

**INTERNATIONAL GOLD MINING LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Australian dollars)**

**JUNE 30, 2009**

## 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, 2009 and 2008 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, 2009 and 2008 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 15, 2009



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

	2009	2008
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 9,754	\$ 253,939
Receivables	<u>17,298</u>	<u>136,602</u>
	<u>27,052</u>	<u>390,541</u>
<b>Non-Current</b>		
Deposits	152,314	146,323
Property, plant and equipment (Note 3)	1,413,864	1,612,680
Mineral properties (Note 4)	<u>2,587,720</u>	<u>2,334,849</u>
	<u>4,153,898</u>	<u>4,093,852</u>
	<u>\$ 4,180,950</u>	<u>\$ 4,484,393</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 440,607	\$ 511,563
Loans payable (Note 5)	678,519	456,577
Asset retirement obligations (Note 4)	<u>50,000</u>	<u>50,000</u>
	<u>1,169,126</u>	<u>1,018,140</u>
<b>Shareholders' equity</b>		
Capital stock (Note 6)	17,426,771	16,540,622
Contributed surplus (Note 6)	607,672	591,726
Accumulated other comprehensive income (Note 7)	-	-
Deficit	<u>(15,022,619)</u>	<u>(13,666,095)</u>
	<u>3,011,824</u>	<u>3,466,253</u>
	<u>\$ 4,180,950</u>	<u>\$ 4,484,393</u>

**Nature and continuance of operations** (Note 1)

**Commitments and contingencies** (Note 14)

**Subsequent events** (Note 15)

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**

(Expressed in Australian dollars)

YEAR ENDED JUNE 30

	2009	2008
<b>EXPENSES</b>		
Amortization	\$ 247,548	\$ 237,613
Consulting fees	260,107	380,510
Foreign exchange loss	-	7,457
Interest	65,117	55,850
Professional fees	273,821	307,049
Listing and filing fees	27,935	27,369
Office and miscellaneous expenses	186,032	188,864
Property investigation costs	250,192	418,556
Salaries and management fees	97,598	269,074
Stock-based compensation (Note 6)	15,946	591,726
Travel and accommodation	22,343	54,995
	<u>1,446,639</u>	<u>2,539,063</u>
<b>Loss before other items</b>	<u>(1,446,639)</u>	<u>(2,539,063)</u>
<b>OTHER ITEMS</b>		
Gain on sale of marketable securities	-	1,136,786
Interest income	7,516	35,661
Sundry income	490	-
Other income (Note 10)	82,109	184,286
	<u>90,115</u>	<u>1,356,733</u>
<b>Loss before taxes</b>	(1,356,524)	(1,182,330)
<b>Future income tax expense</b> (Note 9)	<u>-</u>	<u>(393,257)</u>
<b>Loss for the year</b>	(1,356,524)	(1,575,587)
<b>Net unrealized loss on available-for-sale securities</b>	<u>-</u>	<u>(917,602)</u>
<b>Comprehensive loss for the year</b>	<u>(1,356,524)</u>	<u>(2,493,189)</u>
<b>Deficit, beginning of year</b>	<u>(13,666,095)</u>	<u>(12,090,508)</u>
<b>Deficit, end of year</b>	<u>\$ (15,022,619)</u>	<u>\$ (13,666,095)</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
<b>Weighted average number of common shares outstanding</b>	<u>91,681,296</u>	<u>85,953,910</u>

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

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

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (1,356,524)	\$ (1,575,587)
Items not involving cash:		
Amortization	247,548	237,613
Stock-based compensation	15,946	591,726
Future income tax expense	-	393,257
Accrued interest	65,117	54,850
Write off of loans receivables	120,000	-
Gain on sale of marketable securities	-	(1,136,786)
Changes in non-cash working capital items:		
Receivables	69,304	(48,247)
Accounts payable and accrued liabilities	(70,956)	101,656
Net cash used in operating activities	<u>(909,565)</u>	<u>(1,381,518)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Restricted cash	-	114,748
Property, plant and equipment	(48,732)	(205,213)
Security deposit	(5,991)	(64,355)
Mineral exploration expenditures	(18,871)	(812,500)
Loan to other entity	(70,000)	-
Proceeds from sale of marketable securities	-	1,479,731
Net cash provided by (used in) investing activities	<u>(143,594)</u>	<u>512,411</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares	652,149	-
Proceeds from loans	199,842	162,000
Repayments of loans	(43,017)	(425,755)
Net cash provided by (used in) financing activities	<u>808,974</u>	<u>(263,755)</u>
<b>Decrease in cash during the year</b>	<b>(244,185)</b>	<b>(1,132,862)</b>
<b>Cash, beginning of year</b>	<b><u>253,939</u></b>	<b><u>1,386,801</u></b>
<b>Cash, end of year</b>	<b><u>\$ 9,754</u></b>	<b><u>\$ 253,939</u></b>

**Supplemental disclosures with respect to cash flows (Note 11)**

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

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

---

**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.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing which would assure continuation of the Company’s operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance 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 on its assets and discharge 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 sheets. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company’s ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

---

---

	2009	2008
Deficit	\$ (15,022,619)	\$ (13,666,095)
Working deficiency	(1,142,074)	(627,599)

---

---

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Changes in accounting policy**

As at July 1, 2008 the Company early adopted the following new accounting policies as recommended by the Canadian Institute of Chartered Accountants (“CICA”):

**INTERNATIONAL GOLD MINING LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

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

**Changes in accounting policy (cont'd...)**

*Goodwill and Intangible Assets (Section 3064)*

The Company has adopted the new standard "Goodwill and Intangible Assets" (CICA Handbook Section 3064) for its fiscal year beginning July 1, 2008. This Section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. These changes clarify that costs may only be deferred when they relate to an item that meets the definition of an asset. The concept of matching revenues and expenses remains appropriate only for allocating the cost of an asset that is consumed in generating revenue over multiple reporting periods. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of this new Section did not have a significant impact on the Company's consolidated financial statements.

*General Standards of Financial Statement Presentation (Section 1400)*

In June 2007, the CICA issued amendments to Section 1400, "General Standards of Financial Statement - Presentation" to include requirements to assess and disclose an entity's ability to continue as a going concern. The Company has applied the new amendments at the beginning of its fiscal year. The additional disclosure is provided in Note 1.

*Credit Risk and the Fair Value of Financial Assets and Liabilities (EIC-173)*

In January 2009, the Emerging Issues Committee ("EIC") issued EIC -173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This abstract requires companies to take counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. This new standard is effective for the Company's interim and annual consolidated financial statements for the year ended June 30, 2009. The Company has performed an assessment as of June 30, 2009 and believes there to be no impact on its financial statements.

**Future accounting changes**

*Business Combinations (Section 1582)*

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

**INTERNATIONAL GOLD MINING LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

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

**Future accounting changes (cont'd...)**

*Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)*

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of these sections to have a significant effect on its financial statements.

*International financial reporting standards ("IFRS")*

In 2006, the 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. For the Company, the transition date will be effective July 1, 2011 and 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.

**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**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

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

**Financial instruments**

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. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. 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.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities and loans payable are classified as other liabilities, which are measured at amortized cost.

**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**

Cash is comprised of cash held in banks and on hand and demand deposits.

**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

---

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

**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 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, 2009 and 2008 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.

**Loss per share**

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

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

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

**Loss per share (cont'd...)**

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**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

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

**Comparative figures**

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

**3. PROPERTY, PLANT AND EQUIPMENT**

	2009	2008
Plant and equipment		
Plant and equipment	\$ 450,960	\$ 437,528
Accumulated depreciation	<u>(137,449)</u>	<u>(77,539)</u>
	<u>313,511</u>	<u>359,989</u>
Office equipment	32,722	32,722
Accumulated depreciation	<u>(17,530)</u>	<u>(10,771)</u>
	<u>15,192</u>	<u>21,951</u>
Mine property	1,441,880	1,406,580
Accumulated depreciation	<u>(356,719)</u>	<u>(175,840)</u>
	<u>1,085,161</u>	<u>1,230,740</u>
	<u>\$ 1,413,864</u>	<u>\$ 1,612,680</u>

**4. 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**  
(Expressed in Australian dollars)  
**YEAR ENDED JUNE 30, 2009**

**4. MINERAL PROPERTIES (cont'd...)**

The Company's mineral properties consist of:

	British King Gold Mine	Eureka Gold Mine	Kenden Well	Tanzania	Balance, June 30, 2009
Acquisition costs:					
Balance, beginning of year	\$ -	\$ 2,196,900	\$ -	\$ 90,581	\$ 2,287,481
Additions	-	-	-	234,000	234,000
Asset retirement obligations	-	-	-	-	-
Balance, end of year	-	2,196,900	-	324,581	2,521,481
Exploration costs:					
Balance, beginning of year	-	47,368	-	-	47,368
Field expenses	-	18,871	-	-	18,871
Balance, end of year	-	66,239	-	-	66,239
Write-offs/Disposals	-	-	-	-	-
Total costs	\$ -	\$ 2,263,139	\$ -	\$ 324,581	\$ 2,587,720

	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

**INTERNATIONAL GOLD MINING LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

**4. 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.

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 covering the British King Mine

The company has entered into a mutual agreement on 21 August 2009 with Roxbury Mining Consultants Pty Ltd to terminate the License and Project Sale Agreement (British King Mine) for non-performance. Ron Huston (Director, Roxbury Mining Consultants Pty Ltd) remains in the capacity of mine manager.

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**

On 6 June 2007 the company announced that it had entered into the following Farm in arrangement for Kenden Well. The company withdrew from the Kenden Well Farm-in Heads of Agreement in July 2008.

**Tanzania Projects**

On 8 November 2007 the company announced that it had entered into the following joint venture agreements.

- a) Bahati Joint Venture terms – (three tenements in the Bahi Swamp and Singida areas and two tenements in the North Mara area).

Under the terms of the Bahati Joint Venture Agreement, the Company will pay the Bahati Investment and Mining General Co. Ltd. USD\$35,000 and 500,000 fully paid shares in the Company, escrowed for 12 months to earn 51% interest in the tenements.

- On the second anniversary the Company shall pay the vendor a further USD\$45,000 to earn an extra 24% to take the Company's interest to 75%.

**INTERNATIONAL GOLD MINING LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

**4. MINERAL PROPERTIES (cont'd...)**

**Tanzania Projects (cont'd...)**

- On the third anniversary, the Company shall pay the vendor USD\$50,000 to earn an extra 15% to take its interest in the tenements to 90%.
- The Company can at its sole discretion pay the vendor, USD\$500,000 at any time during the joint venture period to gain control of 100% of the tenements.
- the Company pays all exploration costs including rents and rates during the joint venture period.

The other tenements are located in Northern Tanzania within the "Mara Greenstone Belt", a multi million ounce gold producing province on the eastern side of Lake Victoria near the Kenyan Border.

To date the Company has earned a 51% interest in the tenements following issue of 500,000 shares to Bahati Investment and Mining General Co. Ltd and payment of monies in accordance with the terms of the agreement.

b) Mase Tanzania Joint Venture (North Mara)

Under the terms of the Mase Joint Agreement, the Company shall pay Mase Exploration and Mining Company Limited, USD\$10,000 to earn a 51% interest in the tenement.

- On the second anniversary, the Company shall pay the vendor USD\$10,000 to earn an extra 24% to take its interest in the tenements to 75%.
- On the third anniversary year, the Company shall pay the vendor USD\$10,000 to earn an extra 15% to take its interest in the tenements to 90%.
- The Company can at any time during the joint venture period, elect to pay the purchases USD\$70,000 to gain a 100% interest in the tenements.
- The Company pays all exploration costs including rents and rates during the joint venture period.

To date the Company has earned a 51% interest in the tenements following payment of monies to Mase Exploration and Mining Company Limited in accordance with the terms of the agreement.

c) Kimario Joint Venture

On 15 May 2008, the Company announced that it had entered into a joint venture agreement with Willibard Kimario.

Under the terms of agreement the company will pay USD14,000.00, reimburse US\$5,500.00 of past expenses, and issue 900,000 fully paid shares to the seller, to earn a 90% interest in the property. The company has the right to purchase the remaining 10% by the payment of US\$250,000.00 at any time and at its own discretion.

To date the Company has earned a 90% interest in the tenements following issue of 900,000 shares to Willibard Kimario and payment of monies in accordance with the terms of the agreement.

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

**5. LOANS PAYABLE**

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

**6. CAPITAL STOCK**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common voting shares, without par value			
Issued			
Balance, June 30, 2007	85,953,910	\$ 16,540,622	\$ -
Stock-based compensation	-	-	591,726
Balance, June 30, 2008	85,953,910	16,540,622	591,726
Private placement	8,601,878	652,149	-
Acquisition of mineral properties	1,400,000	234,000	-
Stock-based compensation	-	-	15,946
Balance, June 30, 2009	95,955,788	\$ 17,426,771	\$ 607,672

During the year ended June 30, 2009:

- i) 500,000 common shares were issued at a price of \$0.18 per share as agreed under the Bahati Joint Venture Agreement in Tanzania, East Africa.
- ii) 900,000 common shares were issued at a price of \$0.16 per share as consideration for the purchase of tenements in the Lake Bahi region in Tanzania, East Africa.
- iii) 7,673,425 common shares were issued at a price of \$0.075 per share (CDN\$0.06) for gross proceeds of \$581,247 through private placements.
- iv) 928,453 common shares were issued at a price of \$0.076 per share (CDN\$0.06) for gross proceeds of \$70,902 through private placements.

**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.

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

**6. CAPITAL STOCK (cont'd...)**

**Stock options (cont'd...)**

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:

	2009		2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	12,562,500	\$ 0.14	4,062,500	\$ 0.20
Granted	1,000,000	0.10	8,500,000	0.11
Exercised	-	-	-	-
Expired/cancelled	(6,062,500)	0.17	-	-
Outstanding, end of year	7,500,000	\$ 0.11	12,562,500	\$ 0.14
Options exercisable, end of year	7,500,000	\$ 0.11	12,562,500	\$ 0.14

Stock options outstanding at June 30, 2009 are as follows:

Number of Options	Exercise Price	Expiry Date
6,000,000	\$ 0.10	March 10, 2011
500,000	0.20	June 11, 2011
1,000,000	0.10	March 27, 2012

**Stock-based compensation**

During the year ended June 30, 2009, the Company granted 1,000,000 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.

1,000,000 options were issued in March 2009 at a fair value of \$0.10 per option, for a total value of \$15,946.

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

**6. 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 shareholders' equity and reduced by the options exercised during the year. The weighted average fair value of options granted during the year was \$0.06.

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

	2009	2008
Risk-free interest rate	1.89%	2.64%
Expected life of options	3 years	3.0 years
Annualized volatility	112%	111.40%
Dividend rate	0.00%	0.00%

**7. ACCUMULATED OTHER COMPREHENSIVE INCOME**

	2009	2008
Beginning balance	\$ -	\$ 917,602
Fair Value adjustment for available-for-sale securities	-	(1,310,859)
	-	(393,257)
Deferred tax expense	-	393,257
	\$ -	\$ -

**8. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$96,640 (2008 - \$331,857) for consulting services provided by a director of the Company.
- b) Paid or accrued \$103,162 (2008 - \$51,206) in office and miscellaneous expenses to a director of the Company.

Included in accounts payable is \$129,243 (2008 - \$117,243) due to directors and former directors. Included in accounts receivable is \$Nil (2008 - \$34,690) owing from Macarthur Minerals Limited ("Macarthur"), a related party by way of common directors.

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

**8. RELATED PARTY TRANSACTIONS (cont'd...)**

Included in loans payable at June 30, 2009 is \$175,237 (2008 - \$Nil) owed to companies owned by directors and former directors of the Company. The Company paid or accrued \$4,094 (2008 - \$12,912) 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.

**9. INCOME TAXES**

Income tax expense (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:

	2009	2008
Loss before income tax	\$ (1,356,524)	\$ (1,182,330)
Expected income tax recovery	\$ (406,957)	\$ (354,699)
Items not deductible for tax purposes	79,048	188,861
Recognized (unrecognized) benefit of non-capital losses	<u>327,909</u>	<u>559,095</u>
Income tax expense (recovery)	\$ -	\$ 393,257

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

	2009	2008
Future income tax assets:		
Net operating loss carried forwards	<u>\$ 2,260,000</u>	<u>\$ 1,796,186</u>
Future income tax liabilities:		
Mineral properties	(756,000)	(700,455)
Plant and equipment	<u>(424,000)</u>	<u>(483,804)</u>
	(1,180,000)	(1,184,259)
Less: valuation allowances	<u>(1,080,000)</u>	<u>(611,927)</u>
	<u>(2,260,000)</u>	<u>(1,796,186)</u>
Net future tax assets	\$ -	\$ -

**INTERNATIONAL GOLD MINING LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

**9. INCOME TAXES (cont'd...)**

The Company has Australian non-capital losses of approximately \$7,500,000 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.

**10. OTHER INCOME**

During fiscal 2009, the Company earned \$64,764 of consulting income from MacArthur and \$7,516 in interest income from bank balances. The Company also earned \$17,345 in rental income from MacArthur.

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.

**11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

---

	2009	2008
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

---

During the year ended June 30, 2009, the Company entered into the following non-cash transactions:

- a) Issued 500,000 common shares at \$0.18 as consideration for the acquisition of the Bahati Project.
- b) Issued 900,000 common shares at \$0.16 as consideration for the acquisition of the Lake Bahi Project (See Note 5).

During the year ended June 30, 2008, the Company reclassified mineral property costs of \$1,406,580 to property, plant and equipment (see Note 4).

**12. SEGMENTED INFORMATION**

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

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

**12. SEGMENTED INFORMATION (cont'd...)**

The Company operates in three main geographical areas.

	Australia \$	Canada \$	Tanzania \$	Consolidated \$
<b>2009</b>				
Profit (loss) for the year	(894,203)	(184,831)	(277,490)	(1,356,524)
Capital assets	3,633,194	-	368,390	4,001,584
	Australia \$	Canada \$	Tanzania \$	Parent \$
<b>2008</b>				
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

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.

**13. 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 minimize potential adverse effects on the financial performance of the Company. The Board controls overall risk management and the investment of excess liquidity. In the management of capital, the Company includes the components of shareholders' equity. There were no changes to the Company's approach to capital management during the year ended June 30, 2009. The Company is not subject to externally imposed capital requirements.

(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.

**INTERNATIONAL GOLD MINING LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

**13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd...)**

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

	<b>2009</b>		<b>2008</b>	
	<b>CAD\$</b>	<b>US\$</b>	<b>CAD\$</b>	<b>US\$</b>
Cash at bank	1,235	-	38,374	-
Trust Account – Asyla Lawyers	-	713	-	4,000

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

	<b>2009</b>	<b>2008</b>
	<b>CAD\$</b>	<b>CAD\$</b>
Cash at bank	1,235	38,374

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, 2009 gold had not yet been processed and this risk was immaterial.

(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.

**INTERNATIONAL GOLD MINING LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Australian dollars)  
YEAR ENDED JUNE 30, 2009

---

**13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd...)**

(c) Liquidity risk (cont'd...)

The Company has loans from a director and shareholder of \$678,519 (2008 loans from directors and shareholders \$456,577). 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.

**14. 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	\$ 43,783
Later than one year but not later than five years	<u>45,172</u>
	<u>\$ 88,955</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. These obligations are not provided for in the financial statements and are payable:

Not later than one year	\$ 350,000
Later than one year but not later than five years	<u>350,000</u>
	<u>\$ 700,000</u>

**15. SUBSEQUENT EVENTS**

- a) On 21 August 2009 the Company announced that it had entered into a mutual agreement with Roxbury Mining Consultants Pty Ltd to terminate the License and Project Sale Agreement (British King Mine) for non-performance.
- b) On 4 September 2009 the Company announced that it had entered into a Heads of Agreement (“HOA”) with Salmon River Resources Ltd. (SAL-TSXV) (“Salmon River”) whereby Salmon River will, subject to certain conditions, acquire the Eureka Gold Mine in Western Australia and farm into the Mkiwa Uranium Exploration Project in Tanzania. The HOA is subject to the execution of a formal agreement incorporating the terms of the HOA by 2 November 2009.
- c) On September 14, 2009 the Company announced it has arranged a non-brokered private placement of up to 105,551,336 common shares at a price of CAD \$0.01 per share for gross proceeds of \$1,055,513.