

Financial Statements
(Expressed in Canadian Dollars)

**INTERNATIONAL WAYSIDE
GOLD MINES LTD.**

(An Exploration Stage Company)

For the six months ended August 31, 2008

The accompanying Financial Statement for the six months ended August 31, 2008 and 2007
have not been reviewed or audited by the Company's Auditors.

INTERNATIONAL WAYSIDE GOLD MINES LTD.
Balance Sheets
Prepared by Management)

ASSETS		
	August 31, 2008	February 29, 2008
	\$	\$
Current assets		
Cash	14,013	24,795
Amounts receivable	124,155	100,513
Prepaid expenses	2,000	104,440
	<u>140,168</u>	<u>229,748</u>
Reclamation deposits	299,500	294,500
Investments (Note 4)	7,590	7,590
Due from related parties (Note 7)	279,693	266,544
Property and equipment (Note 5)	305,391	329,870
Mineral properties (Note 6)	8,809,089	8,584,089
	<u>9,841,431</u>	<u>9,712,341</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	920,595	875,368
Due to related parties (Note 7)	1,089,773	1,036,109
	<u>2,010,368</u>	<u>1,911,477</u>
Asset retirement obligation (Note 8)	107,881	103,191
	<u>2,118,249</u>	<u>2,014,668</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	47,365,912	45,945,511
Contributed surplus (Note 10)	7,718,636	7,718,636
Subscription payable, net of cost of issuance	-	498,800
Accumulated other comprehensive loss (note 11)	(11,730)	(11,730)
Deficit	(47,349,636)	(46,453,544)
	<u>7,723,182</u>	<u>7,697,673</u>
	<u>9,841,431</u>	<u>9,217,341</u>

Continuing Operations (Note 1)
 Commitments (Note 5)
 Subsequent Events (Note 12)

Approved by the Directors:

 "J. Frank Callaghan" Director "Andrew Rees" Director

See Accompanying Notes to Financial Statements

INTERNATIONAL WAYSIDE GOLD MINES LTD.
Statements of Operations and Deficit
(Unaudited – Prepared by Management)
August 31, 2008

	3 Months ended		6 Months ended	
	August 31		August 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
Expenses:				
Amortization	12,239	12,239	24,479	24,479
Audit and accounting fees	11,240	9,372	60,675	12,939
Bank charges and interest (Note 6(c))	(808)	2,854	7,892	5,010
Consulting fees	37,350	31,679	37,350	40,679
Exploration (See schedule of exploration expenditures)	331,309	25,357	468,939	169,849
Insurance	-	17,235	-	17,235
Interest on convertible loan	-	45,299	-	162,133
Amortization of deferred financing fee	-	27,135	-	112,282
Accretion of convertible note	-	386,303	-	1,362,598
Shareholder communications and advertising	(5,748)	(91)	7,300	9,697
Legal fees	-	84,821	-	84,821
Transfer agent and filing fees	11,678	12,159	11,558	50,815
Management fees (Note 6 (c))	30,000	30,000	60,000	60,000
Office rent	6,097	8,651	12,931	12,977
Office and administration	11,634	(1,057)	19,969	47,160
Salaries and benefits	21,790	(35,180)	138,078	122,505
Telephone	6,224	-	12,567	-
Travel and accommodation	22,343	21,408	36,646	80,363
	(495,348)	(678,184)	(898,384)	(2,375,542)
Less: Interest income	355	6,160	2,292	8,143
Loss for the period	(494,993)	(672,024)	(896,092)	(2,367,399)
Deficit, beginning of period	(46,854,643)	(42,941,635)	(46,453,544)	(41,246,260)
Deficit, end of period	(47,349,636)	(43,613,659)	(47,349,636)	(43,613,659)
Basic and diluted loss per share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.04)
Statement of comprehensive loss				
Net loss for the period	(494,993)	-	(896,092)	
Unrealised loss on Available-for-sale securities (note 11)	(11,730)	-	(11,730)	
Comprehensive loss	(506,663)	-	(907,822)	

See Accompanying Notes to Financial Statements

INTERNATIONAL WAYSIDE GOLD MINES LTD.
Statements of Cash Flows
(Unaudited – Prepared by Management)
August 31, 2008

	3 Months ended August 31		6 Months ended August 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN)				
Operating Activities:				
Loss for the period	(494,993)	(672,024)	(896,092)	(2,367,399)
Items not involving cash:				
Depreciation expense	12,239	12,239	24,479	24,479
Stock based compensation	-	-	-	-
Amortization of deferred financing fee	-	27,135	-	112,282
Accretion of convertible debt	-	386,303	-	1,362,598
Accretion of asset retirement	2,345	2,234	4,690	4,468
	(480,409)	(244,113)	(866,923)	(863,572)
<i>Changes in non-cash working capital Items:</i>				
Amounts receivable and prepaid Expenses	44,621	(12,607)	78,798	(30,688)
Accounts payable and accrued Liabilities	3,976	(184,407)	45,227	(9,768)
Due from related parties	(14,845)	(154,148)	(13,149)	(107,715)
	(446,657)	(595,275)	(756,047)	(1,011,743)
Financing activities:				
Bank Indebtedness	-	(35,381)	-	(6,972)
Issue of capital stock for cash, net of issuance cost	496,601	-	1,195,401	-
Share subscriptions	(322,000)	600,000	(498,800)	600,000
Payable to related parties	185,512	(131,500)	53,664	256,559
Long-term debt	-	179,952	-	179,952
	360,113	613,071	750,265	1,029,539
Investing Activities:				
Reclamation deposits	-	-	(5,000)	-
	-	-	(5,000)	-
Increase (decrease) in cash	(86,544)	17,796	(10,782)	17,796
Cash, beginning of period	100,557	-	24,795	-
Cash, end of period	14,013	17,796	14,013	17,796
Non-cash financing and investing activities:				
Issuance of shares for mineral property	\$ 225,000	-	\$ 225,000	\$ 225,000
Issuance of shares for convertible note	-	-	-	4,853,302

See Accompanying Notes to Financial Statements

INTERNATIONAL WAYSIDE GOLD MINES LTD.
Schedule of Property Exploration Costs
(Unaudited – Prepared by Management)
August 31, 2008

	3 Months ended August 31		6 Months ended August 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
Exploration and development expenditures:				
Administration fees (Note 6 (c))	9,363	1,026	13,526	11,582
Assaying	597	471	869	3,936
Assessment and tax	26,801	-	30,600	-
Accretion of asset retirement obligation	2,345	2,234	4,690	4,468
Consulting	2,430	4,104	19,827	17,198
Environmental	7,520	5,000	17,329	9,918
Land fees and permitting	123,999	4,300	175,496	23,040
Exploration	66,942	(3,625)	83,742	44,912
Equipment and rentals (Note 6(c))	54,568	1,075	71,868	1,520
Mine and field supplies	27,256	4,596	32,996	40,353
Travel	9,488	6,176	17,996	12,922
Net expenditures	331,309	25,357	468,939	169,849

INTERNATIONAL WAYSIDE GOLD MINES LTD.
(An Exploration Stage Company)
Notes to Financial Statements
(Unaudited – Prepared by Management)

For the six months ended August 31, 2008

1. Going concern:

The Company was incorporated on February 12, 1970 under the laws of the Province of British Columbia and its principal business activities are the exploration and development of mineral properties in British Columbia, with its principal property being the Cariboo Gold Project (note 6(b)).

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. At August 31, 2008, the Company has a working capital deficiency of \$1,870,200, (February 29, 2008 - \$1,681,729), has incurred losses during the years ended February 29, 2008 and period ended August 31, 2008 and has an accumulated deficit of \$47,349,636 (February 29, 2008 - \$46,453,544). The Company has not generated any cash from operating activities since inception with the exception of the proceeds from a bulk sampling program. The Company's continuing operations and the ability of the Company to discharge its liabilities and fulfill its commitments as they come due is dependent upon the continued support of its related parties, the ability of the Company to continue to obtain equity financing and, ultimately, on locating economically recoverable ore reserves in its mineral properties and attaining and maintaining profitable operations. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require the restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The underlying value and the recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Cash equivalents and reclamation deposits:

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

Reclamation deposits are term deposits placed in the name of the Government of the Province of British Columbia as collateral for possible reclamation activities on the Company's mineral properties in connection with permits required for exploration activities. As they are restricted from general use, they are excluded from current assets.

INTERNATIONAL WAYSIDE GOLD MINES LTD.
(An Exploration Stage Company)
Notes to Financial Statements
(Unaudited – Prepared by Management)

For the six months ended August 31, 2008

2. Significant accounting policies (continued):

(c) Property and equipment:

Property and equipment is recorded at cost. Amortization is provided, once the assets are in use, over their estimated useful lives on a declining-balance basis at rates between 5% and 20% per annum.

Additions during the year are depreciated at one-half of the annual rate. The costs of repair and replacement of routine nature items are charged to income while any expenditures which improve or extend the useful lives of the assets, are capitalized. No depreciation is taken in the year of disposition.

(d) Mineral properties:

Exploration expenditures are expensed while acquisition expenditures are capitalized.

Consistent with prior periods, mineral property acquisition costs include the cash consideration paid and the fair value of common shares issued on acquisition, based on the trading price of the shares on the date of the agreement to issue the shares.

Recoveries for option payments or shares received are recorded on receipt, as the payments or shares received under the agreement are made at the sole discretion of the optionee. Proceeds from the sale of minerals recovered during the exploration stage are recorded when title to the minerals passes, the proceeds are reasonably determinable and the collectibility is assured.

Amounts shown for mineral properties represent costs incurred to date, less write-downs, and do not necessarily reflect present or future values.

(e) Stock-based compensation:

The Company has a stock-based compensation plan which is described in note 10(d). Stock options are recorded at their fair value on the date of grant as compensation expense, and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. The Company measures stock based compensation at the measurement date, based on the estimated fair value of the award over the requisite service period or the period the options are earned. For non-employee options, options are re-valued at each balance sheet date. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation.

(f) Share capital:

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached.

INTERNATIONAL WAYSIDE GOLD MINES LTD.
(An Exploration Stage Company)
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(Unaudited – Prepared by Management)

For the six months ended August 31, 2008

2. Significant accounting policies (continued):

(g) Income taxes:

The Company accounts for income taxes using the asset and liability method. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences), and loss carry forwards. Future income tax assets and liabilities are measured using the substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantially enacted. A valuation allowance is recorded to reduce future income tax assets recognized by the amount of any future income tax benefits that, based on available evidence, are not expected to be realized.

(h) Loss per share:

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. The treasury stock method assumes that for purposes of determining the weighted average shares outstanding for the calculation of dilutive per share amounts, the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price for the period. However, in the Company's case, diluted loss per share does not differ from basic loss per share as the effect of outstanding options and warrants would be anti-dilutive.

(i) Asset retirement obligations:

The Company may incur liability for costs associated with the eventual retirement of tangible long-lived assets (for example, reclamation costs). The liability for such costs exists from the time the legal obligation first arises, not when the actual expenditures are made in the future. Such obligations will be measured initially at their fair value using discounted present value methodology. The resulting amount will be added to the cost of the related asset and to the Company's liabilities, and will be adjusted in later periods for changes in the amount and timing of the expected cash expenditures. The amount added to the asset will be amortized in the same manner as the asset. The liability will be increased in each accounting period by the amount of the implied interest ("accretion") inherent in the use of discounted present value methodology, and the increase will be charged against earnings or capitalized as appropriate.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of recoverability of mineral property costs, useful lives for amortization, determination of reclamation obligations and assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

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2. Significant accounting policies (continued):

(k) Flow-through shares:

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related exploration expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

The Company follows the recommendations of the Emerging Issues Committee (“EIC”) of the Canadian Institute of Chartered Accountants (“CICA”) with respect to flow-through shares, as outlined in EIC-146. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is reasonable assurance that the expenditures will be made.

3. Changes in Accounting Policies and Presentation

(a) Financial Instruments

Effective March 1, 2007, the Company adopted the new Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, Financial Instruments Recognition and Measurement; Section 3865, Hedges; Section 1530, Comprehensive Income; and Section 3861, Financial Instruments – Disclosure and Presentation (the “Financial Instrument Standards”).

The Financial Instrument Standards require that adjustments to the carrying value of financial assets and liabilities be recorded within retained earnings or, in the case of available-for-sale assets, accumulated other comprehensive income on transition. On March 1, 2007, the Company designated as available for sale assets its investment in marketable securities in the amount of \$19,320. This classification resulted in no change in the cumulative adjustment to comprehensive income (loss) as the securities were recorded at market values at February 28, 2007. The fair value re-measurement for the year ended February 29, 2008 resulted in a loss in market value of \$11,730 that was recorded in the statement of other comprehensive loss (note 4). The fair values were the same at Feb 29, and August 31, 2008.

The Company no longer defers financing costs separately on its balance sheet and instead records all security issuance costs immediately in net income. The resultant impact of this change was a reduction in 2007 deferred financing costs of \$112,282 and a corresponding increase to opening deficit of the same amount. The adoption of this new pronouncement has been accounted for retroactively without restatement.

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Notes to Financial Statements
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3. Changes in Accounting Policies and Presentation (continued):

(a) Financial Instruments- continued

The principal changes resulting from the adoption of the Financial Instrument Standards are as follows:

Under the new standards, financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-to-maturity, loans and receivables, available-for-sale, held-for-trading, or other financial liabilities as described below. The classification is not changed subsequent to initial recognition.

Held-to-maturity and Loans and Receivables

Financial instruments that have a fixed maturity date, where the Company intends and has the ability to hold to maturity are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Loans and receivables are measured at amortized cost using the effective interest method.

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect an other-than-temporary impairment. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to its fair value.

Held-for-trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are measured at fair value with the change in the fair value recognized in income.

Other financial liabilities

Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost, with any resulting premium or discount from the face value being amortized to income or expense using the effective interest method.

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3. Changes in Accounting Policies and Presentation (continued):

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding:

Cash	Held-for-trading
Restricted cash	Held-for-trading
Amounts receivable and advances	Loans and receivables
Due from related party	Loans and receivables
Available-for-sale securities	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities
Due to related party	Other financial liabilities
Convertible Notes	Other financial liabilities

Derivatives and Hedge Accounting

The Company currently does not have derivative instruments and accordingly is not impacted by CICA Handbook Section 3865, Hedges.

Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, all net of income taxes. Cumulative changes in other comprehensive loss are included in accumulated other comprehensive loss which is presented as a new category in shareholders' equity.

b) Recent Accounting Pronouncements

In January 2007, the CICA published section 3031 of the Handbook, "Inventories", which prescribes the accounting treatment for inventories. Effective March 1, 2008, this Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense.

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures" which is effective for fiscal years beginning on or after October 1, 2007. This standard requires disclosure of information that enables users of the Company's financial statements to evaluate the entity's objectives, policies and processes for managing capital.

INTERNATIONAL WAYSIDE GOLD MINES LTD.
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(Unaudited – Prepared by Management)

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3. Changes in Accounting Policies and Presentation (continued):

In February 2007, the CICA issued Handbook Section 3862, "Financial Instruments – Disclosure" ("Section 3862") and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863"), which are effective for fiscal years beginning on or after October 1, 2007. The objective of Section 3862 is to provide financial statement disclosure to enable financial statement users to evaluate the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising from financial instruments that the Company is exposed to during the reporting period and at the balance sheet date, and how the Company is managing those risks. The purpose of Section 3863 is to enhance the financial statement user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows.

CICA 3064, Goodwill and Intangible Assets, will replace CICA 3062, "Goodwill and Other Intangible Assets", and results in withdrawal of CICA 3450, Research and Development Costs, EIC-27, Revenues and Expenditures during the Pre-Operating Period and amendments to Accounting Guideline (AcG) 11, Enterprises in the Development Stage and CICA 1000, Financial Statement Concepts.

International Financial Reporting Standard -"IFRS" - The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company's financial statements has yet to be determined.

Effective March 1, 2008, the Company is required to adopt the Accounting Standards Board (AcSB) amendments to Section 1400. The amended Section 1400 includes requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

While the Company is still evaluating the impact of these new standards, we currently believe the adoption of CICA 1400, 1535, 3064, 3862 and IFRS standards are expected to have a significant impact on the presentation and disclosure financial statements. CICA 3031 standard is not expected to have a significant effect on the Company's financial statements.

INTERNATIONAL WAYSIDE GOLD MINES LTD.
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4. Available for sale securities:

	August 31, 2008			Feb 29, 2008		
	Number of shares	Carrying value	Quoted market price	Number of shares	Carrying value	Quoted market price
Lions Gate Energy Inc.	138,000	\$ 7,590	\$ 6,210	138,000	\$ 7,590	\$ 7,590
		\$ 7,590	\$ 6,210		\$ 7,590	\$ 7,590

The Company receives shares of other companies pursuant to mineral property option agreements. Lions Gate Energy Inc. ("LG") is related by virtue of certain common directors.

The fair value of the securities is marked-to-market based on the closing price of the securities as traded on active markets with changes in the fair value reflected net of tax in *Other Comprehensive Income*. At February 29, 2008 the value of the shares was \$0.055 per share compared to \$0.14 per share at February 28, 2007 which represents an unrealized mark-to-market loss of \$11,730, net of taxes of \$nil, which has been recorded in *Other Comprehensive Income (loss)*.

5. Property and equipment:

August 31, 2008	Cost	Accumulated amortization	Net book value
Land	\$ 59,300	\$ -	\$ 59,300
Building	93,771	22,263	71,508
Office equipment	325,759	226,374	99,385
Mining equipment	421,049	355,645	65,404
Vehicles	28,416	18,622	9,794
	\$ 928,295	\$ 622,904	\$ 305,391

Feb 29, 2008	Cost	Accumulated amortization	Net Book value
Land	\$ 59,300	\$ -	\$ 59,300
Building	93,771	19,905	73,866
Office equipment	325,759	213,199	112,560
Mining equipment	421,049	348,097	72,952
Vehicles	28,416	17,224	11,192
	\$ 928,295	\$ 598,425	\$ 329,870

INTERNATIONAL WAYSIDE GOLD MINES LTD.
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For the six months ended August 31, 2008

6. Mineral properties:

	August 31, 2008	February 29, 2008
Wayside property (a)	\$ 1	\$ 1
Cariboo Gold Project (b)	8,809,088	8,584,088
	\$ 8,809,089	\$ 8,584,089

(a) Wayside property:

As at August 31, 2008, the Company holds a 100% interest in the Wayside property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. If, and when, the property commences commercial production, the Company will be required to issue shares equal in value to \$480,000 to the party from whom it was initially acquired.

Based on limited financial resources and current economics, the Company has been focusing its efforts in recent years on the Cariboo Gold Quartz property (note 6(b)). Based on the limited exploration work performed on the property in recent years and the uncertainty of recovering the deferred costs, the Company is carrying this property at a nominal amount.

(b) Cariboo Gold Project:

	August 31, 2008	February 29, 2008
Acquisition costs:		
Payments made and shares issued	\$ 225,000	\$ 225,000
Net acquisition costs	\$ 225,000	\$ 225,000
Balance, beginning of year	8,584,088	8,359,088
Balance, end of year	\$ 8,809,088	\$ 8,584,088

INTERNATIONAL WAYSIDE GOLD MINES LTD.
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6. Mineral properties (continued):

- (i) During 1994, the Company entered into an option agreement with Mosquito Consolidated Gold Mines Ltd. ("Mosquito"), to earn a 50% undivided interest in the Cariboo Gold Quartz property, consisting of certain mineral claims and leases located in the Cariboo Mining Division, British Columbia. In order to earn its 50% interest in the property, the Company was required to make option payments totalling \$50,000 (paid), issue 500,000 common shares (issued), and incur cumulative exploration and development expenditures totalling \$1,450,000 over a six year period to October 3, 2000 (incurred). For each additional year thereafter until a production decision is made, the Company agreed to spend \$500,000 on further exploration and development work on the property, although the agreement provides that the Company can apply expenditures incurred during the six year period to October 3, 2000 in excess of \$1,450,000 against this \$500,000 annual expenditure commitment.

The Company subsequently entered into a separate agreement, as amended, with Mosquito whereby the Company can acquire the remaining 50% of the Cariboo Gold Quartz property held by Mosquito as well as a 100% interest in Mosquito's Island Mountain and Mosquito Creek properties that are contiguous to the Cariboo Gold Quartz property (which collectively form the Cariboo Gold Project) (the "Properties") for cash totaling \$4,054,303 that was to be paid in stages to December 31, 2003. To February 28, 2003, the Company had paid \$554,303 to Mosquito under the terms of the amended agreement. In fiscal 2004, the agreement with Mosquito was replaced with a new agreement (the "2004 Agreement") whereby the Company paid \$50,000 on signing the 2004 Agreement and an additional \$450,000 during fiscal 2004. Pursuant to the 2004 Agreement and in order to earn a 100% interest in the Properties, the Company is required to pay \$500,000 on or before August 31 in each of the years 2004 to 2006 and \$3,500,000 on or before December 31, 2006. The Company paid \$500,000 to Mosquito on August 31, 2004, 2005 and 2006 pursuant to the 2004 Agreement and paid \$3,500,000 on December 29, 2006. Upon completion of a feasibility study, the Company will have earned a 100% interest in this property.

The 2004 Agreement further provides that the Company can extract a bulk sample of not more than 40,000 tons from the Cariboo Gold Quartz property, on which a NSR royalty of 5% is payable to Mosquito. The 2004 Agreement also provides for a NSR royalty to Mosquito of 3% of net revenues derived from production of minerals from the Properties. The Company is responsible for settling an existing 10% net profits interest on the Properties.

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For the six months ended August 31, 2008

6. Mineral properties (continued):

(b) Cariboo Gold Project (continued):

- (ii) During fiscal 2000, the Company entered into an agreement with Lions Gate Energy Inc. ("LG"), a public company listed on the TSX Venture Exchange ("TSX-V") which has certain common directors with the Company, granting LG an option to earn a 50% interest in the Island Mountain and Mosquito Creek properties from the Company. In order to earn its 50% interest, the agreement provides that LG pay the Company \$150,000 upon execution of the agreement (received) and make annual option payments to the Company of \$50,000 over a five year period (\$250,000 received to February 29, 2004), issue 125,000 shares of LG in stages (125,000 shares received) and incur \$4,000,000 in exploration expenditures over a five year period. The Company is the operator on the exploration work programs, although it utilizes the services of the primary contractor used for the exploration work programs on its own properties (see notes 7(a) and 7(c)).

During the year ended February 28, 2005, the Company amended the agreement with LG as follows:

- the final annual option payment of \$50,000, which was due May 10, 2004, is to be paid on the date of execution of the amended agreement (received in fiscal 2004);
- an additional 37,500 shares of LG are to be issued to the Company upon TSX-V approval (received);
- an additional \$150,000 of option payments are to be made in three equal instalments of \$50,000 each on or before May 10, 2005 (received), May 10, 2006 and May 10, 2007; and
- the \$4,000,000 of exploration expenditures on the Island Mountain and Mosquito Creek properties is required to be incurred prior to December 31, 2008.

During the year ended February 28, 2007, the Company entered into a property transfer agreement dated January 16, 2006 with Lions Gate Energy Inc. to acquire 100% of their mineral property interests located in Wells, British Columbia for the following consideration:

- a. \$250,000 (issued) worth of common shares at market value of the Company;
- b. 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). The May 31, 2007 and 2008 payments were not paid and interest is accruing at a rate of prime plus 2% per the property transfer agreement; and

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6. Mineral properties (continued):

(b) Cariboo Gold Project (continued):

- c. 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 (issued) at a deemed price of the then quoted market price. During the fiscal year February 29, 2008 the Company issued 918,367 common shares to Lions Gate Energy Inc. at a market price of \$0.25 per share to fulfill their obligation for the 2008 fiscal year. During the six months August 31, 2008 the Company issued 4,500,000 common shares to Lions Gate Energy Inc. at a market price of \$0.05 per share to fulfill their obligation for the 2009 fiscal year.
- (iii) Also during fiscal 2001, the Company entered into an agreement with Global Tree Technologies Inc. ("Global"), a public company listed on the TSX-V, granting Global an option to acquire a 50% interest in 24 mineral claims located in the Cariboo Mining Division. In order to earn its 50% interest, the agreement provided that Global pay the Company \$25,000 upon execution of this agreement (received) and \$25,000 within one year of regulatory approval, issue to the Company a total of 500,000 shares of Global in stages (300,000 shares received to February 29, 2004) and incur \$1,550,000 of exploration expenditures over a five year period. During fiscal 2005, Global allowed their option to lapse and as a result, the Company has its 100% interest in these 24 mineral claims.
- (iv) During fiscal 2002, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements require the Company to pay \$1,000 (paid) and issue 110,000 common shares (issued).
- (v) During fiscal 2003, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements require the Company to issue 391,534 common shares (issued) and pay a total of \$25,000 over a two-year period (paid).
- (vi) During fiscal 2004, the Company entered into agreements with several third parties to acquire interests in certain mineral properties contiguous to the Cariboo Gold Project. In aggregate, the agreements require the Company to pay \$134,000 (paid).
- (vii) During fiscal 2005, the Company entered into an agreement with a third party to act as the Company's agent to negotiate terms to acquire certain mineral properties located in the Barkerville area on the Company's behalf. The Company agreed to fund the purchase of the mineral properties through the agent. As at February 28, 2006, the Company finalized this agreement and has paid \$323,319 to acquire these properties. During fiscal 2007, the Company issued 31,440 shares at \$0.37 per share to the third party who coordinated this transaction. This has been reflected as an additional cost of the purchase at \$11,632.

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7. Related party balances and 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:

	August 31, 2008	February 29, 2008
Due from other companies with certain common directors	\$ 279,693	\$ 266,544

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:

	August 31, 2008	February 29, 2008
Due to a company controlled by a director	\$ 843,942	\$ 906,140
Due to other companies with certain common directors	116,681	58,117
Due to directors and officers, and spouse of a director	129,150	71,852
	\$ 1,089,773	\$ 1,036,109

(c) Related party transactions:

A summary of the amounts charged to the Company by directors, former directors, and by companies controlled by directors, not disclosed elsewhere, is as follows:

	6 months ended August 31, 2008	Year ended February 29, 2008
Property exploration costs:		
Equipment rentals	\$ 66,168	\$ 393,433
Administration fees on reimbursed expenditures	13,526	41,042
Administration costs:		
Interest expense	-	12,162
Legal	-	12,645
Management fees	60,000	120,000
	\$ 139,694	\$ 579,282

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7. Related party balances and transactions (continued):

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 is charged \$10,000 (2007 - \$5,000) per month for general management services by the President of the Company.

During the year ended February 28, 2007, a director and officer and spouse entered into an agreement to loan the Company \$200,000 in order to make an option payment on a mineral property. The unsecured loan has an interest rate of prime plus 2% per annum, payable on demand. On closing of the loan, 160,000 shares at a market price of \$0.25 was awarded to the director and officer as a loan bonus. During the year ended February 29, 2008, the full amount loaned to the Company was repaid to the officer and spouse.

These transactions are recorded at exchange value, being the value established and agreed upon by the related parties.

(d) Consulting agreement

During the year ended February 29, 2008, the Company and an officer entered into a consulting agreement for a period of 5 years commencing March 1, 2007 for \$120,000 per year. In the event that a change in control occurs and the officer is terminated within 12 months of such a change of control, the officer will receive a lump sum payment equal to the greater of (1) the compensation remaining for the rest of the period under the terms of the engagement and (2) one year's compensation.

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8. Asset retirement obligation:

The Company's environmental permit requires that it reclaim any land it disturbs during the mine construction and mine operations. Although the timing and the amount of the actual expenditures are uncertain, the Company has estimated the present value of the future reclamation obligation arising from its activities to February 29, 2008 to be \$103,191 (undiscounted value \$373,198). The present value of the future reclamation obligation assumes a discount rate of 10% (the credit-adjusted risk-free rate) and the commencement of reclamation activities after the life of the mine, which is estimated at 15 years.

The asset retirement obligations accrual required management to make significant estimates and assumptions. Actual results could materially differ from these estimates. The liability for accrued asset retirement obligations is comprised as follows:

Balance, February 28, 2007	\$ 93,810
Accretion expense	<u>9,381</u>
Balance, February 29, 2008	\$ 103,191
Accretion expense	<u>4,690</u>
Balance, August 31, 2008	<u><u>\$ 107,881</u></u>

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9. Capital stock:

(a) Authorized capital:

Unlimited common shares without par value

(b) Issued and outstanding:

	Number of shares	Total
Balance, February 28, 2007	43,591,796	\$ 38,995,104
Issued during the year:		
For cash by way of private placements (net of issue costs)	18,867,567	2,961,149
For acquisition of mineral properties	918,367	225,000
Shares issued upon debt conversion	20,338,376	4,800,238
Fair value of warrants from private placements and extensions	-	(1,035,980)
Balance, February 29, 2008	83,716,106	\$ 45,945,511
Issued during the period		
For acquisition of mineral properties	4,500,000	225,000
For cash by way of private placements (net of issue costs)	15,578,933	\$ 1,195,401
Balance at August 31, 2008	103,795,039	47,365,912

During the six months ended August 31, 2008:

- (i) The Company issued 8,278,933 units at the price of \$0.06 per share by way of a private placement for total proceeds of \$496,735.98. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole Warrant entitles the holder to receive an additional common share at an exercise price of \$0.10 for a period of two years. All securities issued are subject to a four-month hold period.
- (ii) Company issued 4.5 million common shares from treasury to Lions Gate Energy Inc. at a market price of \$0.05 per share to fulfill their obligation of \$225,000 for the 2008 year.
- (iii) The Company issued 7,300,000 units at the price of \$0.10 for gross proceeds of \$730,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to receive an additional common share at an exercise price of 18.5 cents for a period of two years. All securities issued are subject to a four-month hold period.

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9. Capital stock: (continued):

(b) Issued and outstanding: (continued)

During the year ended February 29, 2008:

- (i) The Company issued 5,500,000 units at the price of \$0.15 per unit by way of a private placement for total proceeds of \$825,000. Each unit consisted of one common share and one half share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of \$0.175 per share for a period of two years. 4,000,000 non-flow-through (NFT units) were sold and 1,500,000 flow-through (FT units) were sold. The share purchase warrants were fair valued using an option pricing model with the following assumptions: 104.75% volatility, 0% dividend yield, 4.19% risk-free interest rate and an expected life of 2 years. As a result, the fair value was estimated at \$280,641, recorded as a credit to contributed surplus with a corresponding debit of \$76,538 to share issuance costs and \$204,103 charge to share capital for warrants granted to officers and employees. Other issue costs include finders' fees of \$15,750.

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9. Capital stock (continued):

(b) Issued and outstanding (continued):

- (ii) The Company issued 6,998,334 units at the price of \$0.15 per unit by way of a private placement for total proceeds of \$1,049,750. Each unit consisted of one non-flow-through common share and one half share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of \$0.185 per share for a period of two years. The share purchase warrants were fair valued using an option pricing model with the following assumptions: 104.75% volatility, 0% dividend yield, 4.19% risk-free interest rate and an expected life of 2 years. As a result, the fair value was estimated at \$348,862, recorded as a credit to contributed surplus with a corresponding debit of \$286,290 to share issuance costs and \$62,573 charge to share capital for warrants granted to officers and employees. Other issue costs include finders' fees of \$54,990.
- (iii) The Company issued 3,935,000 units at the price of \$0.20 per unit by way of a private placement for total proceeds of \$787,000. Each unit consisted of one flow-through common share and one half share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of \$0.24 per share for a period of two years. The share purchase warrants were fair valued using an option pricing model with the following assumptions: 104.72% volatility, 0% dividend yield, 4.10% risk-free interest rate and an expected life of 2 years. As a result, the fair value was estimated at \$205,115, recorded as a credit to contributed surplus with a corresponding debit of \$138,770 to share issuance costs and \$66,346 charge to share capital for warrants granted to officers and employees. Other issue costs include finders' fees of \$32,996.
- (iv) The Company issued 135,000 units at the price of \$0.15 per unit by way of a private placement for total proceeds of \$20,250. Each unit consisted of one non-flow-through common share and one half share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of \$0.185 per share for a period of two years. The share purchase warrants were fair valued using an option pricing model with the following assumptions: 104.72% volatility, 0% dividend yield, 4.10% risk-free interest rate and an expected life of 2 years. As a result, the fair value was estimated at \$7,260, recorded as a credit to contributed surplus with a corresponding debit of \$7,260 to share issuance.
- (v) The Company issued 1,000,000 units at the price of \$0.20 per unit by way of a private placement for total proceeds of \$200,000. Each unit consisted of one flow-through common share and one half share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of \$0.24 per share for a period of two years. The share purchase warrants were fair valued using an option pricing model with the following assumptions: 105.52% volatility, 0% dividend yield, 3.74% risk-free interest rate and an expected life of 2 years. As a result, the fair value was estimated at \$41,021, recorded as a credit to contributed surplus with a corresponding debit of \$41,021 to share issuance costs. Other issues costs include finders' fees of \$12,000.

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9. Capital stock (continued):

(b) Issued and outstanding (continued):

- (vi) The Company issued 1,299,233 units at the price of \$0.15 per unit by way of a private placement for total proceeds of \$194,885. Each unit consisted of one non-flow-through common share and one half share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of \$0.185 per share for a period of two years. The share purchase warrants were fair valued using an option pricing model with the following assumptions: 104.36% volatility, 0% dividend yield, 3.15% risk-free interest rate and an expected life of 2 years. As a result, the fair value was estimated at \$44,535, recorded as a credit to contributed surplus with a corresponding debit of \$6,856 to share issuance costs and \$37,679 charge to share capital for warrants granted to officers and employees.
- (vii) The Company issued 918,367 common shares at the price of \$0.245 per share, as part of a property transfer agreement dated January 16, 2006 with Lions Gate Energy Inc. to acquire 100% of their mineral property interests located in Wells, British Columbia, note 6(b)(ii).
- (viii) The Company upon the conversion of convertible notes and accrued interest issued 20,338,376 common shares at the price of \$0.25 per share, note 9.

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9. Capital stock (continued):

(c) Flow-through shares:

During fiscal 2008, the Company raised a total of \$1,212,000 by way of issuing flow-through common shares (2007 - \$1,068,774) (note 10(b)).

Of the \$1,212,000 raised, \$1,105,000 has been renounced at December 31, 2007 of which approximately \$194,100 has been expended. The Company is committed to incur \$910,900 by December 31, 2008. Of the \$1,068,774 raised in 2007, all has been renounced and expended in the calendar year 2007. The total Part XII.6 tax calculation of \$22,200 (2007 – \$6,722) on unspent flow-through funds from fiscal years 2007 and 2008 flow-through issuances is recorded in “Office and administration”.

Expenditures related to the use of flow-through share proceeds are included in mineral properties but are not available as a tax deduction to the Company as the tax benefits of these expenditures have been renounced to the investors (note 12).

(d) Share purchase options:

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. TSX-V policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual (maximum of 2% to any consultant). The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing price of the Company's shares on the trading day immediately preceding the date on which the option is granted and publicly announced, less an applicable discount, and may not otherwise be less than \$0.10 per share. Options have a maximum term of five years and terminate 90 days following the termination of the optionee's employment, except in the case of retirement, death or disability, in which case they terminate one year after the event. Vesting periods of options is determined at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

The continuity of the Company's share purchase options for the year ended February 29, 2008 and February 28, 2007, all of which are exercisable, is as follows:

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9. Capital stock (continued):

(d) Share purchase options (continued):

Exercise Price	Expiry Date	Balance February 29, 2008	Changes in the Period			Balance August 31, 2008
			Granted	Exercised	Expired/ Cancelled	
\$0.22 (1)	November 16, 2012	1,810,573	-	-	-	1,810,573
\$0.25 (2)	July 3, 2010	4,013,806	-	-	-	4,013,806
\$0.40	March 2, 2009	670,000	-	-	-	670,000
\$0.36	February 2, 2009	170,000	-	-	-	170,000
\$0.33	September 30, 2008	281,342	-	-	-	281,342
\$0.36	October 3, 2008	79,500	-	-	-	79,500
\$0.36	November 26, 2007	-	-	-	-	-
\$0.36	May 15, 2007	-	-	-	-	-
		<u>7,025,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,025,221</u>
Weighted average exercise price		\$0.26	-	-	-	\$0.26

Exercise Price	Expiry Date	Balance February 28, 2007	Changes in the Year			Balance February 29, 2008
			Granted	Exercised	Expired/ Cancelled	
\$0.22 (1)	November 16, 2012	-	1,910,573	-	(100,000)	1,810,573
\$0.25 (2)	July 3, 2010	-	4,613,806	-	(600,000)	4,013,806
\$0.40	March 2, 2009	876,000	-	-	(206,000)	670,000
\$0.36	February 2, 2009	396,179	-	-	(226,179)	170,000
\$0.33	September 30, 2008	426,342	-	-	(145,000)	281,342
\$0.36	October 3, 2008	124,500	-	-	(45,000)	79,500
\$0.36	November 26, 2007	94,028	-	-	(94,028)	-
\$0.36	May 15, 2007	407,415	-	-	(407,415)	-
		<u>2,324,464</u>	<u>6,524,379</u>	<u>-</u>	<u>(1,823,622)</u>	<u>7,025,221</u>
Weighted average exercise price		\$0.37	\$0.24	-	\$0.32	\$0.26

The Company accounts for stock option grants using the fair value method by a charge against earnings (loss) at the time of grant. During the year the Company recorded stock-based compensation expense totaling \$1,217,750 (2007 - \$459,403), including \$1,157,355 (2007 - \$232,663), for stock options, and \$60,395 (2007 - \$226,740) for extension of warrants granted to officers and employees (note 10 (e)).

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9. Capital stock (continued):

(d) Share purchase options (continued):

- (1) Fixed share purchase options granted to directors, employees and consultants of the Company for the purchase of up to 1,910,573 common shares at an exercise price of \$0.22 per share, expiring November 16, 2012.

The weighted average fair value of options granted was estimated to be \$351,050, using the Black-Scholes Option Pricing Model with the following assumptions: 119% volatility, 0% dividend yield, 3.99% risk-free interest rate and an expected life of 5 years.

- (2) Fixed share purchase options granted to directors, employees and consultants of the Company for the purchase of up to 4,613,806 common shares at an exercise price of \$0.25 per share, expiring July 3, 2010.

The weighted average fair value of options granted was estimated to be \$806,305 using the Black-Scholes Option Pricing Model with the following assumptions: 115% volatility, 0% dividend yield, 3.99% risk-free interest rate and an expected life of 3 years.

- (3) Fixed share purchase options granted to directors, employees and consultants of the Company for the purchase of up to 1,016,000 common shares at an exercise price of \$0.40 per share, expiring March 2, 2009.

The weighted average fair value of options granted was estimated to be \$232,613, using the Black-Scholes Option Pricing Model with the following assumptions: 144% volatility, 0% dividend yield, 4.07% risk-free interest rate and an expected life of 3 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

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9. Capital stock (continued):

(e) Share purchase warrants:

The continuity of the Company's share purchase warrants for the period ended August 31, 2008 is as follows:

Exercise Price	Expiry Date	Balance February 29, 2008	Changes in the Period			Balance August 31, 2008
			Granted	Exercised	Expired/Cancelled	
\$0.65	May 16, 2008	458,021	-	-	(458,021)	-
\$0.65	June 16, 2008	56,111	-	-	(56,111)	-
\$0.35	July 28, 2008	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, 2008	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
\$0.30	June 4, 2009	90,629	-	-	-	90,629
\$0.30	June 7, 2009	109,328	-	-	-	109,328
\$0.30	July 3, 2009	4,743,320	-	-	-	4,743,320
\$0.175	September 18, 2009	2,750,000	-	-	-	2,750,000
\$0.185	September 18, 2009	3,184,167	-	-	-	3,184,167
\$0.185	September 28, 2009	315,000	-	-	-	315,000
\$0.24	November 19, 2009	525,000	-	-	-	525,000
\$0.24	November 5, 2009	1,442,500	-	-	-	1,442,500
\$0.19	November 5, 2009	67,500	-	-	-	67,500
\$0.24	December 31, 2009	500,000	-	-	-	500,000
\$0.19	January 19, 2010	649,617	-	-	-	649,617
\$0.185	March 4, 2010	-	3,650,000	-	-	3,650,000
\$0.10	July 18, 2010	-	4,139,467	-	-	3,650,000
		24,547,604	7,789,467	-	(3,299,132)	29,037,939

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9. Capital stock (continued):

(e) Share purchase warrants (Continued):

The continuity of the Company's share purchase warrants for the year ended February 29, 2008 is as follows:

Exercise Price	Expiry Date	Balance February 28, 2007	Changes in the Year			Balance February 29, 2008
			Granted	Exercised	Expired/Cancelled	
\$1.20	March 7, 2007	180,000	-	-	(180,000)	-
\$0.40	October 24, 2007	632,000	-	-	(632,000)	-
\$0.40	November 21, 2007	790,000	-	-	(790,000)	-
\$0.40	January 30, 2008	921,416	-	-	(921,416)	-
\$0.40	February 21, 2008	5,000,000	-	-	(5,000,000)	-
\$0.65	May 16, 2008	458,021	-	-	-	458,021
\$0.65	June 16, 2008	56,111	-	-	-	56,111
\$0.35	July 28, 2008	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, 2008	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
\$0.30	June 4, 2009	-	90,629	-	-	90,629
\$0.30	June 7, 2009	-	109,328	-	-	109,328
\$0.30	July 3, 2009	-	4,743,320	-	-	4,743,320
\$0.175	September 18, 2009	-	2,750,000	-	-	2,750,000
\$0.185	September 18, 2009	-	3,184,167	-	-	3,184,167
\$0.185	September 28, 2009	-	315,000	-	-	315,000
\$0.24	November 19, 2009	-	525,000	-	-	525,000
\$0.24	November 5, 2009	-	1,442,500	-	-	1,442,500
\$0.19	November 5, 2009	-	67,500	-	-	67,500
\$0.24	December 31, 2009	-	500,000	-	-	500,000
\$0.19	January 19, 2010	-	649,617	-	-	649,617
		17,693,959	14,377,061	-	(7,523,416)	24,547,604

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10. Contributed surplus:

Balance, February 28, 2007	4,094,424
Fair value of warrants on convertible notes	735,862
Fair value of warrants, agent option on private placements and extensions	1,035,990
Fiscal 2008 stock-based compensation	1,217,750
Equity portion of convertible notes	634,610
Balance, February 29 and August 31, 2008	<u>\$ 7,718,636</u>

11. Accumulated other comprehensive loss

Balance, February 28, 2008	\$ -
Unrealized loss on available for sale investments (note 4)	(11,730)
Balance, February 29 and August 31, 2008	<u>\$ (11,730)</u>

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12. Segment disclosures:

The Company considers its business to comprise a single operating segment, being exploration of resource properties, within the geographic area of British Columbia, Canada.

13. Contingencies:

Contingencies not already disclosed are included below.

Tax-

The Canada Revenue Agency (“CRA”) is conducting an audit of the Canadian exploration expenditures (“CEE”) incurred by the Company that were renounced on certain flow-through shares issued for taxation years 2000 through 2004. Between taxation years 2000 and 2004, there was an estimated \$10 million flow-through funds raised which are being audited. In the event the outcome is unfavorable to the Company, the Company will be responsible to repay CRA the aggregate tax credits the flow-through investors received during these periods. However, as the outcome of the assessment is unknown at this time and the potential contingent liability, if any, is not determinable, a liability has not been recorded in the financial statements. Management believes that both the renunciation of CEE to shareholders and the shareholders’ claims for the resulting CEE deductions were valid.

Subscription and Renunciation Agreement-

The Company and a non-related party entered into a subscription and renunciation agreement (“SRA”) during the year whereby the Company was to incur and renounce exploration expenditures in an amount equal to \$350,000 by October 31, 2007. Failure to incur and renounce the full amount resulted in the Company owing the non-related party an amount equal to the amount of any tax payable under the Tax Act, referred to as the “Commitment”, arising from the non-related party not receiving exploration tax credits equal to \$350,000. The Company incurred and renounced \$245,000 on October 31, 2007 leaving \$105,000 un-renounced. Consequently, the commitment owed and accrued in accounts payable and accrued liabilities to the non-related party under the SRA at February 29, 2008 was approximately \$38,850, being the un-renounced amount of \$105,000 multiplied by the estimated effective tax rate of the non-related party of 37%.

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13. Contingencies (Continued):

Subscription and Renunciation Agreement- Continued

Subject to approval by regulatory authorities, the Company and the non-related party in the SRA in note 13, agreed that the Company would:

Incur and renounce on behalf of the non-related party \$105,000 in exploration expenditures on or before October 31, 2008 (Renounced)

Issue 555,000 common shares to satisfy the commitment.

14. Subsequent events

At the Annual and Special General Meeting of International Wayside Gold Mines Ltd. (the "Corporation") on September 26, 2008 the following resolutions were passed.

- (a) Subject to regulatory approval, the Corporation's Board of Directors were empowered to consolidate the share capital to facilitate the corporation's ability to attract new capital. Management proposes that the consolidation be on the basis of ten old common shares of the Corporation for one new common share of the Corporation.
- (b) Golden Cariboo Resources Ltd. ("GCC"), a related party under the policies of the Exchange, has approached the Corporation regarding the purchase of GCC's interest in the Cariboo Gold Project located near Barkerville, BC. Subject to regulatory approval, the Corporation's offer to purchase the assets of GCC was approved at the Annual and Special General meeting. The Corporation has made the following offer to GCC.
 - (i) \$600,000 on the closing date of the Corporation's purchases of GCC's interest in the Cariboo Gold Project (the "Closing Date")
 - (ii) \$600,000 worth of the Corporation's common shares on the Closing Date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares
 - (iii) \$600,000 worth of the Corporation's common shares on the first anniversary of the Closing Date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares; and
 - (iv) \$500,000 worth of the Corporation's common shares on the second anniversary of the Closing Date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares

The purchases by the Corporation of GCC's assets requires regulatory approval.

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15. Subsequent events (continued):

(b) (continued):

The Board of Directors of GCC retained Bruce McKnight to prepare a fairness opinion on the value of the Corporation's interest in the Cariboo Gold Project. He has a B.A.Sc in Geological Engineering from the University of British Columbia, an M.Sc in Engineering Geoscience from the University of California, Berkeley, and an MBA from Simon Fraser University. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia (P.Eng) and a fellow of the Canadian Institute of Mining and Metallurgy (FCIM). Mr. McKnight is former Executive Director of the BC and Yukon Chamber of Mines and a former Corporate Vice President of Westmin Resources Ltd. He has over 30 years of senior level, international and domestic, mining industry experience and has been an active participant in the exploration, valuation, financing and development of several mines in British Columbia and elsewhere. Mr. McKnight confirms that he is free from current and/or potential conflicts in preparing the fairness opinion. He has no direct or indirect, past or current interest in the Corporation or GCC or their securities, nor does he expect to acquire or receive such interests, securities or benefits in future.

For further details regarding consolidation and property acquisition, see news release 08-12 August 29, 2008 on www.sedar.com.

Under the direction of exploration manager Jim Yin, Ph.D., P.Geo., a National Instrument I43-101 compliant report is being prepared on the GCC land package.

(c) In addition, four holes were drilled. 1,504 feet were completed on the BC Vein 709 feet North West of the BC Shaft. Two main access roads to the Bonanza Pit area were upgraded. The upgrading mainly consisted of water control through roadside ditching and culvert instillation. The roads were then graded. This will reduce the ice caused by water buildup during the winter. Four km of the "B" road and four km of the "C" road were upgraded. These upgrades, although mainly for safety and ease of access will also reduce wear and tear on mine vehicles.