as President and CEO of Ventura. The CFO Employment Agreement further provides that the Corporation is to provide other benefits to the CFO, including health insurance (medical and dental) and life insurance (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 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. The VP-Investor Relations Employment Agreement provides that, subject to regulatory approval, the VP-Investor Relations 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.

The VP-Investor Relations Employment Agreement also provides for an annual review and 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 for Ms. Yang’s services as Vice President of Investor Relations for Ventura. The VP-Investor Relations Employment Agreement further provides that the Corporation is to provide other benefits to the VP-Investor Relations, including health insurance (medical and dental) and life insurance (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).

## **Report on Executive Compensation**

The Corporation's executive compensation program is administered by the Board's Compensation Committee (the "Compensation Committee"). The Compensation Committee has, as part of its mandate, primary responsibility for making decisions with respect to the remuneration of executive officers of the Corporation. The Compensation Committee also evaluates the performance of the Corporation's executive officers and reviews the design and competitiveness of the Corporation's compensation plans.

## **Executive Compensation Program**

The Corporation's executive compensation program is based on a pay for performance philosophy. The executive compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. Share ownership opportunities, in the form of stock options, are provided to align the interests of executive officers with the longer term interests of shareholders.

## **Stock Options**

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 8,500,000 common shares of the Corporation. The Board proposes to increase the maximum number of available shares from 8,500,000 to 10,500,000 shares (see "Particulars of Other Matters to be Acted Upon: Amendment to Stock Option Plan" below). 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; and
  - (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 distribution, and shall be exercisable during the lifetime of an option holder only by the option holder and after death only by the option holder's legal representative.
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:
  1. amendments of a "housekeeping" nature such as typographical, clerical and grammatical errors;
  2. a change to the vesting provisions of a security or of the Plan;
  3. a change to the termination provisions of a security of the Plan which does not entail an extension beyond the original expiry date; and
  4. 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:
  - (i) 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;
  - (ii) any change to the eligible option holders which would have the potential of

broadening or increasing insider participation;

- (iii) the addition of any form of financial assistance;
- (iv) any amendment to a financial assistance provision which is more favorable to option holders;
- (v) 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
- (vi) 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.

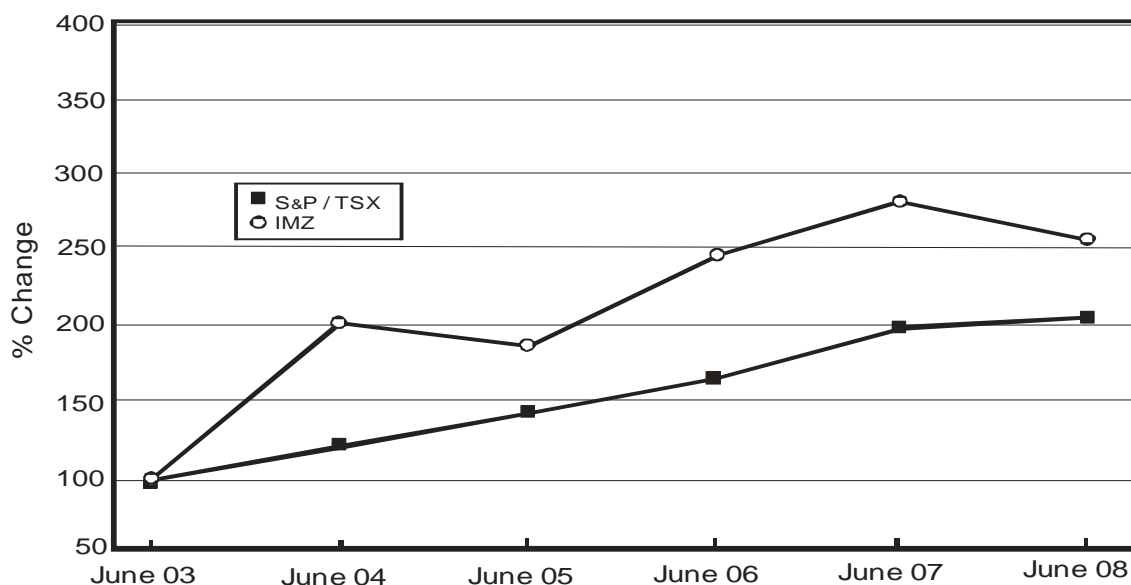
The granting of stock options by the Board is designed to give each option holder an interest and incentive in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for ongoing 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. 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.

### ***Shareholder Return 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 (formerly the TSX 300 Index) for the period commencing June 30, 2003 and ending June 30, 2008. The Corporation's shares were listed on the TSX on November 14, 1994.



IMZ ○	100 (\$2.01)	204 (\$4.10)	188 (\$3.78)	248 (\$4.99)	279 (\$5.61)	255 (\$5.13)
S&P / TSX ■	100 (6983.1)	122 (8545.6)	142 (9902.8)	166 (11612.9)	199 (13906.6)	207 (14467.0)

### Compensation of Directors

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 according to the following table:

Name	Annual Retainer Fee	Committee Member Annual Retainer Fee <sup>(1)</sup>	Committee Chairman Annual Retainer Fee <sup>(2)</sup>	Number of Meetings Attended <sup>(6)</sup>	Meeting Attendance Fees (Cdn\$500/mtg)
Mike Smith <sup>(3) (4) (5)</sup>	Cdn\$5,000	Cdn\$2,000	Cdn\$2,000	3	Cdn\$1,500
Alan Matthews <sup>(3) (4)</sup>	Cdn\$5,000	Cdn\$2,000		3	Cdn\$1,500
Gabriel Bianchi <sup>(3)</sup>	Cdn\$5,000	Cdn\$1,000		3	Cdn\$1,500
Roberto Baquerizo	Cdn\$5,000			3	Cdn\$1,500
Jorge Paz Durini <sup>(7)</sup>	Cdn\$5,000			3	Cdn\$1,500

- (1) Denotes fee paid to members of the Audit and Compensation Committees (Cdn\$1,000 per member per Committee).
- (2) Denotes fee paid to Chairman of the Audit and Compensation Committees.
- (3) Denotes Member of the Audit Committee.
- (4) Denotes Member of the Compensation Committee
- (5) Denotes Chairman of the Audit and Compensation Committees
- (6) A total of four board meetings were held during the fiscal year ended June 30, 2008.
- (7) 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.

In addition, the Corporation grants incentive stock options to directors (both independent and non-independent) from time to time. There were no incentive stock options granted by the Corporation during the fiscal period ended June 30, 2008 to directors who are not Named Executive Officers of the Corporation.

The following table sets forth details of all exercises of stock options during the fiscal period ended June 30, 2008 by directors who are not Executive Officers of the Corporation and sets out the fiscal year-end value of unexercised options:

<b>Aggregated Option Exercises in Last Fiscal Period and Fiscal Year-End Option Values</b>				
Name	Securities Acquired on Exercise (#) <sup>(1)</sup>	Aggregate Value Realized (\$) <sup>(2)</sup>	Unexercised Options at Fiscal Year-End (#) <sup>(3)</sup> Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) <sup>(3)(4)</sup> Exercisable/ Unexercisable
Rod C. McKeen	Nil	Nil	25,000 <sup>(5)</sup> / Nil 25,000 <sup>(6)</sup> / Nil 35,000 <sup>(9)</sup> / Nil 25,000 <sup>(11)</sup> / Nil	Cdn\$105,750 / Nil Cdn\$103,250 / Nil Cdn\$39,550 / Nil Nil / Nil
Jorge Paz Durini	Nil	Nil	50,000 <sup>(6)</sup> / Nil 30,000 <sup>(9)</sup> / Nil 25,000 <sup>(11)</sup> / Nil	Cdn\$206,500 / Nil Cdn\$33,900 / Nil Nil / Nil
Gabriel Bianchi	Nil	Nil	50,000 <sup>(7)</sup> / Nil 20,000 <sup>(9)</sup> / Nil 25,000 <sup>(11)</sup> / Nil	Cdn\$166,500 / Nil Cdn\$32,200 / Nil Nil / Nil
Alan Matthews	Nil	Nil	50,000 <sup>(8)</sup> / Nil 25,000 <sup>(9)</sup> / Nil 25,000 <sup>(11)</sup> / Nil	Cdn\$27,500 / Nil Cdn\$28,250 / Nil Nil / Nil
Mike Smith	Nil	Nil	50,000 <sup>(10)</sup> / Nil 25,000 <sup>(11)</sup> / Nil	Cdn\$32,500 / Nil Nil / Nil
Roberto Baquerizo <sup>(12)</sup>	Nil	Nil	25,000 <sup>(11)</sup> / Nil	Nil / Nil

- (1) Number of common shares of the Corporation acquired on the exercise of stock options.
- (2) Calculated using the market price of the common shares of the Corporation on the TSX on the date of exercise, less the exercise price of the stock options.
- (3) As freestanding SARs have not been granted, the number of shares relates solely to stock options.
- (4) Value of unexercised in-the-money options calculated using the closing price of common shares of the Corporation on the TSX on June 30, 2008 of Cdn\$5.13 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, 2008 over the exercise price of the options.
- (5) Incentive stock options granted on June 9, 1999 at an exercise price of Cdn\$0.90 per share expiring on June 9, 2009.
- (6) Incentive stock options granted on August 15, 2001 at an exercise price of Cdn\$1.00 per share expiring on August 14, 2011.
- (7) Incentive stock options granted on May 22, 2003 at an exercise price of Cdn\$1.80 per share expiring on May 22, 2013.
- (8) Incentive stock options granted on February 12, 2004 at an exercise price of Cdn\$4.58 per share expiring on February 11, 2014.
- (9) Incentive stock options granted on February 1, 2005 at an exercise price of Cdn\$4.00 per share expiring on February 1, 2015.

- (10) Incentive stock options granted on December 6, 2005 at an exercise price of Cdn\$4.48 per share expiring on December 6, 2015.
- (11) Incentive stock options granted on February 26, 2007 at an exercise price of Cdn\$5.78 per share expiring on February 26, 2017. Options were not in-the-money on June 30, 2008.
- (12) Mr. Baquerizo was granted incentive stock options on February 26, 2007 based on his work as a consultant to the Corporation. He became a director of the Corporation on May 9, 2007.

Other than as described above, the Corporation does not compensate its directors in their capacities as such. However, during the financial year ended June 30, 2008, the Corporation 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\$75,917 for legal services and reimbursable expenses rendered to the Corporation during the financial 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 \$92,665 for legal services rendered during the financial year.

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

During the Corporation's last completed financial year, 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 mining 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, 2008, the Corporation was paid or accrued administrative and technical fees and expenses totaling \$269,552 from Ventura. The above-mentioned fees were incurred pursuant to the 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 fees totaled \$187,354 for the financial year ended June 30, 2008, including

a fixed management fee from Ventura of Cdn\$2,500 per month until December 31, 2007 and Cdn\$5,000 since January 1, 2008.

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 fees and related expenses totaled \$400,885 for the financial year ended June 30, 2008.

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 \$33,833 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' \$175,000 annual salary (\$141,167) for his services as President and Chief Executive Officer of Ventura. Effective July 1, 2008, Mr. Edwards' salary was increased to \$183,750.
2. Pursuant to a Letter Agreement dated June 11, 2007, the Corporation paid \$103,917 of Wendy Yang's total annual salary of \$145,000 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 (\$41,083) for her services as Vice President of Investor Relations of Ventura. Effective August 1, 2008, Ms. Yang's salary was increased to \$152,250.

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, 2007 (being the commencement of the Corporation's last completed financial 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 26, 2008, which contains information for the year ended June 30, 2008. The AIF may be obtained on SEDAR under the Corporation's name at [www.sedar.com](http://www.sedar.com).

## 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 the end of the fiscal year ended June 30, 2008, 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) which was last approved by the shareholders of the Corporation on November 6, 2006:

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, <u>warrants and rights</u> (a)	Weighted-average exercise price of outstanding options, <u>warrants and rights</u> (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities effected in column (a)) (c)
Equity compensation plans approved by securityholders	3,166,000	Cdn\$2.74	1,305,000 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>3,166,000</b>		<b>1,305,000</b>

(1) 8,500,000 shares reserved for grant of options under incentive stock option plan less number of outstanding options (3,166,000) and the number of exercised options (4,029,000).

## 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.

### 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. Consolidated Puma Minerals 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 have not held meetings at which non-independent directors and members of management are not in attendance, however it is open to the independent directors to do so at their discretion. 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. The Corporation's President and CEO, Stephen Kay, chairs the meetings of the Board.

The Corporation held four (4) board meetings during its most recently completed financial year. The attendance record for its directors is:

<b><u>Name of Director</u></b>	<b><u>Meetings Attended / Total Meetings Held</u></b>
Stephen J. Kay	4 / 4
Rod C. McKeen	4 / 4
Jorge Paz Durini	3 / 4
Mike Smith	3 / 4

<b><u>Name of Director</u></b>	<b><u>Meetings Attended / Total Meetings Held</u></b>
Alan Matthews	3 / 4
Gabriel Bianchi	3 / 4
Roberto Baquerizo	3 / 4

### **Board Mandate**

The Board does not currently have a written mandate. Management, however, has submitted a form of mandate to the directors, which is presently under consideration and will be discussed at the Board of Directors meeting following the Annual and Special Meeting of the Shareholders on November 21, 2008.

The number of scheduled meetings will vary with circumstances but a minimum of four meetings are held annually. In addition, special meetings are called as necessary. The CEO establishes the agenda at each board meeting and submits a draft to each director for their review and recommendation for items for inclusion on the agenda and each director has the ability to raise subjects that are not on the agenda at any board meeting. Meeting agendas and other materials to be reviewed and/or discussed for action by the board are distributed to directors in time for review prior to each meeting. Board members have full and free access to senior management and employees of 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. Neither the CEO, the lead director or the chair of the Audit Committee have formal written position descriptions, but both have clear mandates from the Board to carry out their responsibilities.

The Board does not presently have a formal written position description for the CEO. The directors, however, are kept fully informed of the decisions that have a material impact on the operation and performance of the Corporation. All major contracts and agreements are put before the directors for ratification and/or approval. The Board has charged the CEO with the responsibilities for the day to day running of the Corporation to propose strategic direction, policies and financial goals 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 does not provide 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 has been prepared and approved by the board on September 27, 2007. It has been distributed to all directors, officers and employees of the Corporation. The board will rely on Michael 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 and Mike Smith, with Mr. Smith acting as Chairman of the committee. The committee reviews comparative industry compensation levels and makes recommendations to the full Board regarding compensation for the Corporation's executive officers.

The Corporation currently compensates its independent, 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, abstains and is not present during Board consideration of his performance evaluation and compensation levels.

The Corporation has felt no need to retain any compensation consultants or advisors at any time since the beginning of the Corporation's most recently completed financial 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 and the directors communicate with shareholders on an ongoing basis who are regularly consulted on the effectiveness of Board members and senior officers.

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

### **Approval of Amendments to Incentive Stock Option Plan**

#### **Increase in Number of Shares Reserved**

The Corporation has an incentive stock option plan (the "Plan") providing for the grant of stock options from time to time to directors, employees, officers and consultants providing services to the Corporation and its associated, affiliated, controlled and subsidiary companies (collectively called "Eligible Persons"), as the Board shall designate. The Corporation first implemented the Plan on December 8, 1994. The Plan was adopted by shareholders on January 18, 1995 and amended with shareholder approval on December 14, 1999, December 18, 2003 and November 6, 2006. Under the terms of the Plan, options may be granted on authorized but unissued common shares up to but not exceeding 8,500,000 (10,500,000 if the increase proposed below is approved) common shares of the Corporation, provided that the total number of common shares to be optioned to any one optionee shall not exceed 5% of the issued common shares of the Corporation at the time of grant.

The Corporation has issued 4,029,000 common shares pursuant to the exercise of options granted under the Plan (which represents approximately 4.2% of the Corporation's current issued and outstanding common shares), and there are a further 3,166,000 common shares of the Corporation subject to outstanding incentive stock options which have been granted (which represents approximately 3.3% of the Corporation's current issued and outstanding common shares), for a total of 7,195,000 common shares currently utilized pursuant to the Plan (which represents approximately 7.5% of the Corporation's current issued and outstanding common shares).

The number of shares currently remaining available for future grants of stock options (1,305,000 which represents approximately 1.4% of the Corporation's current issued and outstanding common shares) is not considered sufficient to enable the Corporation to continue to attract and retain qualified individuals required to further the Corporation's business. Retaining and attracting qualified people in the mining industry has become very difficult in the current competitive environment, and the issuance of stock options is a critical form of compensation that is necessary to incentivize directors, executives, employees and consultants for performance that enhances shareholder value, in addition to attracting individuals with experience and ability.

Accordingly, it is proposed to amend the Plan to increase the number of total shares reserved under the Plan from 8,500,000 common shares to 10,500,000 common shares (approximately 10.9% of the Corporation's current issued and outstanding shares) which will result in approximately 3.3 million shares being available for grant of further options under the Plan.

The full text of the Plan is available on request from the principal office of the Corporation.

In accordance with the rules and policies of the TSX, the amendments to the Plan must be approved by a majority of the votes cast at the Meeting. Accordingly, the Shareholders will be asked at the Meeting to pass an ordinary resolution in the following terms:

“RESOLVED AS AN ORDINARY RESOLUTION that:

1. an amendment to the Corporation’s Incentive Stock Option Plan dated December 8, 1994, as previously amended (the “Plan”), to increase the number of common shares reserved for issuance under the Plan by an additional 2,000,000 common shares from a maximum of 8,500,000 common shares to a maximum of 10,500,000 common shares be approved;
2. the Board of Directors of the Corporation be granted the discretion pursuant to the Plan to grant stock options to directors, employees, officers and consultants providing services to the Corporation and its associated, affiliated, controlled and subsidiary companies, as the Board of Directors of the Corporation sees fit, provided however, that the aggregate number of common shares of the Corporation subject to options under the amended Plan shall not exceed 10,500,000 common shares or such greater number as may be approved from time to time by the shareholders of the Corporation;
3. the Corporation be authorized to abandon or terminate all or any part of the amendments to the Plan if the Board of the Corporation deems it appropriate and in the best interests of the Corporation to do so; and
4. any one or more of the directors and officers of the Corporation be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Corporation or otherwise, all such documents and other writings as may be required to give effect to the true intent of these resolutions.”

The directors of the Corporation consider the amendments to the Plan to be in the best interests of the Corporation and recommend that shareholders vote FOR the foregoing resolution. In the event the resolution is not passed, the Corporation may experience difficulty in attracting and retaining strong and qualified personnel as the Corporation may not be able to grant the number of incentive stock options required to meet its needs.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation’s comparative financial statements and management discussion and analysis (“MD&A”) for its most recently completed financial year. To request copies of the Corporation’s financial statements and MD&A, please contact Terri Kasten at (480) 483-9932.

DATED: In Scottsdale, Arizona this 7th day of October, 2008.

INTERNATIONAL MINERALS CORPORATION

*“Stephen J. Kay”*

President, Chief Executive Officer and Director