

Financial Statements
(Expressed in Canadian Dollars)

**INTERNATIONAL WAYSIDE
GOLD MINES LTD.**

(An Exploration Stage Company)

For the six months ended August 31, 2009
(Unaudited)

The accompanying Financial Statement for the six months ended August 31, 2009 and 2008
have not been reviewed or audited by the Company's Auditors.

INTERNATIONAL WAYSIDE GOLD MINES LTD.
(An Exploration Stage Company)
Balance Sheets
(Prepared by Management)

ASSETS		
	August 31, 2009 (Unaudited)	February 29, 2009
	\$	\$
Current assets		
Cash	2,337,900	-
Subscription receivable	-	577,899
Amounts receivable	58,084	161,227
Prepaid expenses	8,547	53,823
	<u>2,404,531</u>	<u>792,999</u>
Reclamation deposits	299,500	299,500
Investments (Note 5)	4,140	3,450
Due from related parties (Note 7)	33,250	600,000
Property and equipment	280,463	296,896
Mineral properties (Note 6)	10,849,589	9,424,589
	<u>13,871,473</u>	<u>11,417,434</u>
LIABILITIES		
Current liabilities		
Outstanding cheques in excess of cash on hand	-	419,231
Accounts payable and accrued liabilities	2,052,311	1,850,331
Due to related parties (Note 7)	270,161	467,708
	<u>2,322,472</u>	<u>2,737,270</u>
Asset retirement obligation (Note 8)	147,703	145,359
	<u>2,470,175</u>	<u>2,882,629</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	53,684,632	49,020,570
Contributed surplus (Note 10)	11,343,308	9,796,206
Subscription payable	-	50,000
Accumulated other comprehensive loss (Note 5)	(15,180)	(15,870)
Deficit	(53,611,462)	(50,316,101)
	<u>11,401,298</u>	<u>8,534,805</u>
	<u>13,871,473</u>	<u>11,417,434</u>

Continuing Operations (Note 1)
 Commitments (Note 6)
 Subsequent Events (Note 14)

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)

	3 Months ended August 31		6 Months ended August 31	
	2009	2008	2009	2008 (Re-stated – Note 13)
	\$	\$	\$	\$
Expenses:				
Amortization	9,010	12,239	18,456	24,479
Audit, accounting and legal fees	71,209	11,240	198,102	78,175
Bank charges and interest (Note 7(c))	30,507	(808)	44,644	76,546
Exploration (See schedule of exploration expenditures)	694,286	331,309	1,034,314	477,136
Shareholder communications and advertising	33,627	(5,748)	109,454	7,300
Stock based compensation (Note 9)	373,973	-	1,223,257	-
Transfer agent and filing fees	10,904	11,678	46,418	11,558
Management fees (Note 7 (c))	30,000	30,000	60,000	60,000
Office rent	4,774	6,097	10,072	12,931
Office and administration	22,542	11,634	59,414	19,969
Telephone	9,756	6,224	23,891	12,567
Travel and accommodation	107,208	22,343	197,802	36,646
Wages, Consulting fees and benefits	179,185	59,140	285,400	125,428
	(1,576,981)	(495,348)	(3,311,224)	(942,735)
Less: Gain on settlement of payable	-	-	14,440	-
Interest income	403	355	1,423	2,292
Loss for the period	(1,576,578)	(494,993)	(3,295,361)	(940,443)
Deficit, beginning of period as previously reported	(52,034,884)	(47,367,994)	(50,316,101)	(46,453,544)
Adjustment due to Part XII.6 accrual (Note 13)	-	-	-	(469,000)
Deficit, restated beginning of period	-	-	-	(46,922,544)
Deficit, end of period	(53,611,462)	(47,862,987)	(53,611,462)	(47,862,987)
Basic and diluted loss per share	\$(0.06)	\$(0.05)	\$(0.12)	\$(0.10)
Statement of comprehensive loss				
Net loss for the period	(1,576,578)	(494,993)	(3,295,361)	(940,443)
Unrealised loss on Available-for-sale securities (note 11)	(1,380)	(11,730)	690	(11,730)
Comprehensive loss	(1,575,198)	(494,933)	(3,294,671)	(952,173)

See Accompanying Notes to Financial Statements

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

	3 Months ended August 31		6 Months ended August 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN)				
Operating Activities:				
Loss for the period	(1,576,578)	(494,993)	(3,295,361)	(896,092)
Items not involving cash:				
Amortisation	9,010	12,239	18,456	24,479
Stock-based compensation	373,973	-	1,223,257	-
Accretion of asset retirement	-	2,345	2,344	4,690
Gain on de-recognition of liabilities	-	-	(14,440)	-
	(1,193,595)	(480,409)	(2,065,744)	(866,923)
<i>Changes in non-cash working capital Items:</i>				
Amounts receivable and prepaid Expenses	76,385	44,621	148,469	78,798
Accounts payable and accrued Liabilities	(48,696)	3,976	216,421	45,227
	(1,165,906)	(431,812)	(1,700,854)	(742,898)
Financing activities:				
Bank Indebtedness	-	-	(419,231)	-
Issue of capital stock for cash, net of issuance cost	3,263,954	496,601	4,112,906	1,195,401
Share subscriptions	-	(322,000)	577,899	(498,800)
Due to related parties	229,081	185,512	(197,547)	53,664
	3,493,035	360,113	4,074,027	750,265
Investing Activities:				
Reclamation deposits	-	-	-	(5,000)
Due from related parties	(2,607)	(14,845)	(33,250)	(13,149)
Purchase of property and equipment	(2,023)	-	(2,023)	-
	(4,630)	(14,845)	(35,273)	(18,149)
Increase (decrease) in cash	2,322,499	(86,544)	2,337,900	(10,782)
Cash, beginning of period	15,401	100,557	-	24,795
Cash, end of period	2,337,900	14,013	2,337,900	14,013
Non-cash financing and investing activities:				
Issuance of shares for mineral property	\$ 225,000	\$ 225,000	\$ 825,000	\$ 225,000
Issuance of shares for convertible note	-	-	-	-

See Accompanying Notes to Financial Statements

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

	3 Months ended August 31		6 Months ended August 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Exploration and development expenditures:				
Administration fees (Note 7 (c))	24,000	9,363	31,469	13,526
Assaying	6,773	597	7,433	869
Assessment and tax	28,765	26,801	30,507	30,600
Accretion of asset retirement obligation	-	2,345	2,344	4,690
Consulting	161,716	2,430	278,909	19,827
Environmental	13,095	7,520	21,274	17,329
Land fees and permitting	95,752	123,999	207,684	175,496
Exploration	304,467	66,942	344,827	83,742
Equipment and rentals (Note 7(c))	44,205	54,568	79,118	71,868
Mine and field supplies	5,105	27,256	18,423	32,996
Travel	10,408	9,488	12,324	17,996
Net expenditures	694,286	331,309	1,034,312	468,939

INTERNATIONAL WAYSIDE GOLD MINES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

(Expressed in Canadian dollars)

For the six months ended August 31, 2009

(Unaudited)

1. Ability to continue as a 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(a)).

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, 2009, the Company has a working capital of \$82,059 (February 28, 2009 - \$1,944,271), and has incurred losses of \$53,611,462 (February 28, 2009 - \$50,316,101). 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. Unaudited Interim Financial Statements:

The unaudited balance sheet at August 31, 2009 and the unaudited interim statements of operations and deficit, comprehensive loss and cash flows for the six month periods ended August 31, 2009 and 2008, in the opinion of management, have been prepared on the same basis as the audited financial statements of the Company for the year ended February 28, 2009. These interim financial statements include all adjustments necessary for the fair statement of results of the interim periods. The data disclosed in the notes to the interim consolidated financial statements for this period are also unaudited. Results for the Six months ended August 31, 2009 are not necessarily indicative of the results to be expected for the full year. These interim financial statements should be read in conjunction with the annual audited financial statements for the year ended February 28, 2009, and the summary of significant accounting policies included herein.

INTERNATIONAL WAYSIDE GOLD MINES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

(Expressed in Canadian dollars)

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(Unaudited)

3. New Accounting Policies:

Goodwill and Intangible Assets

In February 2008, the CICA issued a new Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Intangible Assets", as well as Section 3450, "Research and Development Costs".

The new Section 3064 states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. Section 3064 also provides further information on the recognition of internally generated intangible assets, including research and development costs. As for subsequent measurement of intangible assets, goodwill, and disclosure, Section 3064 carries forward the requirements of the old Section 3062.

The new Section applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this section had no impact on the Company's financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 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.

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(An Exploration Stage Company)

Notes to Financial Statements

(Expressed in Canadian dollars)

For the six months ended August 31, 2009

(Unaudited)

4. Financial Instruments and capital management:

Financial instruments

The Company has exposure to the following risks from the use of its financial instruments:

(a) Fair value

The carrying values of cash and cash equivalents, amounts receivable and advances, accounts payable, and due to/from related parties approximate their fair values because of the short-term maturity of these instruments. The Company's investments have been adjusted to their fair value based on their market price (note 5). The Company's reclamation deposits are recorded at their carrying value as their fair value is indeterminable as the repayment date is unknown.

(b) Credit risk

Credit risk is the risk that arises when a party to a financial instrument will be unable to discharge its obligations. The Company's financial assets exposed to credit risk are cash and cash equivalents, amounts receivable and advances and amounts due from related parties.

Cash is placed with major financial institutions rated in the two highest grades by nationally recognized rating agencies. Amounts receivable and advances and amounts due from related parties are assessed for impairment based on the individual characteristics (credit history, ability to repay) of each counterparty.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk through the management of its capital structure, more specifically, the issuance of new common shares, options or warrants. However, without further equity financing, it is unlikely that the Company will be able to meet the obligations associated with its financial liabilities in the upcoming year.

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(An Exploration Stage Company)

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For the six months ended August 31, 2009

(Unaudited)

4. Financial Instruments and capital management (Continued):

Financial instruments (Continued)

(d) Market risk

Market risk is comprised of three components: currency risk, interest rate risk and commodity price risk.

Currency risk

The Company is not subject to foreign currency risk since historically, it does not enter into foreign currency transactions with third parties.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and liabilities subject to interest rate risk include cash and cash equivalents and accounts payable however this risk is mitigated due to their short-term maturity.

Commodity price risk

The value of the Company's mineral resource properties is related to the price of precious metals. Prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors. The Company's interest rights and obligations under net smelter royalties are affected by the commodity price however, as the Company is still in the exploration stage, the Company has elected not to actively manage commodity risk at this time.

(d) Derivatives – mineral properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

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(Unaudited)

4. Financial Instruments and capital management (Continued):

Capital management

In order to continue the Company's future exploration and development program, the Company must maintain a strong capital base. A strong capital base results in increased market confidence, an essential factor in maintaining existing shareholders and in attracting new investors. The Company's commitment is to establish and maintain a strong capital base to enable the Company to access the equity and debt markets when deemed advisable. In order to maintain a strong capital base, the Company continually monitors the risk reward profile of its exploration and development projects and the economic indicators in the market including commodity prices, interest rates and foreign exchange rates. It then determines increases or decreases to its capital budget.

The Company considers shareholders equity and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares or special warrants, and by building cash reserves by reducing its capital expenditure program. Exploration involves a high degree of 'discovery' risk and substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Consequently, management primarily funds the Company's exploration by issuing share capital and special warrants rather than using other capital sources that require fixed repayments of principal and/or interest. Management may option certain exploration prospects to third parties as an additional means of funding exploration and to provide the Company with access to a broader number of exploration prospects.

Development activities begin once mineral reserves and resources are estimated and the Company makes a positive production decision. At this point management may consider senior debt or convertible debentures as a means to reduce equity dilution. For project development purposes, the ratio of debt to equity contemplates leveraged investment return to equity-linked stakeholders and the associated risks of various forms of debt, debentures or other non-dilutive capital sources.

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Notes to Financial Statements

(Expressed in Canadian dollars)

For the six months ended August 31, 2009

(Unaudited)

4. Financial Instruments and capital management (Continued):

Capital management (Continued)

The Company's capital under management includes:

	August 31, 2009	February 29, 2009
Working Capital		
Cash and cash equivalents	\$ 2,337,900	\$ -
Amounts receivable	58,084	161,277
Subscription receivable	-	577,899
Prepaid expenses	8,547	53,823
Cheques in excess of cash on hand	-	(419,231)
Accounts payable and accrued liabilities	(2,052,311)	(1,850,331)
Due from related parties	(270,161)	(467,708)
	(\$ 82,059)	(\$ 1,944,271)
Shareholders' Equity		
Capital stock	\$ 53,648,632	\$49,020,570
Subscription payable, net	-	50,000
Contributed surplus	11,343,308	9,796,206
	\$ 64,991,940	\$ 58,866,677

At August 31, 2009, the Company does not have any debt other than trade payables and amounts due to related parties and does not have a credit facility. The Company's share capital is not subject to external restrictions. Working capital is subject to restrictions related to flow through issuances identified in note 9(c).

There were no changes in the Company's approach to capital management during the period.

INTERNATIONAL WAYSIDE GOLD MINES LTD.

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Notes to Financial Statements

(Expressed in Canadian dollars)

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(Unaudited)

5. Investments:

	August 31, 2009			February 28, 2009		
	Number of shares	At initial valuation	Quoted market price	Number of shares	At initial valuation	Quoted market price
Lions Gate Energy Inc.	138,000	\$ 19,320	\$ 4,140	138,000	\$19,320	\$ 3,450

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*. As at August 31, 2009, the value of the shares was \$0.03 per share compared to \$0.025 per share at February 29, 2009 which represents an unrealized mark-to-market gain of \$690 (August 31, 2008 - \$11,730 loss), net of taxes of \$nil (May 31, 2008 - \$nil), which has been recorded in *Other Comprehensive income (loss)*.

6. Mineral properties:

	August 31, 2009	February 28, 2009
Wayside property	\$ 1	\$ 1
Cariboo Gold Project (a)	10,849,588	9,424,588
	\$ 10,849,589	\$ 9,424,589

(a) Cariboo Gold Project:

	August 31, 2009	February 28, 2009
Acquisition costs:		
Shares issued (Note 9(b))	\$ 825,000	\$ 225,000
Settlement of related party receivable	600,000	400,500
Net acquisition costs	1,425,000	625,500
Balance, beginning of year	9,424,589	8,799,089
Balance, end of year	\$ 10,849,589	\$ 9,424,589

INTERNATIONAL WAYSIDE GOLD MINES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

(Expressed in Canadian dollars)

For the six months ended August 31, 2009

(Unaudited)

6. Mineral properties (Continued):

- a) During the three month period ended May 31, 2009 the Company entered into an asset sale agreement with Golden Cariboo Resources Ltd. ("GCC"), a related party by common directors. The Company agreed to purchase an interest in the Cariboo Properties located near Barkerville, BC. The terms of the agreement are as follows:
- (i) Cash payment of \$600,000 on the closing date of the purchase of GCC's interest in the Cariboo Properties (settled on April 9, 2009);
 - (ii) Issuance of \$600,000 worth of the Company's common shares on the Closing Date at a 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 (issued April 9, 2009);
 - (iii) Issuance of \$600,000 worth of the Company's common shares on the first anniversary of the Closing Date at a 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) Issuance of \$500,000 worth of the Company's common shares on the second anniversary of the Closing Date at a 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.
- (b) 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:
- (i) \$250,000 (issued) worth of common shares at market value of the Company;
 - (ii) 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. Installments were paid on May 31, 2006 and 2007. The May 31, 2008 payment was paid on February 27, 2009. As at May 31, 2009 the Company has a commitment of \$400,000 under this agreement. The May 31, 2009 installment has not been paid; and
 - (iii) 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 28, 2009, the Company issued 450,000 (February 29, 2008 – 91,837) common shares to LG at a market price of \$0.60 (February 29, 2008 - \$2.50) per share to fulfill its obligation for the 2009 fiscal year. 346,154 shares at a market price of \$0.65 were issue on June 3, 2009 for the May 31, 2009 installment.

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(Expressed in Canadian dollars)

For the six months ended August 31, 2009

(Unaudited)

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, 2009	February 28, 2009
Due from other companies with certain common directors	\$ 33,250	\$600,000

For the period ended August 31, 2009, included in prepaid expenses is \$3,455 (February 28, 2009 - \$51,823) for legal services to be provided by a company with common directors.

(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, 2009	February 28, 2009
Due to a company controlled by a director	\$ 3,161	\$ 333,209
Due to other companies with certain common directors	-	-
Due to directors and officers, and spouse of a director	267,000	134,499
	\$ 270,161	\$ 467,708

(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, 2009	6 months ended August 31, 2008
Property exploration costs:		
Equipment rentals	\$ 79,118	\$ 66,168
Administration fees on reimbursed expenditures	31,469	13,526
Administration costs:		
Interest expense	-	3,795
Accounting, audit & legal fees	70,643	-
Management fees	60,000	60,000
Wages, consulting fees & benefits	72,513	-
	\$ 313,743	\$ 139,694

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

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(Unaudited)

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 at the Cariboo Gold Project to August 31, 2009 to be \$147,703 (February 29, 2009 - \$145,359) (undiscounted value \$373,198 and undiscounted inflation adjusted value \$441,478 as at May 31, 2009). The present value of the future reclamation obligation assumes a discount rate of 10% (the credit-adjusted risk-free rate), the commencement of reclamation activities after the life of the mine, which is estimated at 15 years, and inflation at 1.41% per annum.

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, 2009	\$	145,359
Accretion expense		2,344
Balance, August 31, 2009	\$	<u>147,703</u>

9. Capital stock:

(a) Authorized capital:

Unlimited common shares without par value

(b) Issued and outstanding:

	Number of shares	Total
Balance at February 28, 2009	23,262,345	\$ 49,020,570
Issued during the period		
For acquisition of mineral properties (note 6(a))	1,679,487	825,000
For cash by way of private placements (net of issue costs)	2,958,650	487,583
For cash by way of private placements	616,667	320,000
Exercise of warrants	6,037,907	3,018,954
Fair value of warrants exercised	-	12,525
Balance at August 31, 2009	34,555,056	\$ 53,684,632

*Number of shares presented in table have been adjusted for the 10 : 1 share consolidation that occurred in the fiscal year ended February 28, 2009.

All share references, numbers of options, numbers of warrants and per share amounts included in these financial statements have been retroactively restated to reflect the consolidation and are presented on a post consolidation basis.

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(Unaudited)

9. Capital Stock (Continued):

b) Issued and outstanding (continued):

During the first quarter ended May 31, 2009:

- (i) On April 9, 2009 the Company issued 1,333,333 shares to Golden Cariboo Resources Ltd (GCC) in relation to an agreement to purchase an interest in the Cariboo Properties located near Barkerville, BC. The shares were issued at \$0.45 being the market price on the day prior to the issuance of shares. See Note 6(a).
- (ii) On March 18, 2009, the Company issued 2,958,650 units at a price of \$0.30 per unit for gross proceeds of \$887,595. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share for a period of six months at a price of \$0.50 per share. All securities issued are subject to a holding period expiring July 19, 2009. The share purchase warrants were fair valued using an option pricing model with the following assumptions: 218% volatility, 0% dividend yield, 0.48% risk-free interest rate and an expected life of 6 months. As a result, the fair value was estimated at \$336,370, recorded as a credit to contributed surplus with a corresponding debit to share issuance costs. Other issue costs include finders' fees and commissions of \$63,642.
- (iii) On March 20, 2009 the Company issued 166,667 shares at a price of \$0.30 per unit for gross proceeds of \$50,000 received in the year ended February 28, 2009.
- (iv) On May 27, 2009 50,000 share purchase warrants were exercised into 50,000 common shares for proceeds of \$25,000. The fair value of the share purchase warrants exercised was \$12,525 and transferred from contributed surplus (Note 10).
- (v) On June 3, 2009, the Company issued 346,154 shares at a price of \$0.65 per share to Lions Gate Energy in order to fulfill its obligation pursuant to a property purchase agreement between the two companies.
- (vi) On June 23, 2009 16,500 share purchase warrants were exercised into 16,500 common shares for proceeds of \$8,250.
- (vii) On July 2, 2009 the Company issued 450,000 shares at a price of \$0.60 per unit for gross proceeds of \$270,000.
- (viii) On August 27, 2009 5,771,407 share purchase warrants were exercised into 5,771,407 common shares for proceeds of \$2,885,704.

INTERNATIONAL WAYSIDE GOLD MINES LTD.

(An Exploration Stage Company)

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(Expressed in Canadian dollars)

For the six months ended August 31, 2009

(Unaudited)

9. Capital stock (Continued):

(c) Flow-through shares:

During the year ended February 28, 2009, the Company raised a total of \$350,000 by way of issuing flow-through common shares (2008 - \$1,212,000).

Of the \$350,000 raised, \$nil has been renounced at August 31, 2009 nor February 28, 2009. The Company is committed to incur \$350,000 on or before 24 months prior to December 31, 2010. Of the \$1,212,000 raised and renounced in 2008, \$1,212,000 has been expended as of August 31, 2009. The total Part XII.6 tax and penalty calculation of \$11,100 (2008 – \$14,630) on unspent flow-through funds from fiscal years 2008 and 2009 flow-through issuances is recorded in "Bank charges, interest and commissions".

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..

Prior year Part XII.6 tax calculations have been restated as a result of a Canadian Revenue Agency audit. See 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.

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9. Capital stock (Continued):

The continuity of the Company's share purchase options for the period ended May 31, 2009 and the year ended February 28, 2009, all of which are exercisable, is as follows:

Weighted Average Exercise Price	Expiry Date	Balance February 28, 2009	Changes in the Period			Balance August 31, 2009
			Granted	Exercised	Expired/ Cancelled	
\$0.59	November 16, 2012	181,057	-	-	-	181,057
\$0.44	July 13, 2010	401,381	-	-	(121,500)	279,881
\$1.45	March 2, 2009	67,000	-	-	(67,000)	-
\$0.45	April 16, 2014	-	2,301,161	-	-	2,301,161
\$0.38	July 17, 2014	-	116,266	-	-	116,266
\$0.60	August 28, 2014	-	556,306	-	-	556,306
		649,438	2,973,733	-	(188,500)	3,434,671
Weighted average exercise price		\$0.59	\$0.48	-	\$0.80	\$0.48

In the six month period ended August 31, 2009:

- (1) Stock options were granted to directors, officers, employees and consultants of the Company for the purchase of 116,266 common shares at an exercise price of \$0.38 per share, expiring July 17, 2014 and 556,306 common shares at an exercise price of \$0.60 per share, expiring August 28, 2014.
- (2) Stock options were granted to directors, officers, employees and consultants of the Company for the purchase of 2,301,161 common shares at an exercise price of \$0.45 per share, expiring April 16, 2014.

The weighted average fair value of options granted was estimated to be \$1,223,257, using the Black-Scholes Option Pricing Model with the following assumptions: 150,60% volatility, 0% dividend yield, 2.54% risk-free interest rate and an expected life of 5 years.

The Company accounts for fully vested stock options using the fair value method by a charge against earnings (loss) at the time of grant. During the six month period ended August 31, 2009, the Company recorded stock-based compensation expense totalling \$1,223,257 (August 31, 2008 - \$nil), including \$1,223,257 (August 31, 2008 - \$nil), for new stock options issued during the year.

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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(Expressed in Canadian dollars)

For the six months ended August 31, 2009

(Unaudited)

9. Capital stock (Continued):

(e) Share purchase warrants:

The continuity of the Company's share purchase warrants for the six months ended August 31, 2009 is as follows

Exercise Price	Expiry Date	Balance February 28, 2009	Changes in the Period			Balance August 31, 2009
			Granted	Exercised	Expired/ Cancelled	
\$3.00	June 4, 2009*	9,063	-	-	(9,063)	-
\$3.00	June 7, 2009*	10,933	-	-	(10,933)	-
\$3.00	July 3, 2009*	474,332	-	-	(474,332)	-
\$1.75	September 18, 2009	275,000	-	-	-	275,000
\$1.85	September 18, 2009	318,417	-	-	-	318,417
\$1.85	September 28, 2009	31,500	-	-	-	31,500
\$2.40	November 19, 2009	52,500	-	-	-	52,500
\$2.40	November 5, 2009	144,250	-	-	-	144,250
\$1.90	November 5, 2009	6,750	-	-	-	6,750
\$2.40	December 31, 2009	50,000	-	-	-	50,000
\$1.90	January 19, 2010	64,962	-	-	-	64,962
\$1.85	March 4, 2010	365,000	-	-	-	365,000
\$1.00	July 18, 2010	413,947	-	-	-	413,947
\$0.50	January 30, 2010	437,500	-	-	-	437,500
\$1.00	January 30, 2011	145,834	-	-	-	145,834
\$0.50	Aug 27, 2009	5,583,100	-	(5,583,100)	-	-
\$0.50	Aug 27, 2009	556,304	-	(454,807)	(101,497)	-
\$0.50	September 19, 2009	-	1,479,325	-	-	1,479,325
\$0.50	September 19, 2009	-	138,771	-	-	138,771
\$0.90	April 2, 2010	-	256,500	-	-	256,500
		8,939,392	1,874,596	(6,037,907)	(595,825)	4,180,256

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(Expressed in Canadian dollars)

For the six months ended August 31, 2009

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10. Contributed surplus:

Balance, February 28, 2009	\$9,796,206
Stock-based compensation	1,223,257
Fair value of warrants issues pursuant to private placement	336,370
Warrants exercised	(12,525)
<hr/>	
Balance, August 31, 2009	11,343,308

11. 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.

12. Contingencies:

Tax-

The Canada Revenue Agency ("CRA") has concluded its 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 2006. Between taxation years 2000 and 2006, CRA has initially estimated that \$3.17 million of flow-through share proceeds were raised in excess of qualifying flow-through share expenditures incurred over this period. Under the flow-through share agreements, the Company was committed to spend the flow-through share proceeds on qualifying flow-through exploration expenditures and to indemnify the holders of such shares for certain costs payable by the flow-through shareholders in the event the Company failed to make the required exploration expenditures. As of the date of the financial statements, the Company is expecting a final re-assessment from the CRA. The Company is reviewing its position with its tax advisors and at balance date the Company has recognized a provision of \$569,000 (February 28, 2009: \$569,000) for the estimated reassessments. See Note 13 for restatement to recognize initial provision.

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(Expressed in Canadian dollars)

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12. Contingencies (Continued):

Subscription and Renunciation Agreement-

The Company and a non-related party entered into a subscription and renunciation agreement ("SRA") 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 fee owed and accrued in accounts payable and accrued liabilities to the non-related party under the SRA at May 31, 2009 was approximately \$38,850 (February 28, 2009: \$38,850), being the un-renounced amount of \$105,000 multiplied by the estimated effective tax rate of the non-related party of 37%.

Subject to approval by regulatory authorities, the Company and the non-related party in the SRA, 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 in the above paragraph. The shares have not yet been issued and the \$38,857 remains in accounts payable and accrued liabilities as at August 31, 2009.

13. Restatement of prior year figures:

The Company has restated its 2008 accounts payable and accrued liability in respect of previously under-accrued late filing penalties and accrued interest associated with flow-through share renunciation compliance requirements. The accounts payable and accrued liabilities as at February 29, 2008 has been increased by \$469,000, with a corresponding increase in Part XII.6 tax and related interest and penalties of \$469,000 charged to opening February 29, 2008 deficit. Bank charges, interest and commissions for the period ended August 31, 2008 were increased by \$14,630 as a result of this restatement..

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14. Subsequent events:

On September 10, 2009 the Company announced that it had received a Preliminary Feasibility Study ("PFS") including an updated NI 43-101 compliant resource estimate, on the Bonanza Ledge Gold Project, B.C. Canada. The Base Case economics at \$750 per ounce gold show a pre-tax Internal Rate of Return of 44% and a pre-tax cash flow of US\$6.7 million. The payback period for the initial capital of US\$3.6 million is approximately 2.5 years. The open pit operation will mine ore at a rate of 220 tons (200 tonnes) per day and is expected to produce an average of 20,000 ounces of gold per year by batch tolling milling at a nearby CIP plant for an estimated mine life of 4 years.

On October 23, 2009 the Company announced that the Preliminary Feasibility Study (PFS) of the Bonanza Ledge Gold Project as presented by EBA Engineering Consultants Ltd. of Vancouver, B.C. and several independent professionals and consultants has been filed. The resource and reserve evaluation used as a basis for economic analysis was prepared by Mintec Inc. of Tuscan, Arizona and is an update of the resource that was previously disclosed.