

**INTERNATIONAL WAYSIDE GOLD MINES LTD.**  
**Form 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the year ended February 28, 2007**

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The following discussion and analysis of the results of operations and financial position of International Wayside Gold Mines Ltd. (the "Company") for the year ended February 28, 2007 should be read in conjunction with the February 28, 2007 Audited Financial Statements and the related Notes. The effective date of this report is July 13, 2007.

### **Forward Looking Statements**

Except for historical information, this Management's Discussion and Analysis ("MD&A") may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

### **Business Overview**

The Company's principal business activity is the exploration and development of mineral properties located in the Cariboo area of central British Columbia. The main properties, under option to the Company, consist of three historic groups of contiguous Crown-Granted mineral claims, namely the Cariboo Group, Island Mountain Group and Mosquito Creek Group (collectively the "Cariboo Gold Project"). Additional claims, located in the same area, have been staked or acquired by the Company over the past several years.

The Cariboo Gold Project is located near the town of Wells, British Columbia some 53 miles (85 km) east of Quesnel, British Columbia. The Cariboo Gold Belt has had a rich and extensive history starting with the discovery of placer gold in the 1860's. Recorded production from the Company's property and surrounding area is approximately 2.6 million ounces of placer gold and 1.2 million ounces of lode gold averaging 0.40 oz/t gold from mainly quartz vein and 0.60 oz/t from replacement style mineralization during the period 1933 to 1966.

### **Current Operations**

During the period ended February 28, 2007, the Company's focus was on advancing the exploration and development of the Bonanza Ledge and Cariboo Gold Projects. The Company believes it is now at the stage whereby production from Bonanza Ledge could commence in 2008.

### **Highlights for the Quarter ended February 28, 2007 are as follows:**

The Company submitted additional information to the B.C. Ministry of Energy, Mines and Petroleum Resources in late September in support of its application to develop an open pit gold mine at Bonanza Ledge. The document ("Appendix M") was prepared to address comments provided by government reviewers with the B.C. Ministry of Energy, Mines and Petroleum Resources and the B.C. Ministry of Environment. The document addresses a number of technical issues, most notably the potential for metal leaching / acid rock drainage and volume and proposed treatment for material that will likely be metal leaching and/or acid generating. The document also provides more detailed information relating to baseline groundwater and surface water hydrology, water quality, benthic invertebrates and plant metals, updates to the mine plan, an expanded dust control plan, and an updated reclamation plan and reclamation cost estimate.

The Company resumed drilling on the Mucho Oro claim. A fourteen hole program was planned to follow up on the 17 hole program completed between March and July. The purpose of the program was to further explore the degree and extent of mineralization in the area. The program was slated for completion by the end of the calendar year.

The Company was assembling data and reports relating to the Cariboo Gold Project to facilitate due diligence reviews by potential financiers.

On December 29, 2006, the Company entered into a letter agreement with Karver Capital Canada Inc. ("KCCI") whereby KCCI will fund up to US\$10,000,000 by way of secured convertible notes payable. The loan is subject to 10% interest and matures June 29, 2007. KCCI can convert its advances plus accrued interest for units at the rate of \$0.25 per unit. Each unit consists of one share plus one half of one warrant exercisable at \$0.30 for a period of two years. The loan is secured by a general security agreement providing for a charge against the assets of the Company. KCCI will be entitled to bonus warrants equivalent to 33 1/3% of the amounts advanced. Each bonus warrant entitles KCCI to acquire one common share for a period of two years upon payment of \$0.30.

At February 28, 2007, KCCI had advanced CDN\$4,673,340 plus interest has been accrued for CDN\$75,216. In addition, they have received 5,225,911 bonus warrants.

On December 29, 2006, the Company paid \$3,500,000 to Mosquito Consolidated Gold Mines Ltd. as its final option payment pursuant to the Mosquito agreement. Upon completion of a feasibility study, the Company will have earned a 100% interest in this property.

### **Results of Operations**

The Company reports a net loss of \$4,460,412 for the year ended February 28, 2007 or \$0.12 per share compared to a net loss of \$2,052,479 or \$0.12 per share for the same period ended February 28, 2006.

Administrative and corporate costs (excluding stock-based compensation, exploration expenses/recovery and loan bonuses) has increased by \$995,594 as compared to the year ended February 28, 2006. This increase in administrative costs is due to a \$309,487 rise in salaries and benefits as a result of a greater number of employees and greater concentration on the Company, a \$267,601 rise in shareholder communications in part due to a program to expand investor awareness, costs to list on the Frankfurt Exchange and extensive travel costs to raise capital. In addition its company has recorded \$58,012 as amortization of deferred financing charges and \$ 504,521 as accretion of convertible note discount in relation to the Karver Captial financing

During the year ended February 28, 2007, the Company wrote down investments by \$19,320.

For the year ended February 28, 2006 management of the Company has adopted a new accounting policy with respect to mineral properties. The new policy is to expense as mineral property exploration costs all costs previously considered deferred development costs.

Property exploration costs for fiscal 2006 were \$1,715,003 before net bulk sample recoveries of \$1,264,379. For fiscal 2007 they were \$1,654,171. The Company has maintained a steady exploration program for the last few years to further the Cariboo Gold Project.

### **Resource Properties that have not yet Generated Operating Revenue...**

The Company has been focused on the Barkerville Camp since 1994.

The initial focus was to delineate a mineable resource within the historic workings of the Cariboo Gold Quartz Mine. A total of 238 drill holes were completed from 1995-1998. The Company has been working towards the further definition of the mineral deposit within and surrounding the historic workings of the Cariboo Gold Quartz mine. A program of up to approximately 300 additional diamond drill holes has been developed to achieve this objective. Once the resource definition is complete, the working conceptual mine plan will be more fully developed, and will form the basis for a preliminary assessment of mine economics. Resource definition, mine planning and economic evaluations, together with additional social and environmental impact, will in aggregate require additional expenditures of several million dollars.

Beginning in 1999 the Company focused on delineating a high grade resource within the BC Vein, roughly 3 km southeast of the Cariboo Gold Quartz Mine. The Company intersected a new style of mineralization in the footwall of the BC Vein in March 2000, now known as the Bonanza Ledge deposit. The Company focused on delineating this resource from 2000 to 2004. Additional expenditures of one hundred thousand dollars or more will be required to complete the permitting process and to begin production of the proposed open pit mine.

Both of these proposed developments are supported by recent appreciation in the value of gold and the efforts of the current Provincial Government to facilitate and support mining in the Cariboo Region.

In addition, the Company is committed to further exploration in the Barkerville Camp. Mineralization has been identified in several areas along the historic Mine Trend (the source of placer gold and correlated with quartz vein outcrops that occur on a general northwest-southeast trend over a linear distance of more than 60 km through the Camp), and on strike with the (offset and parallel) Bonanza Ledge Trend. Additional expenditures are anticipated as funds allow to further characterize and delineate various mineralized zones.

#### **Bonanza Ledge Deposit**

The Company has defined a mineable resource, developed a mine and reclamation plan, and has commissioned a preliminary assessment of the economic feasibility of the proposed open pit at Bonanza Ledge. These form the basis for an application pursuant to the BC Mines Act to produce up to 70,000 tonnes of ore per year that was submitted in April 2006. An addendum addressing initial comments was submitted in September 2006. The Company is working to address further comments that have been received from government review agencies. A revised and updated submission will be made once supplemental engineering and environmental work has been completed. The Company intends to begin production at Bonanza Ledge as soon as the necessary permits and approvals are obtained.

## Related Party Transactions

(a) Balance receivable:

The amounts receivable from related parties, which are non-interest bearing, unsecured and due on demand, are comprised of the following:

	2007	2006
Due from other companies with certain common directors	\$136,292	\$63,340

The balance receivable from other companies with certain common directors relates primarily to an allocation of administrative costs incurred by the Company to other public companies with certain common directors and officers.

(b) Balances payable:

The amounts payable to related parties, which, except otherwise disclosed, are non-interest bearing, unsecured and due on demand, are comprised of the following:

	2007	2006
Due to a company controlled by a director	\$ 1,131,918	\$ 1,130,585
Due to other companies with certain common directors	126,884	15,808
Due to directors and officers	339,958	112,890
	\$ 1,598,760	\$ 1,259,283

(c) Related party transactions:

A summary of the amounts charged to the Company by directors, former directors, and by companies controlled by directors, is as follows

	2007	2006
Property exploration costs:		
Equipment rentals	\$ 236,345	\$ 245,299
Administration fees on reimbursed expenditures	79,101	79,192
Administration costs:		
Consulting fees		23,271
Interest expense	6,482-	11,492
Loan bonus	40,000	151,268-
Management fees	90,000	120,000
Rent	24,000	24,000
	\$ 475,928	\$ 654,522

Substantially all of the other exploration and development expenditures incurred by the Company are charged from a company controlled by a director. These charges consist of labour charges, equipment rentals and administration fees of 12% (to a maximum of \$8,000 per month) on such reimbursement of expenditures. Management believes the labour charge, equipment rental charges and project administration fees are at fair values, compared to what the Company would be required to pay to third parties.

The Company signed as a co-lessee with a company controlled by a director for trucks to be used for exploration purposes. The leases were terminated after the year end.

The Company is charged \$5,000 per month for general management services by the President of the Company. For 2007, the President of the Company charged \$5,000 per month as management fees. A former director and officer charged \$5,000 per month for six months. Another director who was also an employee was paid a salary of \$6000 per month.

### Selected Annual Information

The following are highlights of financial data on the Company for the most recently completed three financial years:

Fiscal year ended February 28			
	2007	2006	2005
	\$	\$	\$
Revenue	-	-	-
Net loss	4,460,412	2,052,479	8,778,883
Loss per share	\$0.12	\$0.12	\$0.59
Total assets	9,306,910	5,180,229	3,625,207
Total liabilities	6,120,960	3,255,174	4,266,550
Working capital (deficiency)	(6,005,817)	(2,480,748)	(4,235,762)

Net loss increased dramatically between fiscal 2007 and 2006 due to the bulk sample recovery in 2006 of \$1,264,379. Assets at fiscal 2007 rose mainly due to \$4,000,000 being spent on the Mosquito property. Liabilities rose due to the note payable to KCCI in existence at 2007 and not at 2006.

### Summary of Quarterly Results

Expressed in Canadian \$

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Period ended	Feb.28 2007	Nov.30 2006	Aug. 31 2006	May 31 2006	Feb. 28 2006	Nov. 30 2005	Aug.31 2005	May 31 2005
Total Revenue	-	-	-	-	-	-	-	-
Loss before income taxes	1,504,921	667,550	1,041,515	1,246,426	1,022,221	463,148	260,650	306,460
Basic loss per Share	0.03	0.02	0.03	0.04	0.12	0.01	0.01	-
Diluted Per Share	0.03	0.02	0.03	0.04	0.12	0.01	0.01	-
Net loss	1,504,921	667,550	1,041,015	1,246,426	1,022,221	463,148	260,650	306,460
Basic loss per Share	0.03	0.02	0.03	0.04	0.12	0.01	0.01	-
Diluted loss per Share	0.03	0.02	0.03	0.04	0.12	0.01	0.01	-

Historically the company incurs the majority of its exploration costs in quarters 2 and 3 due to better weather conditions in the Wells area. From an exploration point of view costs incurred in quarter 4 are very low due to weather, however audit adjustments are reflected in quarter 4 leading to higher losses. While the company is constantly looking for capital it is easier to raise funds near a calendar year end particularly if the financing is for flow through shares.

#### Fourth Quarter Review:

During the fourth quarter the Company entered into the Karver Capital Canada Inc. letter agreement and at the year end had received \$4,673,340. Subsequent to the year end the Company received an additional \$179,962 and the entire loan was converted to 20,338,376 shares and the financing was closed. At December 31, 2006 the Company made the final balloon payment of \$3,500,000 to Mosquito Consolidated Gold Mines to earn its interest subject to a feasibility study. Overall the management of the Company kept administrative expenses at a consistent level and is currently seeking new avenues of financing.

#### Liquidity and Capital Resources

At the year end, the Company has no operating revenues and has a working capital deficiency of \$6,005,817. The Company's major commitment over the next year is the Cariboo Gold Project. The Company will rely upon future equity financings to fund operations until production is reached. These financings will come from related parties or brokered private placements.

Given the Company's working capital deficiency, the Company's ability to fund on-going operations will rely upon financing from related parties as well as significant private placements.

In addition, the Company is committed to a Property Transfer Agreement to acquire 100% of Lions Gate Energy Inc.'s mineral properties for the following considerations:

- \$250,000 worth of common shares of the Company (issued);
- a total of \$1,000,000, payable in \$200,000 installments over a five year period, on May 31 of each year, commencing May 31, 2006 (paid); May 31, 2007 (outstanding) and
- the issuance of four annual installments of \$225,000 worth of the Company's common shares on May 31 of each year, commencing May 31, 2007 (not paid at effective date). Regulatory approval was received for this transaction May 2, 2006.

Subsequent to February 28, 2007 the Company received an additional \$179,962 of funding from Karver Capital Canada Inc. ("KCCI"). This plus previous advances plus accrued interest total \$5,084,510. This amount was converted on June 29, 2007 into 20,338,376 common shares and 10,169,188 warrants exercisable at \$0.30 for two years. This financing is now closed.

Options and warrants outstanding at February 28, 2007 are as follows:

The continuity of the Company's share purchase options for the year ended February 28, 2007, all of which are exercisable, are as follows:

Exercise Price	Expiry Date	Balance February 28, 2006	Changes in the Year			Balance February 28, 2007
			Granted	Exercised	Expired/ Cancelled	
\$0.40	March 2, 2009	-	1,016,000	-	(140,000)	876,000
\$0.36	October 30, 2006	115,000	-	(2,500)	(112,500)	-
\$0.36	May 15, 2007	419,415	-	(5,000)	(7,000)	407,415
\$0.36	November 26, 2007	110,028	-	(7,500)	(8,500)	94,028
\$0.33	September 30, 2008	591,342	-	(112,500)	(52,500)	426,342
\$0.36	October 3, 2008	144,500	-	-	(20,000)	124,500
\$0.36	February 2, 2009	526,179	-	-	(130,000)	396,179
		1,906,464	1,016,000	(127,500)	(470,500)	2,324,464
Weighted average exercise price		\$0.37	\$0.40	\$0.33	\$0.37	\$0.37

The continuity of the Company's share purchase warrants for the years ended February 28, 2007, are as follows:

Exercise Price	Expiry Date	Balance February 28, 2006	Changes in the Year			Balance February 28, 2007
			Granted	Exercised	Expired/ Cancelled	
\$1.20	October 8, 2006	225,000	-	-	(225,000)	-
\$0.23	October 8, 2006	25,000	-	(25,000)	-	-
\$1.20	March 7, 2007	180,000	-	-	-	180,000
\$0.23	March 7, 2007	20,000	-	(20,000)	-	-
\$0.40	October 24, 2007	660,000	-	(28,000)	-	632,000
\$0.40	November 21, 2007	790,000	-	-	-	790,000
\$0.40	January 1, 2007	921,416	-	-	-	921,416
\$0.40	February 21, 2007	5,000,000	-	-	-	5,000,000
\$0.65	May 16, 2008 <sup>(1)</sup>	-	458,021	-	-	458,021
\$0.65	June 16, 2008 <sup>(2)</sup>	-	56,111	-	-	56,111
\$0.35	July 28, 2007	-	1,750,000	-	-	1,750,000
\$0.35	August 14, 2008	-	1,035,000	-	-	1,035,000
\$0.35	October 12, 2008	-	323,500	-	-	323,500
\$0.35	October 19, 2007	-	722,000	-	-	722,000
\$0.35	December 4, 2008	-	600,000	-	-	600,000
\$0.30	December 29, 2008	-	4,857,951	-	-	4,857,951
\$0.30	January 26, 2009	-	199,873	-	-	199,873
\$0.30	February 2, 2009	-	84,754	-	-	84,754
\$0.30	February 14, 2009	-	83,333	-	-	83,333
		7,821,416	10,170,543	(73,000)	(225,000)	17,693,959

Notes:

- (1) On May 16, 2007, the TSX Venture Exchange approved an extension from May 16, 2007 to May 16, 2008.
- (2) On May 16, 2007, the TSX Venture Exchange approved an extension from June 16, 2007 to June 16, 2008.

### **Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet transactions.

### **Proposed Transactions**

There are no proposed transactions at the report date with the exception of those disclosed in "Liquidity and Capital Resources".

### **Critical Accounting Estimates**

The Company's critical accounting estimates, where significant management judgments are involved relate to recovery of mineral property costs (see Note 2) to the February 28, 2007 audited financial statements for the Company's significant accounting policies.

### **Changes in Accounting Policies**

At February 28, 2007 the Company has not had any accounting policy changes.

### **Financial Instruments**

The Company's financial instruments consist of cash, cash equivalents, amounts receivable and advances, accounts payable and accrued liabilities and amounts owing to related parties. Terms of the financial instruments are fully disclosed in the Company's financial statements. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from its financial instruments and that their fair values approximate their carrying values unless otherwise noted.

### **Risks Factors**

There are many risk factors facing companies involved in the mineral exploration industry. Risk Management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company.

#### **Industry and Mineral Exploration Risk**

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. The Company attempts to balance this risk through insurance programs where required and ongoing risk assessments conducted by its technical team.

## Commodity Prices

The Company is in the business of metals exploration and as such, its prospects are largely dependent on movements in the price of various metals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does enter onto price hedging programs.

## Environmental

Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

## Disclosure for Venture Issuers without Significant Revenue

The following table list the items required to be discussed under Part 5.3 of National Instrument 51-102 for the three most recently completed financial years:

Expressed in Canadian \$

	Fiscal Year Ended February 28		
	2007 \$	2006 \$	2005 \$
Capitalized acquisition costs	4,461,632	716,318	779,336
General & administration costs <sup>(1)</sup>	3,991,464	1,301,699	1,391,229
Expensed exploration and development costs	1,654,171	450,624	6,383,052

(1) Does not include stock-based compensation.

The details of capitalized acquisition costs, expensed exploration and development costs and general and administrative costs are disclosed in the audited financial statements.

## Disclosure Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and other key management personnel have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures. The Company evaluated the design of its internal controls over financial reporting as defined in Multilateral Instrument 52-109 for the period ended February 28, 2007 and based on this evaluation have determined these controls to be effective except as noted in the following paragraph.

This evaluation of the design of internal controls over financial reporting for the Company resulted in the

identification of internal controls deficiencies which are not atypical for a company this size including lack of segregation of duties due to limited number of employees dealing with accounting and financial matters and insufficient in-house expertise to deal with complex accounting, reporting and taxation issues.

There have been no significant changes to the Company's internal controls over financial reporting in the year ended February 28, 2007.

### **Outstanding Share Capital**

During the year ended February 28, 2006 the Company consolidated its share capital on a 10:1 basis. The following table discloses outstanding share capital for the most recently completed three fiscal years: (Post consolidation)

<b>Fiscal year ended February 28</b>			
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Authorized Capital	Unlimited	Unlimited	Unlimited
Issued and Outstanding	43,591,796	30,754,642	15,220,170
Options outstanding	2,324,464	1,987,964	1,829,740
Average price	\$0.37	\$0.36	\$1.60
Warrants outstanding	17,693,959	7,821,416	3,714,730

At July 13, 2007 there are 64,848,555 common shares outstanding.

### **New Accounting Standards**

In January 2005, the CICA issued four new accounting standards in relation to financial instruments: Section 3855 "Financial Instruments – Recognition and Measurement", Section 3865 "Hedges", Section 1530 "Comprehensive Income" and Section 3251 "Equity".

Section 3855 expands on Section 3860 "Financial Instruments – Disclosure and Presentation", by prescribing when a financial instrument is to be recognized on the balance sheet at what amount. It also specifies how financial instrument gains and losses are to be presented.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530 "Comprehensive Income" introduces a new requirement to temporarily present certain gains and losses outside net income. Consequently, Section 3250 "Surplus" has been revised as Section 3251 "Equity".

Sections 3855, 3865 and 1530 apply to fiscal years beginning on or after October 1, 2006. Effective November 16, 2006, the Company will be required to adopt CICA Section 3251 which replaces Section 3250.

**The Company is currently evaluating the impact of these accounting standards on its financial statements.**

### **Additional Disclosure Requirements**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).