

INTERNATIONAL GOLD MINING LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Australian dollars)

JUNE 30, 2008

AUDITORS' REPORT

To the Shareholders of
International Gold Mining Limited

We have audited the consolidated balance sheets of International Gold Mining Limited as at June 30, 2008 and 2007 and the consolidated statements of operations and comprehensive income (loss) and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

October 22, 2008



INTERNATIONAL GOLD MINING LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30
(Expressed in Australian dollars)

	2008	2007
ASSETS		
Current		
Cash	\$ 253,939	\$ 1,386,801
Restricted cash	-	114,748
Receivables	136,602	88,355
Available-for-sale marketable securities (Note 3)	<u>-</u>	<u>1,653,804</u>
	<u>390,541</u>	<u>3,243,708</u>
Non-Current		
Deposits	146,323	81,968
Property, plant and equipment (Note 4)	1,612,680	238,500
Mineral properties (Note 5)	<u>2,334,849</u>	<u>2,928,929</u>
	<u>4,093,852</u>	<u>3,249,397</u>
	<u>\$ 4,484,393</u>	<u>\$ 6,493,105</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 511,563	\$ 409,907
Loans payable (Note 6)	456,577	665,482
Asset retirement obligations (Note 5)	<u>50,000</u>	<u>50,000</u>
	<u>1,018,140</u>	<u>1,125,389</u>
Shareholders' equity		
Capital stock (Note 7)	16,540,622	16,540,622
Contributed surplus (Note 7)	591,726	-
Accumulated other comprehensive income (Note 8)	-	917,602
Deficit	<u>(13,666,095)</u>	<u>(12,090,508)</u>
	<u>3,466,253</u>	<u>5,367,716</u>
	<u>\$ 4,484,393</u>	<u>\$ 6,493,105</u>

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 15)
Subsequent events (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL GOLD MINING LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) AND DEFICIT
YEAR ENDED JUNE 30
(Expressed in Australian dollars)

	2008	2007
EXPENSES		
Amortization	\$ 237,613	\$ 26,482
Consulting fees	380,510	167,511
Foreign exchange loss	7,457	3,675
Interest	55,850	49,935
Professional fees	307,049	712,595
Listing and filing fees	27,369	55,622
Office and miscellaneous expenses	188,864	159,825
Property investigation costs	418,556	-
Salaries and management fees	269,074	197,960
Stock-based compensation	591,726	-
Travel and accommodation	<u>54,995</u>	<u>34,096</u>
	<u>2,539,063</u>	<u>1,407,701</u>
Loss before other items	(2,539,063)	(1,407,701)
OTHER ITEMS		
Gain on sale of marketable securities	1,136,786	-
Interest income	35,661	29,993
Other income	<u>184,286</u>	<u>155,100</u>
	1,356,733	185,093
Loss before taxes	(1,182,330)	(1,222,608)
Future income tax (expense) recovery (Note 10)	<u>(393,257)</u>	<u>393,257</u>
Loss for the year	(1,575,587)	(829,351)
Net unrealized gain (loss) on available-for-sale securities	<u>(917,602)</u>	<u>917,602</u>
Comprehensive income (loss) for the year	<u>(2,493,189)</u>	<u>88,251</u>
Deficit, beginning of year	<u>(12,090,508)</u>	<u>(11,261,157)</u>
Deficit, end of year	<u>\$ (13,666,095)</u>	<u>\$ (12,090,508)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>85,953,910</u>	<u>66,323,966</u>

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL GOLD MINING LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30
(Expressed in Australian dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (1,575,587)	\$ (829,351)
Items not involving cash:		
Amortization	237,613	26,482
Share based payment	-	22,978
Stock-based compensation	591,726	-
Future income tax expense (recovery)	393,257	(393,257)
Accrued interest	54,850	-
Gain on sale of marketable securities	(1,136,786)	-
Changes in non-cash working capital items:		
Receivables	(48,247)	(74,900)
Accounts payable and accrued liabilities	101,656	319,207
Net cash used in operating activities	<u>(1,381,518)</u>	<u>(928,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	114,748	(114,748)
Property, plant and equipment	(205,213)	(13,040)
Security deposit	(64,355)	(60,000)
Mineral exploration expenditures	(812,500)	(72,482)
Proceeds from sale of marketable securities	1,479,731	-
Net cash provided by (used in) investing activities	<u>512,411</u>	<u>(260,270)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	-	2,070,187
Proceeds from loans	162,000	250,146
Repayments of loans	(425,755)	(100,000)
Net cash provided by (used in) financing activities	<u>(263,755)</u>	<u>2,220,333</u>
Increase (decrease) in cash during the year	(1,132,862)	1,031,222
Cash, beginning of year	<u>1,386,801</u>	<u>355,579</u>
Cash, end of year	\$ 253,939	\$ 1,386,801

Supplemental disclosures with respect to cash flows (Note 12)

The accompanying notes are an integral part of these consolidated financial statements

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

International Gold Mining Limited (the “Company”) is in the business of the exploration and development of its mineral properties. The Company was incorporated in Victoria, Australia on February 21, 1996 and currently resides in Brisbane, Australia.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

There can be no assurances that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

	2008	2007
Deficit	\$ (13,666,095)	\$ (12,090,508)
Working capital (deficiency)	(627,599)	2,118,319

2. SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

As at July 1, 2007 the Company early adopted the following new accounting policies as recommended by the Canadian Institute of Chartered Accountants (“CICA”):

Section 1535 – capital disclosures

This section establishes standards for disclosing information about an entity’s capital and how it is managed. Under this standard, the Company will be required to disclose the following:

- i) qualitative information about its objectives, policies and processes for managing capital;
- ii) summary quantitative data about what it manages as capital;
- iii) whether during the period it complied with any externally imposed capital requirements to which it is subject;
- iv) when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Change in accounting policy (cont'd...)

Section 3862 – Financial instruments – disclosures

This section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments. The section requires disclosures to be made, including the criteria for:

- i) designating financial assets and liabilities as held for trading;
- ii) designating financial assets as available-for-sale; and
- iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

Section 3863 – financial instruments – presentation

This section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and liabilities are offset.

Basis of presentation

These consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements, in the opinion of management, have been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant policies set out below.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant inter-company transactions were eliminated upon consolidation.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

Cash is classified as held-for-trading; marketable securities are classified as available-for-sale; receivables are classified as loans and accounts payable and loan payable are classified as other financial liabilities. All are measured at fair value and gains and losses are included in net earnings in the period in which they arise. Cash is exposed to credit risk and these amounts are placed with major Canadian banks. The Company is not exposed to interest rate risk due to the short term maturity of the financial instruments.

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

Cash and restricted cash

Cash is comprised of cash held in banks and on hand and demand deposits. Cash held in banks earns interest between 0% and 2.9% (2007 – 0%) and the demand deposits earn interest at 7.15% (2007 – 6.05%). Included in cash in 2007 was \$114,748 which was held in a trust account and restricted to pay legal costs arising from the Tarong Energy settlement. (Note 15)

Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the statement of operations over the estimated useful lives of each part of an item of plant and equipment.

Asset Group	Rate of depreciation	Basis of Depreciation
Plant and equipment	15% to 18.75%	Declining balance method
Office equipment	7.5% to 25%	Straight-line method
Mine property	12.5%	Straight-line method

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral properties

Costs related to the acquisition, exploration and development of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

The amounts shown for mineral properties costs do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

As at June 30, 2008 and 2007 the Company has recorded \$50,000 in asset retirement obligations.

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

Other income

Consulting income – sales of consulting services are recognized in the accounting period in which the services are rendered.

Interest income – interest income is recognized on a time proportion basis using the effective interest method.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the period, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the period, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets are recognized to the extent that realization of those assets is more likely than not. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Withholding taxes, where applicable, on earnings of foreign operations are provided in the accounts only to the extent earnings are expected to be repatriated.

Stock-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting.

Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars which is the Company's functional and primary currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of operations on a straight-line basis over the period of the lease.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Comparative figures

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

New accounting pronouncements

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. AVAILABLE-FOR-SALE MARKETABLE SECURITIES

Available-for-sale marketable securities are comprised of the following:

	2008	2007
Marketable securities at cost	\$ -	\$ 342,945
Market value	\$ -	\$ 1,653,804

During the current year, the Company sold all of its shares of Macarthur Minerals Limited for gross proceeds of \$1,479,731.

During the year ended June 30, 2007, the Company received 1,000,000 common shares of Macarthur Minerals Limited as settlement for an outstanding receivable. The market value as at June 30, 2007 represents the bid price on the shares.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

4. PLANT AND EQUIPMENT

	2008	2007
Plant and equipment		
Plant and equipment	\$ 437,528	\$ 240,000
Accumulated depreciation	<u>(77,539)</u>	<u>(21,408)</u>
	<u>359,989</u>	<u>218,592</u>
Office equipment	32,722	25,037
Accumulated depreciation	<u>(10,771)</u>	<u>(5,129)</u>
	<u>21,951</u>	<u>19,908</u>
Mine property	1,406,580	-
Accumulated depreciation	<u>(175,840)</u>	<u>-</u>
	<u>1,230,740</u>	<u>-</u>
	<u>\$ 1,612,680</u>	<u>\$ 238,500</u>

5. MINERAL PROPERTIES

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest are located in Australia and East Africa.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

5. MINERAL PROPERTIES (cont'd...)

The Company's mineral properties consist of:

	British King Gold Mine	Eureka Gold Mine	Kenden Well	Tanzania	Balance, June 30, 2008
Acquisition costs:					
Balance, beginning of year	\$ 855,000	\$ 2,000,000	\$ 25,000	\$ -	\$ 2,880,000
Additions	-	196,900	-	90,581	287,481
Asset retirement obligations	-	-	-	-	-
Balance, end of year	855,000	2,196,900	25,000	90,581	3,167,481
Exploration costs:					
Balance, beginning of year	21,397	27,532	-	-	48,929
Field expenses	530,183	19,836	24,083	-	574,102
Balance, end of year	551,580	47,368	24,083	-	623,031
Write-offs/Disposals	(1,406,580)	-	(49,083)	-	(1,455,663)
Total costs	\$ -	\$ 2,244,268	\$ -	\$ 90,581	\$ 2,334,849

	British King Gold Mine	Eureka Gold Mine	Kenden Well	Lake Giles	Balance, June 30, 2007
Acquisition costs:					
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	805,000	2,000,000	25,000	-	2,830,000
Asset retirement obligations	50,000	-	-	-	50,000
Balance, end of year	855,000	2,000,000	25,000	-	2,880,000
Exploration costs:					
Balance, beginning of year	-	1,265	-	34,801	36,066
Field expenses	21,397	26,267	-	-	47,664
Balance, end of year	21,397	27,532	-	34,801	83,730
Write-offs/Disposals	-	-	-	(34,801)	(34,801)
Total costs	\$ 876,397	\$ 2,027,532	\$ 25,000	\$ -	\$ 2,928,929

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

5. MINERAL PROPERTIES (cont'd...)

The following is a brief description of the Company's principal properties:

Eureka Gold Mine

The Eureka Gold Mine is located north of Kalgoorlie, Western Australia. The Company acquired a 100% interest in the Eureka Gold Mine through the issuance of 20,000,000 common shares at \$0.10 per share.

British King Gold Mine

The British King Gold Mine is located north of Kalgoorlie, Western Australia. The Company acquired a 100% interest in the British King Mine through the issuance of 10,000,000 common shares at \$0.10 per share. Of the consideration paid, \$195,000 has been allocated to plant and equipment.

The British King Mine was re-commissioned during the year. Mine costs of \$1,406,580 have been transferred from mineral properties to property, plant and equipment and are being amortized over the expected life of the mine.

The Company estimates that asset retirement obligations will be approximately \$50,000 for this property. Assumptions used in the calculation for the estimated cash flows were as follows: inflation at the rate of 3% and discount rate of 6%. Certain minimum amounts of asset retirement obligations will occur each year with the significant amounts to be paid on abandonment of the mineral property interests.

On 20 December 2007 the Company announced that it had entered into a formal mining contract and option agreement with Roxbury Mining Consultants Pty Ltd. ("Roxbury") covering the British King Mine.

Option Agreement Terms

- a) Under the terms of the Agreement, Roxbury has the option to acquire 100% ownership of the British King Tenement upon the satisfaction of each of the following conditions;
- b) Completion of the Mine re-commissioning and approval process;
- c) Roxbury remits to IGL \$3,000,000 in royalties over the term of the Agreement;
- d) IGL has obtained all approvals of the Minister required pursuant to the Mining Act to the sale and transfer of the Tenement under this Agreement; and
- e) Term of Agreement 24 months.

Kenden Well

The Company entered into an option joint venture agreement to earn an interest in the Yandal Greenstone Belt located east of Wiluna, Western Australia. The Company has the right to earn a 51% participating interest by paying the optionor \$25,000 (paid) to cover past expenditures on the property and spending a further \$150,000 on the property. The Company can earn an additional 24% interest in the property by spending \$300,000. The Company has the option to purchase the remaining 25% for the sum of \$1,000,000 and a NSR of 2%.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

5. MINERAL PROPERTIES (cont'd...)

Kenden Well (cont'd...)

During the year, management determined the Kenden Well project to be uneconomical and wrote-off \$49,083 which is included in property investigation costs on the statement of operations.

Tanzania projects

During the year, the Company entered into two joint venture agreements on six tenements in the East Africa Republic of Tanzania to explore for uranium and gold. Three of these tenements are located within the large Bahi Swamp and Singida uranium provinces in Central Tanzania (the Bahati Joint Venture). The other three tenements are located in Northern Tanzania, within the "Mara Greenstone Belt" on the eastern side of Lake Victoria near the Kenyan Border (the Mase Tanzania Joint Venture).

Bahati Joint Venture

Under the terms of the Bahati Joint Venture Agreement the Company will pay the vendor USD\$35,000 (paid) and issue 500,000 common shares (Note 16) to earn a 51% interest in the tenements. On the second anniversary of the agreement the Company may earn a further 24% interest by paying USD\$45,000 and on the third anniversary may increase their interest by a further 15% by paying the vendor USD\$50,000. At any time during the joint venture period the Company can pay the vendor USD\$500,000 to earn a 100% interest in the tenements. As part of the joint venture agreement the Company must pay all exploration costs.

Mase Tanzania Joint Venture

Under the terms of the Mase Tanzania Joint Venture Agreement the Company will pay the vendor USD\$10,000 (paid) to earn a 51% interest in the tenements. On the second anniversary of the agreement the Company may earn a further 24% interest by paying USD\$10,000 and on the third anniversary may increase their interest by a further 15% by paying the vendor USD\$10,000. At any time during the joint venture period the Company can pay the vendor USD\$70,000 to earn a 100% interest in the tenements. As part of the joint venture agreement the Company must pay all exploration costs.

6. LOANS PAYABLE

Loans payable are unsecured, payable on demand and bear interest at 10% per annum.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

7. CAPITAL STOCK

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common voting shares, without par value			
Issued			
Balance, June 30, 2006	34,500,000	\$ 11,445,435	\$ -
Private placement	21,203,910	2,120,391	-
Share issuance costs	-	(50,204)	-
Acquisition of mineral properties	30,000,000	3,000,000	-
Shares for services	<u>250,000</u>	<u>25,000</u>	<u>-</u>
Balance, June 30, 2007	85,953,910	16,540,622	-
Stock-based compensation	<u>-</u>	<u>-</u>	<u>591,726</u>
Balance, June 30, 2008	<u>85,953,910</u>	<u>\$ 16,540,622</u>	<u>\$ 591,726</u>

During the year ended June 30, 2007:

- i) 21,203,910 common shares were issued at a price of \$0.10 per share for total proceeds of \$2,120,391 through private placements.
- ii) 30,000,000 common shares were issued at a price of \$0.10 per share as consideration for the purchase of the British King and Eureka mineral properties.
- iii) 250,000 common shares were issued at a price of \$0.10 per share as consideration for accounting services provided during the year.

Stock options

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Options granted to employees, directors and officers vest fully four months after the grant date. Options issued to consultants must vest in stages over 12 months with one quarter of the options vesting in any three month period.

The fair value of all share purchase options are expensed over their vesting period and estimated term, with a corresponding increase in contributed surplus.

Upon exercise of share purchase options, the consideration paid by the option holder, together with the amounts previously recognized in contributed surplus, is recorded as an increase to share capital.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
(Expressed in Australian dollars)

7. CAPITAL STOCK (cont'd...)

Stock options (cont'd...)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	4,062,500	\$ 0.20	14,062,500	\$ 0.20
Granted	8,500,000	0.11	-	-
Exercised	-	-	-	-
Expired/cancelled	-	-	(10,000,000)	0.20
Outstanding, end of year	12,562,500	\$ 0.14	4,062,500	\$ 0.20
Options exercisable, end of year	12,562,500	\$ 0.14	4,062,500	\$ 0.20

Stock options outstanding at June 30, 2008 are as follows:

Number of Options	Exercise Price	Expiry Date
4,062,500	\$ 0.20	June 30, 2009
8,000,000	0.10	March 10, 2011
500,000	0.20	June 11, 2011

Stock-based compensation

During the year ended June 30, 2008, the Company granted 8,500,000 stock options to directors, officers and consultants.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

8,000,000 options were issued in March 2008 at a fair value of \$0.06 per option, for a total value of \$472,240.

500,000 options were issued in June 2008 at a fair value of \$0.24 per option, for a total value of \$119,486.

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7. CAPITAL STOCK (cont'd...)

Stock-based compensation (cont'd...)

The above amounts are being expensed over their vesting period as stock-based compensation as the options vest in the statement of operations with a corresponding amount recorded as contributed surplus in the shareholders' equity and reduced by the options exercised during the year. The weighted average fair value of options granted during the year was \$0.07.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2008
Risk-free interest rate	2.64%
Expected life of options	3.0 years
Annualized volatility	111.40%
Dividend rate	0.00%

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

	2008	2007
Beginning balance	\$ 917,602	\$ -
Fair Value adjustment for available-for-sale securities	<u>(1,310,859)</u>	<u>1,310,859</u>
	(393,257)	1,310,859
Deferred tax expense	<u>393,257</u>	<u>(393,257)</u>
	<u>\$ -</u>	<u>\$ 917,602</u>

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9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$331,857 (2007 - \$58,519) for consulting services provided by a director of the Company.
- b) Paid or accrued \$51,206 (2007 - \$86,987) in office and miscellaneous expenses to a director of the Company.

Included in accounts payable is \$117,243 (2007 - \$30,000) due to directors and former directors. Included in accounts receivable is \$34,690 (2007 - \$43,745) owing from Macarthur Minerals Limited (“Macarthur”), a related party by way of common directors.

Included in loans payable at June 30, 2008 is \$Nil (2007 - \$213,467) owed to companies owned by directors and former directors of the Company. The Company paid or accrued \$12,912 (2007 - \$37,293) in interest expense related to the loans payable due to related parties.

These transactions were in the normal course of operations and, in management’s opinion, were undertaken with the same terms and conditions as transactions with unrelated parties.

10. INCOME TAXES

Income tax recovery varies from the amount that would be computed by applying the combined federal and provincial income tax rate to loss before taxes as follows:

	2008	2007
Income (loss) before income tax	\$ (1,182,330)	\$ (1,222,608)
Expected income tax recovery	\$ (354,699)	\$ (366,782)
Items not deductible for tax purposes	188,861	-
Recognized (unrecognized) benefit of non-capital losses	<u>559,095</u>	<u>(26,475)</u>
Income tax expense (recovery)	<u>\$ 393,257</u>	<u>\$ (393,257)</u>

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10. INCOME TAXES (cont'd...)

The significant components of the Company's future tax assets and liabilities are as follows:

	2008	2007
Future income tax assets:		
Net operating loss carried forwards	\$ 1,796,186	\$ 1,422,527
Future income tax liabilities:		
Marketable securities	-	(393,257)
Mineral properties	(700,455)	(878,679)
Plant and equipment	(483,804)	(71,550)
	(1,184,259)	(1,343,486)
Less: valuation allowances	(611,927)	(79,041)
	(1,796,186)	(1,422,527)
Net future tax assets	\$ -	\$ -

The Company has Australian non-capital losses of approximately \$6,000,000 which may be carried forward and applied against taxable income in future years. These losses do not expire. Future tax benefits which may arise as a result of these non-capital losses have not been recognised in these financial statements and have been offset by a valuation allowance.

11. OTHER INCOME

During fiscal 2008, the Company earned \$146,200 of consulting income from Macarthur and \$35,661 in interest income from bank balances. The Company also earned \$38,086 in rental income from Macarthur.

During fiscal 2007, the Company earned \$155,100 of consulting income from Macarthur and \$29,993 in interest income from bank balances. During fiscal 2006, the Company agreed to receive 1,000,000 common shares from Macarthur (received in 2007) for the Company's interest in the Lake Giles project in Australia. The consideration was valued at \$342,945 (Note 3). Of this amount \$300,000 was recognized as other income, \$34,801 as a reduction of mineral properties on the Lake Giles project and \$8,144 as additional expenses incurred by the Company on behalf of Macarthur.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

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12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd...)

During the year ended June 30, 2008, the Company reclassified mineral property costs of \$1,406,580 to property, plant and equipment (see Note 5).

During the year ended June 30, 2007, the Company entered into the following non-cash transactions:

- a) Issued 20,000,000 common shares at \$0.10 as consideration for the acquisition of the Eureka Gold Project (See Note 5).
- b) Issued 10,000,000 common shares at \$0.10 as consideration for the acquisition of the British King Gold Project (See Note 5). \$805,000 of the total consideration has been allocated as acquisition costs and \$195,000 has been allocated to plant and equipment.
- c) Issued 250,000 common shares at \$0.10 as consideration for accounting services (\$22,978 net of GST).
- d) Received 1,000,000 common shares of Macarthur for the Company's interest in the Lake Giles project with a value of \$342,945.
- e) Accrued \$50,000 in asset retirement obligations.

13. SEGMENTED INFORMATION

The Company operates in one business segment. Its main business is the exploration and mining for precious and other minerals.

The Company operates in three main geographical areas.

	Australia \$	Canada \$	Tanzania \$	Consolidated \$
2008				
Profit (loss) for the year	(1,314,946)	115,564	(376,205)	(1,575,587)
Capital assets	3,816,349	-	131,180	3,947,529
	Australia \$	Canada \$	Tanzania \$	Parent \$
2007				
Loss for the year	(652,826)	(176,525)	-	(829,351)
Capital assets	3,167,429	-	-	3,167,429

Segment revenues are allocated based on the country in which the transactions occurred. Segment assets and capital expenditure are allocated based on where the assets are located.

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14. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Board controls overall risk management and the investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Canadian dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using cash flow forecasting.

Consolidated companies are required to manage their foreign currency risk against their functional currency. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The Company does not hedge its foreign exchange risk exposure.

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2008		2007	
	CAD\$	US\$	CAD\$	US\$
Cash at bank	38,374		155,677	
Trust Account – Asyla Lawyers	-	4,000	-	-

The carrying amounts of the Company's financial assets and liabilities are denominated in Australian dollars except as set out below:

	2008	2007
	CAD\$	CAD\$
Cash at bank	38,374	155,677

The Company's exposure to foreign currency movements is not material.

(ii) Price risk

The Company is exposed to commodity (the price of gold) price risk. As at June 30, 2008 gold had not yet been processed and this risk was immaterial.

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14. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd...)

(a) Market risk (cont'd...)

(iii) Cash flow and fair value interest rate risk

Unsecured loans from shareholders are at call and bear interest at 10% per annum payable monthly in arrears.

The Company's sensitivity to cash flow and fair value interest rate risk is not material.

(b) Credit risk

The credit risk in respect of financial assets of the Company which have been recognised on the balance sheet is generally the carrying amount, net of any provision for diminution in value.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate capital raising with a variety of counterparties. Surplus funds are generally only invested in short term cash deposit accounts with banks.

The Company does not have access to bank overdraft facilities.

Maturity of financial liabilities

The Company has loans from a shareholder of \$456,577 (2007 loans from directors and shareholders \$665,482). These amounts are shown at cost and are at call.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value due to their short-term nature.

15. COMMITMENTS AND CONTINGENCIES

The Company has entered into operating lease agreements for premises. The lease commitments due under these leases are as follows:

Within one year	\$ 42,460
Later than one year but not later than five years	<u>88,955</u>
	<u>\$ 131,415</u>

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15. COMMITMENTS AND CONTINGENCIES (cont'd...)

In order to maintain current rights to tenure to exploration tenements, the Company is required to perform minimum expenditure requirements specified by various governments. The expenditure obligations are subject to renegotiation when application for a mining lease and/or renewal of exploration permits is made. These obligations are not provided for in the financial statements and are payable:

Not later than one year	\$ 501,520
Later than one year but not later than five years	<u>545,000</u>
	<u>\$ 1,046,520</u>

On July 31, 2006 the Company filed a claim against Tarong Energy in the Federal Court of Australia for the loss of the opportunity to operate a coal mine. The Company lost the claim for a judgment of \$175,000 of legal fees (which is included in professional fees in fiscal 2007).

16. SUBSEQUENT EVENTS

Subsequent to year-end, the Company:

- a) issued 500,000 fully paid common shares to Bahati Investment and Mining General Limited as part consideration for the acquisition of tenements in the Republic of Tanzania.
- b) announced that it is arranging a non-brokered private placement consisting of up to 7,500,000 units at a price of \$0.15 per unit, for gross proceeds of up to \$1,000,000. Each unit will consist of one common share and one non-transferable share purchase warrant. Each warrant will be exercisable for an additional common share of the company for a period of 12 months from closing at a price of \$0.20 per share. The proceeds will be used for ongoing exploration on the company's uranium projects in the Republic of Tanzania and for working capital purposes.
- c) authorised Roxbury Mining Consultants Pty Ltd to identify a purchaser for the Eureka Gold Project north of Kalgoorlie in Western Australia. A party has expressed interest in the purchase.