

INTERNATIONAL GOLD MINING LIMITED

FINANCIAL STATEMENTS
(Expressed in Australian dollars)

JUNE 30, 2007

AUDITORS' REPORT

To the Shareholders of
International Gold Mining Limited

We have audited the balance sheets of International Gold Mining Limited as at June 30, 2007 and 2006 and the statements of operations 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 financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2007 and 2006 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 19, 2007

A Member of SC INTERNATIONAL

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

	2007	2006
ASSETS		
Current		
Cash	\$ 1,386,801	\$ 355,579
Restricted cash	114,748	-
Receivables (Note 11)	88,355	321,598
Available-for-sale marketable securities (Note 3)	1,653,804	-
Total current assets	3,243,708	677,177
Non-Current		
Deposits	81,968	21,968
Plant and equipment (Note 4)	238,500	18,103
Mineral properties (Note 5)	2,928,929	36,066
Total non-current assets	3,249,397	76,137
Total assets	\$ 6,493,105	\$ 753,314
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 409,907	\$ 90,700
Loans payable (Note 6)	665,482	478,336
Asset retirement obligations (Note 5)	50,000	-
Total current liabilities	1,125,389	569,036
Shareholders' equity		
Capital stock (Note 7)	16,540,622	11,445,435
Accumulated other comprehensive income (Note 8)	917,602	-
Deficit	(12,090,508)	(11,261,157)
Total shareholders' equity	5,367,716	184,278
Total liabilities and shareholders' equity	\$ 6,493,105	\$ 753,314

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 15)

Subsequent events: (Note 16)

APPROVED BY THE DIRECTORS:

On Behalf of the Board

"Alan Phillips"
Alan Phillips, Director

"Nicholas Revell"
Nicholas Revell, Director

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

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

	2007	2006
Expenses		
Amortization	\$ 26,482	\$ 55
Consulting fees	167,511	35,552
Interest	49,935	34,639
Professional fees	712,595	124,052
Listing and filing fees	55,622	18,309
Office and miscellaneous expenses	163,500	22,715
Salaries and management fees	197,960	-
Travel and accommodation	34,096	-
Total expenses	1,407,701	235,322
Loss before other items	(1,407,701)	(235,322)
Other items:		
Interest income	29,993	-
Other income	155,100	300,998
	<u>185,093</u>	<u>300,998</u>
Net income (loss) before taxes	(1,222,608)	65,676
Future income tax recovery (Note 10)	393,257	-
	<u>393,257</u>	<u>-</u>
Net income (loss) for the year	(829,351)	65,676
Deficit, beginning of year	<u>(11,261,157)</u>	<u>(11,326,833)</u>
Deficit, end of year	\$ (12,090,508)	\$ (11,261,157)
Basic and diluted earnings (loss) per common share	\$ (0.01)	\$ 0.00
Weighted average number of common shares outstanding	66,323,966	30,085,950

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

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

	2007	2006
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ (829,351)	\$ 65,676
Items not involving cash:		
Amortization	26,482	55
Share based payment	22,978	-
Future income tax recovery	(393,257)	-
<i>Changes in non-cash working capital items related to operations</i>		
Receivables	(74,900)	9,180
Accounts payable and accrued liabilities	319,207	(34,733)
Provision for doubtful debt	-	(300,000)
Net Cash Used in Operating Activities	(928,841)	(259,822)
INVESTING ACTIVITIES		
Restricted cash	(114,748)	
Plant and equipment	(13,040)	(13,252)
Security deposit	(60,000)	(21,968)
Mineral exploration expenditures	(72,482)	(1,265)
Net Cash used in Investing Activities	(260,270)	(36,485)
FINANCING ACTIVITIES		
Issuance of common shares	2,070,187	450,000
Proceeds from related parties	250,146	198,395
Repayments to related parties	(100,000)	-
Prospectus monies received	-	605,544
Repayment of prospectus monies	-	(665,806)
Net Cash provided by Financing Activities	2,220,333	588,133
Increase in cash during year	1,031,970	291,826
Cash, beginning of year	355,579	63,753
Cash, end of year	\$ 1,386,801	\$ 355,579

Supplemental disclosures with respect to cash flows (Note 12)

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

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(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 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.

	2007	2006
Deficit	\$ (12,090,508)	\$ (11,261,157)
Working capital	2,118,319	108,141

2. SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

Financial instruments

Effective July 1, 2006, the Company early adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under CICA Handbook Section 1530 “Comprehensive Income” (“Section 1530”), Section 3251 “Equity”, Section 3855 “Financial Instruments – Recognition and Measurement” (“Section 3855”), Section 3861 “Financial Instruments – Disclosure and Presentation” and Section 3865 “Hedges”. These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(Expressed in Australian dollars)

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

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

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Marketable securities are classified as available-for-sale financial assets. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities as well as due to related parties are classified as other financial liabilities, all of which are measured at amortized cost. The Company has elected to measure all derivatives and embedded derivatives at fair value and the Company has maintained its policy not to use hedge accounting.

There was no effect on the Company's opening deficit position as a result of the application of Section 3855.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

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% (2006 – 0%) and the demand deposits earn interest at 6.05% (2006 – N/A). Included in cash is \$114,748 (2006 - \$Nil) held in a trust account and is restricted to pay legal costs arising from the Tarong Energy settlement. (Note 15)

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
Office equipment	15% to 37.5%	Declining balance 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 and deferred exploration 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, 2007 the Company has recorded \$50,000 in asset retirement obligations. As at June 30, 2006, there were no material 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.

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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(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.

3. AVAILABLE-FOR-SALE MARKETABLE SECURITIES

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

	2007	2006
Marketable securities at cost	\$ 342,945	\$ -
Market value	\$ 1,653,804	\$ -

During the current year 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.

4. PLANT AND EQUIPMENT

	2007	2006
Plant and Equipment		
Plant and equipment	\$ 240,000	\$ -
Accumulated depreciation	(21,408)	-
	<u>218,592</u>	<u>-</u>
Office equipment	25,037	18,158
Accumulated depreciation	(5,129)	(55)
	<u>19,908</u>	<u>18,103</u>
	<u>\$ 238,500</u>	<u>\$ 18,103</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.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(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	Lake Giles	Balance as at June 30, 2007
Acquisition costs:					
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	805,000	2,000,000	25,000	-	2,830,000
Asset retirement obligations	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Balance, end of year	<u>855,000</u>	<u>2,000,000</u>	<u>25,000</u>	<u>-</u>	<u>2,880,000</u>
Exploration costs:					
Balance, beginning of year	-	1,265	-	34,801	36,066
Field expenses	<u>21,397</u>	<u>26,267</u>	<u>-</u>	<u>-</u>	<u>47,664</u>
	21,397	27,532	-	34,801	83,730
Write-offs/Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,801)</u>	<u>(34,801)</u>
Balance, end of year	<u>21,397</u>	<u>27,532</u>	<u>-</u>	<u>-</u>	<u>48,929</u>
Total costs	\$ 876,397	\$ 2,027,532	\$ 25,000	\$ -	\$ 2,928,929

	Eureka Gold Mine	Lake Giles	Balance as at June 30, 2006
Acquisition costs:			
Balance, beginning and end of year	<u>\$ -</u>	<u>\$ 34,801</u>	<u>\$ 34,801</u>
Exploration costs:			
Balance, beginning of year	-	-	-
Field expenses	<u>1,265</u>	<u>-</u>	<u>1,265</u>
Balance, end of year	<u>1,265</u>	<u>-</u>	<u>1,265</u>
Total costs	\$ 1,265	\$ 34,801	\$ 36,066

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 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.

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%.

6. LOANS PAYABLE

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

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(Expressed in Australian dollars)

7. CAPITAL STOCK

	Number of Shares	Capital Stock
Authorized		
Unlimited common voting shares, without par value		
Balance as at June 30, 2005	30,000,000	\$ 10,995,435
Private placement	4,500,000	450,000
Balance as at June 30, 2006	34,500,000	11,445,435
Private placements	21,203,910	2,120,391
Share issuance costs	-	(50,204)
Acquisition of mineral properties	30,000,000	3,000,000
Shares for services	250,000	25,000
Balance as at June 30, 2007	85,953,910	\$ 16,540,622

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.

During the year ended June 30, 2006:

- i) 4,500,000 common shares were issued at a price of \$0.10 per share for total proceeds of \$450,000 through private placements.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(Expressed in Australian dollars)

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

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.

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

	2007		2006	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	14,062,500	\$ 0.20	14,062,500	\$ 0.20
Granted	-	-	-	-
Exercised	-	-	-	-
Expired/cancelled	(10,000,000)	0.20	-	-
Outstanding, end of year	4,062,500	0.20	14,062,500	0.20
Options exercisable, end of year	4,062,500	\$ 0.20	14,062,500	\$ 0.20

Stock options outstanding at June 30, 2007 are as follows:

Number of Options	Exercise Price	Expiry Date
4,062,500	\$ 0.20	June 30, 2009

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(Expressed in Australian dollars)

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

	2007	2006
Beginning balance	\$ -	\$ -
Fair value adjustment for available-for-sale securities	1,310,859	-
	<u>1,310,859</u>	<u>-</u>
Deferred tax expense	(393,257)	-
	<u>\$ 917,602</u>	<u>\$ -</u>

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued \$58,519 (2006 - \$Nil) for consulting services provided by a director of the Company.

b) Paid or accrued \$86,987 (2006 - \$21,454) in office and miscellaneous expenses to a director of the Company.

Included in accounts payable is \$30,000 (2006 - \$30,000) due to directors and former directors. Included in accounts receivable is \$43,745 (2006 - \$Nil) owing from Macarthur Mineral Limited ("Macarthur"), a related party by way of common directors.

Included in loans payable at June 30, 2007 is \$213,467 (2006 - \$415,336) owed to companies owned by directors and former directors of the Company. The Company paid or accrued \$37,293 (2006 - \$34,639) 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:

	2007	2006
Income (loss) before income tax recovery	\$ (1,222,608)	\$ 65,676
Expected income tax recovery	\$ (366,782)	\$ 19,703
Recognized benefit of non-capital losses	<u>(26,475)</u>	<u>(19,703)</u>
Income tax recovery	<u>\$ (393,257)</u>	<u>\$ -</u>

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(Expressed in Australian dollars)

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

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

	2007	2006
Future income tax assets:		
Net operating loss carried forwards	\$ 1,422,527	\$ 197,252
	1,422,527	197,252
Future income tax liabilities:		
Marketable securities	(393,257)	-
Mineral properties	(878,679)	(10,820)
Plant and equipment	(71,550)	(5,431)
	(1,343,486)	(16,251)
Less: valuation allowances	(79,041)	(181,001)
Net future tax assets	\$ -	\$ -

The Company has Australian non-capital losses of approximately \$4,700,000 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 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

	2007	2006
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for interest	\$ -	\$ -

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

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.

During the year ended June 30, 2006, the Company entered into the following non-cash transactions:

- a) Included in accounts payable and accrued liabilities is \$6,343 related to purchases of equipment and mineral property exploration expenditures.

13. SEGMENTED INFORMATION

The Company's one reportable operating segment is the exploration and development of mineral properties in Australia. All of the Company's mineral properties and plant and equipment are located in Australia.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, receivables, available-for-sale marketable securities, accounts payable and accrued liabilities and loans payable. The fair value of these instruments approximates their carrying value, unless otherwise noted.

Currency

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company does not use derivative instruments to reduce its foreign currency risk.

Interest rate risk

The Company's exposures to interest rate risk arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(Expressed in Australian dollars)

14. FINANCIAL INSTRUMENTS (cont'd...)

Credit risk

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

15. COMMITMENTS AND CONTINGENCIES

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

2008	\$	41,200
2009		42,460
2010		43,783
2011		<u>45,172</u>
	\$	<u>172,615</u>

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. The annual commitments under these expenditure obligations are as follows:

2008	\$	135,500
2009		218,767
2010		68,766
2011		<u>68,767</u>
	\$	<u>491,800</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). As of June 30, 2007 \$114,748 remains in a trust account restricted for these legal costs.

16. SUBSEQUENT EVENTS

Subsequent to year-end, the Company:

- b) announced that it had entered into a formal option agreement to acquire the Eclipse Gold Mine which lies within the Kanowna Mining District of the north East Goldfields located to the north-east of Kalgoorlie, Western Australia. The Company is committed to pay \$200,000 to the seller.

INTERNATIONAL GOLD MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007
(Expressed in Australian dollars)

16. SUBSEQUENT EVENTS (cont'd...)

- c) entered into an agreement with Bahati Investment and Mining General Co. Ltd. in relation to certain tenements in Tanzania, Africa. This agreement is subject to approval by the board of directors of the Company.
- d) entered into an agreement with Mase Exploration & Mining Company Limited in relation to certain tenements in Tanzania, Africa. This agreement is subject to approval by the board of directors of the Company.