UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934
OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **May 31, 2011**

Commission file number: **001-33638**



INTERNATIONAL TOWER HILL MINES LTD.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada	**1040**	**N/A**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code)	(I.R.S. Employer Identification No.)

1177 West Hastings Street, Suite 2300
Vancouver, British Columbia, V6E 2K3
(604) 683-3332
(Address and Telephone Number of Registrant's Principal Executive Offices)

CT Corporation
111 Eighth Avenue, 13th Floor,
New York, New York 10011
(212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Copies to:
Jason K. Brenkert
Dorsey & Whitney LLP
1400 Wewatta Street, Suite 400
Denver, Colorado 80202
(303) 629-3400

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange On Which Registered:
Common Shares, no par value	**NYSE Amex Equities**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **N/A**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **N/A**

For annual reports, indicate by check mark the information filed with this form:

[X] Annual Information Form [X] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As at May 31, 2011, 86,648,919 common shares of the Registrant were issued and outstanding.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
[X] Yes [ ] No

Indicate by check mark whether Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
[ ] Yes [ ] No

EXPLANATORY NOTE

International Tower Hill Mines Ltd. (the “Company” or the “Registrant”) is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act. The Company is a “foreign private issuer” as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 under the Exchange Act.

FORWARD-LOOKING STATEMENTS

This annual report on Form 40-F and the exhibits attached hereto contain forward-looking statements or information within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning anticipated results and developments in the operations of the Company in future periods, planned exploration activities, the adequacy of the Company’s financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as “expects,” “anticipates,” “believes,” “intends,” “estimates,” “potential,” “possible” and similar expressions, or statements that events, conditions or results “will,” “may,” “could” or “should” (or the negative and grammatical variations of any of these terms) occur or be achieved. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and specifically in respect of the Livengood project;
- the potential for the expansion of the estimated resources at the Livengood project;
- the potential for a production decision concerning, and any production at, the Livengood project;
- the completion of a Pre-feasibility Study for the Livengood project;
- the potential for higher grade mineralization to form the basis for a starter surface mine in any production scenario at the Livengood project;
- the potential overburden geometry of the Livengood deposit being amenable for low cost surface mining that could support a high production rate and economies of scale;
- the potential for cost savings due to the high gravity gold concentration component of some of the Livengood project mineralization;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company’s ongoing exploration program at the Livengood project;
- the Company’s estimates of the quality and quantity of the resources at the Livengood project;
- the timing and cost of the planned future exploration programs at the Livengood project, and the timing of the receipt of results therefrom;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the results of the Preliminary Economic Assessment as described under “Narrative Description of the Business - Material Mineral Projects – Livengood Project, Alaska”; and

- the ability of the Company to continue to refine the project economics for the Livengood project.

Such forward-looking statements reflect the Company's current views with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- the level and volatility of the price of gold;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration and potential development program at the Livengood project;
- conditions in the financial markets generally;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms in connection with not only its ongoing exploration program at the Livengood project but also in connection with the completion of its pre-feasibility study and in connection with any feasibility study that may be commissioned;
- the Company's ability to attract and retain key staff, particularly in connection with the carrying out of a feasibility study and the development of any mine at the Livengood project;
- the accuracy of the Company's mineral resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the timing of the ability to commence and complete the planned work at the Livengood project;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs at the Livengood project and the Company's ability to comply with such terms on a safe and cost- effective basis;
- the ongoing relations of the Company with its underlying lessors and the applicable regulatory agencies;
- that the metallurgy and recovery characteristics of samples from the Livengood project are reflective of the deposit as a whole;
- the continued development of and potential construction of any mine at the Livengood project not requiring consents, approvals, authorizations or permits that are materially different from those identified to date by the Company; and
- the timetables for the completion of a pre-feasibility study on the Livengood project and for any feasibility study that may be commissioned.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including without limitation, those described in the Annual Information Form of the Company filed as Exhibit 99.1 to this annual report on Form 40-F.

The Company's forward-looking statements contained in this annual report on Form 40-F and the documents incorporated by reference herein are based on the beliefs, expectations and opinions of management as of the date of this annual report and documents incorporated by reference herein. The Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

NOTE TO UNITED STATES READERS-
DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under the multi-jurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the "SEC"), to prepare this annual report in accordance with Canadian disclosure requirements, which differ from those of the United States. The Company has prepared its financial statements, which are filed as Exhibit 99.2 to this annual report on Form 40-F, in accordance with Canadian generally accepted accounting principles ("GAAP"), and the financial statements are subject to Canadian auditing and auditor independence standards. The Company's financial statements are not comparable to financial statements of United States companies. For a reconciliation of differences between Canadian GAAP and United States GAAP in accordance with Item 17 of Form 20-F, see Note 12 – Differences between Canadian and United States GAAP, of the notes to the audited consolidated financial statements. Effective June 1, 2011, the Company began preparing its financial statements in accordance with International Financial Reporting Standards. The Company's first period reported under International Financial Reporting Standards will be the three month period ended August 31, 2011.

RESOURCE AND RESERVE ESTIMATES

The Company's Annual Information Form filed as Exhibit 99.1 to this annual report on Form 40-F and management's discussion and analysis for the fiscal year ended May 31, 2011 filed as Exhibit 99.3 to this annual report on Form 40-F have been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - *CIM Definition Standards on Mineral Resources and Mineral Reserves* , adopted by the CIM Council, as amended ("CIM Standards"). These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended (the "Securities Act"). Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101 and the CIM Standards; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this annual report on Form 40-F and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, based upon the noon rate of exchange as quoted by the Bank of Canada was Cdn.$1.00 = US$1.0322 on May 31, 2011 and Cdn.$1.00 = US$1.0149 on August 26, 2011.

ANNUAL INFORMATION FORM

The Company's Annual Information Form for the fiscal year ended May 31, 2011 is filed as Exhibit 99.1 to this annual report on Form 40-F, and is incorporated by reference herein.

AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the years ended May 31, 2011, 2010 and 2009, including the report of the independent auditor with respect thereto, are filed as Exhibit 99.2 to this annual report on Form 40-F, and are incorporated by reference herein. For a reconciliation of material measurement differences between Canadian and United States GAAP in accordance with Item 17 of Form 20-F, see Note 12 to the Company's audited consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis for the fiscal year ended May 31, 2011 is filed as Exhibit 99.3 to this annual report on Form 40-F, and is incorporated by reference herein.

TAX MATTERS

Purchasing, holding, or disposing of securities of the Company may have tax consequences under the laws of the United States and Canada that are not described in this annual report on Form 40-F. Shareholders are solely responsible for determining the tax consequences applicable to their particular circumstances and should consult their own tax advisors concerning an investment in the Company's common shares.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this annual report for the fiscal year ended May 31, 2011, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Company's CEO and CFO have concluded that the disclosure controls and procedures were designed effectively to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the

assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including the CEO and CFO, assessed the effectiveness of the Company's internal control over financial reporting as of May 31, 2011. In making this assessment, management used the criteria set forth in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management has concluded that, as of May 31, 2011, the Company's internal control over financial reporting was effective and no material weaknesses in the Company's internal control over financial reporting were discovered.

The Company is required to provide an auditor's attestation report on internal control over financial reporting for the fiscal year ended May 31, 2011. In this annual report, the Company's independent registered auditor, MacKay LLP ("MacKay"), must state its opinion as to the effectiveness of the Company's internal control over financial reporting for the fiscal year ended May 31, 2011. MacKay has audited the Company's financial statements included in this annual report on Form 40-F and issued a report thereon.

Auditor's Attestation Report

MacKay's attestation report on the Company's internal control over financial reporting is included in the audit report to the audited consolidated financial statements of the Company which are filed hereto as Exhibit 99.2 and incorporated by reference in this annual report on Form 40-F.

Changes in Internal Control over Financial Reporting

During the fiscal year ended May 31, 2011, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended May 31, 2011 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

CORPORATE GOVERNANCE

The Company's Board of Directors (the "Board of Directors") is responsible for the Company's corporate governance policies and has a separately-designated Compensation Committee, Nominating and Corporate Governance Committee and Audit Committee. The Board of Directors has determined that all of the members of the foregoing committees are "independent" based on the criteria for independence and unrelatedness prescribed by Section 803A of the NYSE Amex Company Guide.

AUDIT COMMITTEE

Audit Committee

The Company's Board of Directors has a separately-designated standing Audit Committee established for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the Company's annual financial statements in accordance with Section 3(a)(58)(A) of the Exchange Act. As of the date of this annual report on Form 40-F, the Company's Audit Committee is comprised of Anton J. Drescher, Timothy Haddon and Ronald Sheardown.

In the opinion of the Company's Board of Directors, all of the members of the Audit Committee are independent (as determined under Rule 10A-3 of the Exchange Act and Section 803A of the NYSE Amex Company Guide). All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The Audit Committee meets the composition requirements set forth by section 803B(2) of NYSE Amex Company Guide.

The members of the Audit Committee do not have fixed terms and are appointed and replaced from time to time by resolution of the Board of Directors.

The Audit Committee meets with the President, the CEO, the CFO and the Company's independent auditors to review and inquire into matters affecting financial reporting, the system of internal accounting and financial controls, as well as audit procedures and audit plans. The Audit Committee also recommends to the Board of Directors which independent registered public auditing firm should be appointed by the Company. In addition, the Audit Committee reviews and recommends to the Board of Directors for approval the annual financial statements and management's discussion and analysis, and undertakes other activities required by exchanges on which the Company's securities are listed and by regulatory authorities to which the Company is held responsible.

Audit Committee Financial Expert

The Company's Board of Directors has determined that Anton J. Drescher qualifies as a financial expert (as defined in Item 407(d)(5)(ii) of Regulation S-K under the Exchange Act), is financial sophisticated (as determined in accordance with Section 803B(2)(iii) of the NYSE Amex Company guide, and is independent (as determined under Exchange Act Rule 10A-3 and Section 803A of the NYSE Amex Company Guide).

CODE OF ETHICS

The Company is committed to the highest standards of legal and ethical business conduct. The Company adopted a Code of Business Conduct and Ethics (the "Code") effective September 22, 2006, that applies to all of its directors, executive officers and employees, including the CEO and CFO. The Code summarizes the legal, ethical and regulatory standards that the Company must follow and serves as a reminder to the directors, officers and employees of the Company of the seriousness of that commitment. Compliance with this Code and high standards of business conduct is mandatory for every director, officer and employee of the Company. The Code meets the requirements for a "code of ethics" within the meaning of that term in Form 40-F.

The Code was filed with the SEC on December 29, 2006 as Exhibit 99.5 to the Company's Form 20-F for its fiscal year ended May 31, 2006. A copy of the Code in full text is available on the Company's website at www.ithmines.com and in print to any shareholder who requests it. All required substantive amendments to the Code, and all waivers of the Code with respect to any of the officers covered by it, will be posted on the Company's website at www.ithmines.com within five business days of the amendment or waiver, and provided in print to any shareholder who requests them.

There have been no amendments, waivers or implicit waivers to the Code during the fiscal year ended May 31, 2011.

Any person may obtain without charge, upon written request, a copy of the Code by contacting the Vice-President and General Counsel at 1177 West Hastings Street, Suite 2300, Vancouver, BC, V6E 2K3 or by visiting the Company's website at www.ithmines.com.

PRINCIPAL ACCOUNTING FEES AND SERVICES – INDEPENDENT AUDITORS

The following table shows the aggregate fees billed to the Company by MacKay LLP, Chartered Accountants, its external auditor, in each of the last two years.

	Years ended May 31	
	2011	2010
Audit	$65,000	$49,500
Audit Related	$96,000	$29,500
Tax	$9,500	$9,500
All Other Fees	$Nil	$Nil
Total	$170,500	88,500

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITORS

The Audit Committee recommends for appointment by the shareholders and, following appointment by the shareholders, engages the Company's independent auditors to audit the Company's financial statements and approves all audit-related services, tax services and other services provided by the Company's independent auditors. The Audit Committee is authorized by the Company's Board of Directors to review the performance of the Company's independent auditors and to approve in advance the provisions of services other that auditing and to consider the independence of the external auditors. The Chairman of the Audit Committee is authorized to approve any non-audit services or additional work which the Chairman deems necessary. The Chairman is required to notify the other members of the Audit Committee of such non-audit services or additional work.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet financing arrangements or relationships with unconsolidated special purpose entities.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table discloses, as of August 31, 2011 the Company's contractual obligations for optional mineral property payments and work commitments and committed office and equipment lease obligations. The Company does not have any long-term debt or loan obligations. Under the terms of the Company's mineral property purchase agreement, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease and/or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur and such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties and exercises the purchase option under an existing ten-year mineral property lease required to be exercised on or before September 1, 2016 (the end of the term of the lease), but no other lease purchase or royalty buyout options:

Contractual Obligations	**Payments Due by Period**[4]			
	Total	***Prior to May 31, 2012 (9 months)***	***June 1, 2012 to May 31, 2015 (36 months)***	***June 1, 2015 to May 31, 2018 (36 months)***
Mineral Property Leases[1][2]	12,751,859	141,359	11,302,750	1,307,750
Mining Claim Government Fees	373,590	53,370	160,110	160,110
Office and Equipment Lease Obligations[3]	2,863,173	340,775	1,323,497	1,198,901
Total Contractual Obligations	15,988,622	535,504	12,786,357	2,666,761

Notes:

1. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work for which will actually be carried out by the Company.
2. Does not include potential royalties that may be payable (other than annual minimum royalty payments).
3. Assumes that current office and storage leases are extended beyond current termination dates at the same terms.
4. Assumes CAD and USD at par.

NYSE AMEX CORPORATE GOVERNANCE

The Company's common shares are listed on the NYSE Amex. Section 110 of the NYSE Amex Company Guide permits the NYSE Amex to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE Amex listing criteria, and to grant exemptions from NYSE Amex listing criteria based on these considerations. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NYSE Amex standards is as follows:

Shareholder Meeting Quorum Requirement: The NYSE Amex minimum quorum requirement for a shareholder meeting is one-third of the outstanding shares of common stock. In addition, a company listed on the NYSE Amex is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its Memorandum and Articles. A quorum for a meeting of members of the Company is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the shares entitled to be voted at the meeting.

Proxy Delivery Requirement: The NYSE Amex requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

The foregoing are consistent with the laws, customs and practices in Canada.

In addition, the Company may from time-to-time seek relief from NYSE Amex corporate governance requirements on specific transactions under Section 110 of the NYSE Amex Company Guide by providing written certification from independent local counsel that the non-complying practice is not prohibited by our home country law, in which case, the Company shall make the disclosure of such transactions available on its website at www.ithmines.com. Information contained on the Company's website is not part of this annual report on Form 40-F.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Consent to Service of Process

The Company has filed an Appointment of Agent for Service of Process and Undertaking on Form F-X with the SEC dated August 28, 2009, with respect to the class of securities in relation to which the obligation to file this annual report on Form 40-F arises.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

INTERNATIONAL TOWER HILL MINES LTD.

By: /s/ James J. Komadina
Name: James J. Komadina
Title: Chief Executive Officer

Date: August 26, 2011

EXHIBIT INDEX

The following exhibits have been filed as part of the Annual Report:

Exhibit	Description
Annual Information	
99.1	Annual Information Form of the Company for the year ended May 31, 2011
99.2	Audited consolidated financial statements of the Company and notes thereto for the years ended May 31, 2011, 2010 and 2009 together with the report of the auditors thereon
99.3	Management's Discussion and Analysis for the years ended May 31, 2011
Certifications	
99.4	Certificate of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	Certificate of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Consents	
99.8	Consent of MacKay LLP
99.9	Consent of Timothy J. Carew, P.Geo., of Reserva International, LLC
99.10	Consent of William Pennstrom Jr., QPMMSA, of Pennstrom Consulting Inc.
99.11	Consent of Carl E. Brechtel, PE, SME
99.12	Consent of Russell Myers, CPG
99.13	Consent of Chris Puchner, CPG
99.14	Consent of Scott Wilson, CPG, of Scott E. Wilson Consulting, Inc.



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www.ithmines.com
TSX: ITH | NYSE-A: THM

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED
MAY 31, 2011

August 26, 2011

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PRELIMINARY NOTES

Documents Incorporated by Reference

Incorporated by reference into this Annual Information Form ("AIF") are the following documents:

(a) Consolidated Audited Financial Statements of the Company for the years ended May 31, 2011, 2010 and 2009 ("Financial Statements");

(b) Management Discussion and Analysis of the Company for the year ended May 31, 2011 dated August 26, 2011 ("MD&A");

(c) Management Information Circular dated October 12, 2010 in respect of the 2010 Annual General Meeting ("2010 Information Circular");

(d) Management Information Circular dated July 9, 2010 in respect of a special general meeting of the shareholders of the Company held on August 12, 2010 ("2010 Information Circular") and

(e) Technical report dated August 25, 2011 entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" by Carl E. Brechtel (PE, SME), Tim Carew (P.Geo, MIMMM), Russell Myers (CPG), William Pennstrom Jr. (QPMMSA, SME), Chris Puchner (CPG) and Scott Wilson (CPG) (the "Livengood Report")

copies of each of which may be obtained online from SEDAR at www.sedar.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this AIF to the extent that a statement contained in this AIF or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this AIF, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of such a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

All financial information in this AIF is prepared in accordance with generally accepted accounting principles in Canada.

Date of Information

All information in this AIF is as of May 31, 2011 unless otherwise indicated.

Currency and Exchange Rates

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated. The Company's accounts are maintained in Canadian dollars and the Company's financial statements are prepared in accordance with generally accepted accounting principles in Canada. All references to "U.S. dollars", "USD" or to "US$" are to United States dollars.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in United States dollars in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods

based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars.

	Year Ended May 31		
Canadian Dollars to U.S. Dollars	**2011**	**2010**	**2009**
Rate at end of period	1.0322	0.9558	0.9123
Average rate for period	1.0064	0.9405	0.8649
High for period	1.0582	1.0039	0.9987
Low for period	0.9365	0.8580	0.7692

Metric Equivalents

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

1 mile = 1.609 kilometres
1 acre = 0.405 hectares
2,204.62 pounds = 1 metric ton = 1 tonne
2000 pounds (1 short ton) = 0.907 tonnes
1 ounce (troy) = 31.103 grams
1 ounce (troy)/ton = 34.2857 grams/tonne

Terms used and not defined in this AIF that are defined in National Instrument 51-102 “Continuous Disclosure Obligations” shall bear that definition. Other definitions are set out in National Instrument 14-101 “Definitions”.

Forward-Looking Statements

This AIF contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and specifically in respect of the Livengood project;
- the potential for the expansion of the estimated resources at the Livengood project;
- the potential for a production decision concerning, and any production at, the Livengood project;
- the completion of a Pre-feasibility Study for the Livengood project;
- the potential for higher grade mineralization to form the basis for a starter surface mine in any production scenario at the Livengood project;
- the potential overburden geometry of the Livengood deposit being amenable for low cost surface mining that could support a high production rate and economies of scale;
- the potential for cost savings due to the high gravity gold concentration component of some of the Livengood mineralization;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's ongoing exploration program at the Livengood project;
- the Company's estimates of the quality and quantity of the resources at the Livengood project;
- the timing and cost of the planned future exploration programs at the Livengood project, and the timing of the receipt of results therefrom;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the results of the Preliminary Economic Assessment as described under "Narrative Description of the Business - Material Mineral Projects – Livengood Project, Alaska"; and
- the ability of the Company to continue to refine the project economics for the Livengood project.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors". The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those

expressed or implied by forward looking statements contained in this AIF. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the price of gold;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration and potential development program at the Livengood project;
- conditions in the financial markets generally;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms in connection with not only its ongoing exploration program at the Livengood project but also in connection with the completion of its pre-feasibility study and in connection with any feasibility study that may be commissioned;
- the Company's ability to attract and retain key staff, particularly in connection with the carrying out of a feasibility study and the development of any mine at the Livengood project;
- the accuracy of the Company's mineral resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the timing of the ability to commence and complete the planned work at the Livengood project;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs at the Livengood project and the Company's ability to comply with such terms on a safe and cost-effective basis;
- the ongoing relations of the Company with its underlying lessors and the applicable regulatory agencies;
- that the metallurgy and recovery characteristics of samples from the Livengood project are reflective of the deposit as a whole;
- the continued development of and potential construction of any mine at the Livengood project not requiring consents, approvals, authorizations or permits that are materially different from those identified to date by the Company; and
- the timetables for the completion of a pre-feasibility study at on the Livengood project and for any feasibility study that may be commissioned.

In addition, in carrying out the Preliminary Economic Assessment with respect to the Livengood project, as described under "Narrative Description of the Business - Material Mineral Properties – Livengood Project, Alaska" a number of assumptions have been made, which are more particularly described in that section.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward looking statements, except as required by

applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Caution Regarding Adjacent or Similar Mineral Properties

This AIF contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. As a foreign private issuer preparing this AIF pursuant to Canadian disclosure requirements under the Canada-U.S. Multi-Jurisdictional Disclosure System, this AIF is not subject to the requirements of SEC Industry Guide 7. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company's properties.

Caution Regarding Reference to Resources and Reserves

The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended ("CIM Standards"). These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended (the "Securities Act"). Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101 and the CIM Standards; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this AIF and the documents incorporated by reference herein contain descriptions of the Company's mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Glossary of Terms

The following is a glossary of certain mining terms used in this Annual Information Form.

"adit"	A passage driven horizontally into a mountainside providing access to a mineral deposit from the surface of the working of a mine
"Ag"	Silver
"alteration"	Changes in the chemical or mineralogical composition of a rock, generally produced by weathering or hydrothermal solutions
"anomalous"	Departing from the expected or normal
"anomaly"	A geological feature, especially in the subsurface, distinguished by geological, geophysical or geochemical means, which is different from the general surroundings and is often of potential economic value
"As"	Arsenic
"Au"	Gold
"basalt"	A dark coloured igneous rock, commonly extrusive – the fine grained equivalent of gabbro
"batholith"	A large, generally discordant plutonic mass that has more than 100 square kilometres of surface exposure and no known floor
"biotite"	A common rock forming mineral of the mica group
"Board"	The board of directors of ITH
"breccia"	Angular broken rock fragments held together by a mineral cement or a fine- grained matrix
"BCBCA"	*Business Corporations Act* (British Columbia), ITH's governing statute
"chert"	A hard, dense microcrystalline or cryptocrystalline sedimentary rock, consisting chiefly of interlocking crystals of quartz less than about 30 microns in diameter
"chip sample"	A series of small pieces of ore or rock taken at regular intervals across a vein or exposure
"CIP"	"Carbon-in-pulp" - a method of recovering gold and silver from pregnant cyanide solutions by adsorbing the precious metals to granules of activated carbon, which are typically ground up coconut shells.
"clastic"	Pertaining to a rock or sediment composed principally of fragments derived from pre-existing rocks or minerals and transported some distance from their places of origin; also said of the texture of such a rock
"cm"	Centimetres

"Common Shares"	The common shares without par value in the capital stock of ITH as the same are constituted on the date hereof
"conglomerate"	A coarse grained clastic sedimentary rock, composed of rounded to sub-angular fragments larger than 2mm in diameter set in a fine-grained matrix of sand or silt, and commonly cemented by calcium carbonate, iron oxide, silica or hardened clay
"Corvus"	Corvus Gold Inc., a company subsisting under the laws of British Columbia which was spun off from the Company in August, 2010
"cutoff grade"	The lowest grade of mineralized material that qualifies as ore in a given deposit, that is, material of the lowest assay value that is included in a resource/reserve estimate
"deformation"	A general term for the processes of folding, faulting, shearing, compression, or extension of rocks as a result of various earth forces
"deposit"	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves or ore, unless final legal, technical and economic factors are resolved
"diamond drill"	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is recovered in long cylindrical sections, an inch or more in diameter
"dip"	The angle that a stratum or any planar feature makes with the horizontal, measured perpendicular to the strike and in the vertical plane
"dike"	A tabular body of igneous rock that cuts across the structure of adjacent rocks or cuts massive rocks
"Director"	A member of the Board of Directors of ITH
"disseminated"	Fine particles of mineral dispersed throughout the enclosing rock
"distal"	Said of an ore deposit formed at a considerable distance (e.g. tens of kilometres) from the volcanic source from which its constituents have been derived
"drift"	A horizontal tunnel driven along or parallel to the strike of the orebody, for the extraction or exploration of minerals
"epigenetic"	Said of a mineral deposit of origin later than that of the enclosing rocks

"epithermal"	Said of a hydrothermal mineral deposit formed within about 1 kilometre of the earth's surface and in the temperature range of 50-200° C, occurring mainly as veins
"executive officer"	When used in relation to any issuer (including the Company) means an individual who is: (a) a chair, vice chair or president; (b) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; or (c) performing a policy-making function in respect of the issuer
"exsolved"	Said of a substance that has undergone "exsolution", being the process of the separation of an initially homogenous solution into at least two different crystalline minerals without the addition or removal of any materials – usually occurs upon cooling
"felsic"	An igneous rock having abundant light coloured minerals, also, applied to those minerals (quartz, feldspars, feldspathoids, muscovite) as a group
"footwall"	The mass of rock beneath a fault, orebody or mine working; especially the wall rock beneath an inclined vein or fault
"g/t"	Grams per metric tonne
"gabbro"	A group of dark coloured, basic intrusive igneous rocks – the approximate intrusive equivalent of basalt
"gneiss"	A foliated rock formed by regional metamorphism, in which bands or lenticles of granular materials alternate with bands or lenticles of minerals with flaky or elongate prismatic habit – mineral composition is not an essential factor in its definition
"grab sample"	A sample composed of one or more pieces of rock, collected from a mineralized zone that, when analyzed, do not represent a particular width of mineralization nor necessarily the true mineral concentration of any larger portion of a mineralized zone
"grade"	To contain a particular quantity of ore or mineral, relative to other constituents, in a specified quantity of rock
"hanging wall"	The overlying side of an orebody, fault or mine working; especially the wall rock above an inclined vein or fault

"heap leaching"	A method of recovering minerals from ore whereby crushed rock is stacked on a non-porous liner and an appropriate chemical solution is sprayed on the top of the pile (the "heap") and allowed to percolate down through the crushed rock, dissolving the desired minerals(s) as it does so. The chemical solution is then collected from the base of the heap and is treated to remove the dissolved mineral(s)
"host"	A rock or mineral that is older than rocks or minerals introduced into it or formed within it
"host rock"	A body of rock serving as a host for other rocks or for mineral deposits, or any rock in which ore deposits occur
"hydrothermal"	A term pertaining to hot aqueous solutions of magmatic origin which may transport metals and minerals in solution
"ITH"	International Tower Hill Mines Ltd., a company subsisting under the laws of British Columbia
"intrusion"	The process of the emplacement of magma in pre-existing rock, magmatic activity. Also, the igneous rock mass so formed
"intrusive"	Of or pertaining to intrusion, both the process and the rock so formed
"km"	Kilometres
"m"	Metres
"mm"	Millimetres
"mafic"	Said of an igneous rock composed chiefly of dark, ferromagnesian minerals, also, said of those minerals
"magma"	Naturally occurring molten rock material, generated within the earth and capable of intrusion and extrusion, from which igneous rocks have been derived through solidification and related processes
"magmatic"	Of, or pertaining to, or derived from, magma
"massive"	Said of a mineral deposit, especially of sulphides, characterized by a great concentration of ore in one place, as opposed to a disseminated or veinlike deposit
"mesothermal"	Said of a hydrothermal mineral deposit formed at considerable depth and in the temperature range of 200 - 300° Centigrade, also, said of that environment
"metallogeny"	The study of the genesis of mineral deposits, with emphasis on their relationship in space and time to regional petrographic and tectonic features of the earth's crust
"Moz"	Million ounces

"mineral reserve"	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined and processed
"mineral resource"	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The term "mineral resource" covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase "reasonable prospects for economic extraction" implies a judgement by a qualified person (as that term is defined in NI 43-101) in respect of the technical and economic factors likely to influence the prospect of economic extraction. A mineral resource is an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable
"mineralization"	The concentration of metals and their chemical compounds within a body of rock
"National Instrument 43-101"/ "NI 43-101"	National Instrument 43-101 of the Canadian Securities Administrators entitled "Standards of Disclosure for Mineral Projects"
"NSR"	Net smelter return
"NYSE-A"	NYSE Amex Equities (formerly, the American Stock Exchange)
"ophiolite"	An assemblage of mafic and ultramafic igneous rocks ranging from spilite and basalt to gabbro and peridotite, and always derived from them by later metamorphism, whose origin is associated with an early phase of the development of a geosyncline
"orogeny"	The process of natural mountain building, which may be studied as a tectonic structural event, as a geographical event and a chronological event, in that orogenic events cause distinctive structural phenomena and related tectonic activity, affect certain regions of rocks and crust and happen within a time frame
"outcrop"	That portion of a geologic formation or structure that appears at the surface of the earth; also, bedrock that is covered by surficial deposits such as alluvium
"plunge"	The inclination of a fold axis or other linear feature, measured in the vertical plane

"PPB" or "ppb"	Parts per billion
"PPM or "ppm"	Parts per million
"pyroclastic"	Pertaining to clastic rock material formed by volcanic explosion or aerial expulsion from a volcanic vent; also, pertaining to rock texture of explosive origin
"quartzite"	A granoblastic metamorphic rock consisting mainly of quartz, formed by recrystalization of sandstone by regional or thermal metamorphism
"relict texture"	In mineral deposits, an original texture that remains after total or partial replacement
"reverse circulation drilling"	A method of drilling whereby rock cuttings generated by the drill bit are flushed up from the bit face to the surface through the drill rods by air or drilling fluids for collection and analysis
"Sb"	Antimony
"schist"	A strongly foliated crystalline rock, formed by dynamic metamorphism, that has well developed parallelism of more than 50% of the minerals present
"sedimentary"	Pertaining to or containing sediment (typically, solid fragmental material transported and deposited by wind, water or ice that forms in layers in loose unconsolidated form), or formed by its deposition
"shear zone"	A tabular zone of rock that has been crushed and brecciated by many parallel fractures due to shear strain (often mineralized by ore-forming solutions)
"silicification"	The introduction of, or replacement by, silica (especially in the form of fine- grained quartz, chalcedony or opal) which may fill pores and replace existing minerals (*adj.*: silicified)
"sill"	A tabular igneous intrusion that parallels the planar structure of the surrounding rock
"stock"	An igneous intrusion that is less than 100 square kilometres in surface exposure, is usually but not always discordant, and resembles a batholith except in size
"stockwork"	A mineral deposit consisting of a three-dimensional network of irregular veinlets closely enough spaced that the whole mass can be mined
"strike"	The direction taken by a structural surface
"tabular"	Said of a feature having two dimensions that are much larger or longer than the third, or of a geomorphic feature having a flat surface, such as a plateau
"tectonic"	Pertaining to the forces involved in, or the resulting structures of, tectonics

"tectonics"	A branch of geology dealing with the broad architecture of the outer part of the earth, that is, the major structural or deformational features and their relations, origin and historical evolution
"terrane"	A term applied to a rock or group of rocks and to the area in which they crop out
"Tower Alaska"	Tower Hill Mines, Inc. (formerly, "Talon Gold Alaska, Inc.")., a wholly owned subsidiary of ITH subsisting under the laws of Alaska
"Tower Hill US"	Tower Hill Mines (US) LLC (formerly "Talon Gold (US) LLC"), a wholly owned subsidiary of Tower Alaska subsisting under the laws of Colorado
"tuff"	A general term for all consolidated pyroclastic rocks
"thrust sheet"	The body of rock above a large-scale thrust fault whose surface is horizontal or very gently dipping
"TSX"	Toronto Stock Exchange
"TSXV"	TSX Venture Exchange
"ultramafic"	Said of an igneous rock composed chiefly of mafic minerals
"vein'	An epigenetic mineral filling of a fault or other fracture, in tabular or sheetlike form, often with the associated replacement of the host rock; also, a mineral deposit of this form and origin
"volcaniclastic"	Pertaining to a clastic rock containing volcanic material in whatever proportion, and without regard to its origin or environment

ITEM 3: CORPORATE STRUCTURE

Name, Address and Incorporation

ITH was incorporated under the *Company Act* (British Columbia) under the name "Ashnola Mining Company Ltd." on May 26, 1978. ITH's name was changed to "Tower Hill Mines Ltd." on June 1, 1988, and subsequently changed to "International Tower Hill Mines Ltd." on March 15, 1991. ITH has been transitioned under, and is now governed by, the BCBCA. On October 11, 2005, ITH filed a transition application under the BCBCA, reflecting the adoption by the shareholders, on October 29, 2004, of a new form of Articles to govern the affairs of ITH in substitution for the original articles adopted under the old *Company Act* (B.C.) and reflecting the increased flexibility available to companies under the BCBCA. A copy of the new Articles is available on SEDAR at www.sedar.com. On November 15, 2005, the shareholders resolved to amend the Articles to increase the authorized capital from 20,000,000 common shares without par value to 500,000,000 common shares without par value. A Notice of Articles in respect of such increase was filed on April 20, 2006, at which time such increase in authorized capital became effective.

The head office and principal business address of ITH is located at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, CANADA V6E 2K3, and its registered and records office is located at Suite 2300, Four Bentall Centre, 1055 Dunsmuir Street, P.O. Box 49122, Vancouver, B.C. V7X 1J1.

Intercorporate Relationships

ITH has two material subsidiaries:

(a) Tower Alaska, a corporation incorporated in Alaska on June 27, 2006, which holds all of the Company's Alaskan properties and is 100% owned by ITH; and

(b) Tower Hill (US), a limited liability company formed in Colorado on June 27, 2006, which carries on all of the Company's mineral exploration operations and is wholly owned by Tower Alaska.

The following corporate chart sets forth all of ITH's material subsidiaries:



Throughout this AIF references to the "Company" refer to ITH and its consolidated subsidiaries, Tower Alaska and Tower Hill US. References to ITH refer to ITH alone.

ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties. The Company currently holds or has the right to acquire interests in an advanced stage exploration project in Alaska referred to as the "Livengood Project". The Company is in the exploration stage as its property has not yet reached commercial production. All work presently planned by the Company is directed at defining mineralization at the Livengood project and increasing understanding of the characteristics of, and economics of, that mineralization. **While the Company has outlined estimated mineral resources at the Livengood project, there are no mineral reserves on the Livengood project**.

Since current management assumed control of ITH in mid-2006, the Company has focussed primarily on the acquisition and exploration of mineral properties in Alaska and Nevada. During the financial years ended May 31, 2008, 2009 and 2010, the Company has acquired by staking, purchase, lease or option (primarily from AngloGold Ashanti (U.S.A.) Exploration Inc. ("AngloGold") in a transaction which closed on August 4, 2006) interests in a number of mineral properties in Alaska (Livengood, Terra, LMS, BMP, Chisna, Coffee Dome, West Tanana, Gilles, West Pogo, Caribou, Blackshell and South Estelle) and Nevada (North Bullfrog and Painted Hills) that it believes have the potential to host large precious or base metal deposits. Some of these, such as the Painted Hills, Gilles, West Tanana, Caribou and Blackshell properties were, in light of disappointing exploration results, dropped or returned to the respective optionors or lessors, and the associated costs written off while others, such as the South Estelle property, have been sold. Since early 2008, the Company's primary focus has been the exploration and advancement of its Livengood project in Alaska and the majority of its resources have been directed to that end. To this end, in August 2010, ITH undertook a corporate spin-out arrangement transaction whereby all of its mineral property interests other than the Livengood property were transferred to Corvus and Corvus was spun out as an independent and separate public company. Following the completion of such transaction, the sole mineral property held by ITH is the Livengood Project.

All of the Company's currently proposed exploration is under the jurisdiction of the State of Alaska.

In Alaska, low impact, initial stage surface exploration such as stream sediment, soil and rock chip sampling do not require any permits. The State of Alaska requires an APMA (Alaska Placer Mining Application) exploration permit for all substantial surface disturbances such as trenching, road building and drilling. These permits are also reviewed by related state and federal agencies that can comment and require specific changes to the proposed work plans to minimize impacts on the environment. The permitting process for significant disturbances generally requires 30 days for processing and all work must be bonded. The Company currently has all necessary permits with respect to its exploration activities in Alaska. Although the Company has never had an issue with the timely processing of APMA permits there can be no assurances that delays in permit approval will not occur. Due to the northern climate, exploration work in some areas of Alaska can be limited due to excessive snow cover and cold temperatures. In general, surface sampling work is limited to May through September and surface drilling from March through November, although some locations afford opportunities for year-round exploration operations and others, such as wetland areas, may only be explored while frozen in the winter. Mining is conducted in a number of locations in Alaska on a year-round basis, both open pit and underground.

Currently, there are no environmental regulations in Alaska that impact the Company because it is still in the exploration stage. Reclamation work, that is, work done to restore the property to its original state, is minimal because the Company's operations have virtually no environmental impact. The

Company's required remedial environmental reclamation work typically consists of slashing underbrush so that wildlife movement is not hampered and basic re-seeding operations.

Since June 1, 2010, being the commencement of the Company's last completed fiscal year, the Company has not entered into any significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

ITEM 5: NARRATIVE DESCRIPTION OF THE BUSINESS

General

Summary

The Company currently holds, or has rights to acquire, ownership or leasehold interests in a group of adjacent mineral properties located approximately 115 kilometres north of Fairbanks, Alaska and collectively referred to as the "Livengood Project" (subject, in certain cases, to NSR royalties payable to the original property vendors/lessors) in Alaska (Figure 1). The Company is in the process of evaluating the Livengood project through advanced exploration programs and the preparation of a pre-feasibility study, with the objective of evaluating the potential of the project and determining if the preparation of a full feasibility study is warranted. The progress on, and results of, work programs on the Company's Livengood project (being its only mineral property) is set out in the Mineral Projects section of this AIF.

The Company is in the exploration stage and does not mine, produce or sell any mineral products at this time. While the Livengood project has estimated mineral resources, it does not at this time have any known or identified mineral reserves. The Company does not propose any method of production at this time, and one of the aims of the planned pre-feasibility study is to determine the optimum method for any production at the Livengood project.

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning, preparation of pre-feasibility and feasibility studies and the construction and operation of a mine (following a production decision having been made), financing and accounting. Since commencing its current operations in mid 2006, the Company has found that it can locate and retain appropriate employees and consultants and believes it will continue to be able to do so.

All of the raw materials the Company requires to carry on its business are readily available through normal supply or business contracting channels in Canada and the United States. Since commencing current operations at the Livengood project in mid 2006, the Company has been able to secure the appropriate personnel, equipment and supplies required to conduct its contemplated programs. While it has experienced difficulty in procuring some equipment – for example, drill equipment – or services – for example, experienced drillers and timely assay laboratory services - in previous years, the recent overall slowdown in the mineral exploration business has resulted in more equipment and services being made available on a timely basis. As a result, the Company does not believe that it will experience any shortages of required personnel, equipment or supplies in the foreseeable future.

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. At the present time, the significant demand for minerals in some countries (notably China) is driving increased base metal commodity prices, and a fear of coming inflation and economic uncertainly are driving higher gold prices, but it is difficult to assess how long such demand may continue.

The Company's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. Rather, the Company's ability to continue making the holding, assessment, lease and option payments necessary to maintain its interest in the

Livengood project, to fund the ongoing advanced exploration, and to raise the funding necessary to develop a mine at Livengood following any production decision that may be made following the completion of its planned feasibility study are of primary concern. The Company does not presently anticipate any difficulties in this regard in the current financial year.

It is not expected that the Company's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

As of August 26, 2011, ITH had one part-time employee and Tower Hill US had 17 full-time employees. The Company also relies upon consultants and contractors to carry on many of its activities and, in particular, to carry out drilling programs at the Livengood project and in connection with the preparation of its pre-feasibility and any feasibility studies on that project. However, as ITH expands its activities, it may choose to hire additional employees rather than relying on consultants.

Bankruptcy and Similar Procedures

There are no bankruptcy, receivership or similar proceedings against ITH, nor is ITH aware of any such pending or threatened proceedings. There have not been any voluntary bankruptcy, receivership or similar proceedings by ITH within the three most recently completed financial years or completed or currently proposed for the current financial year.

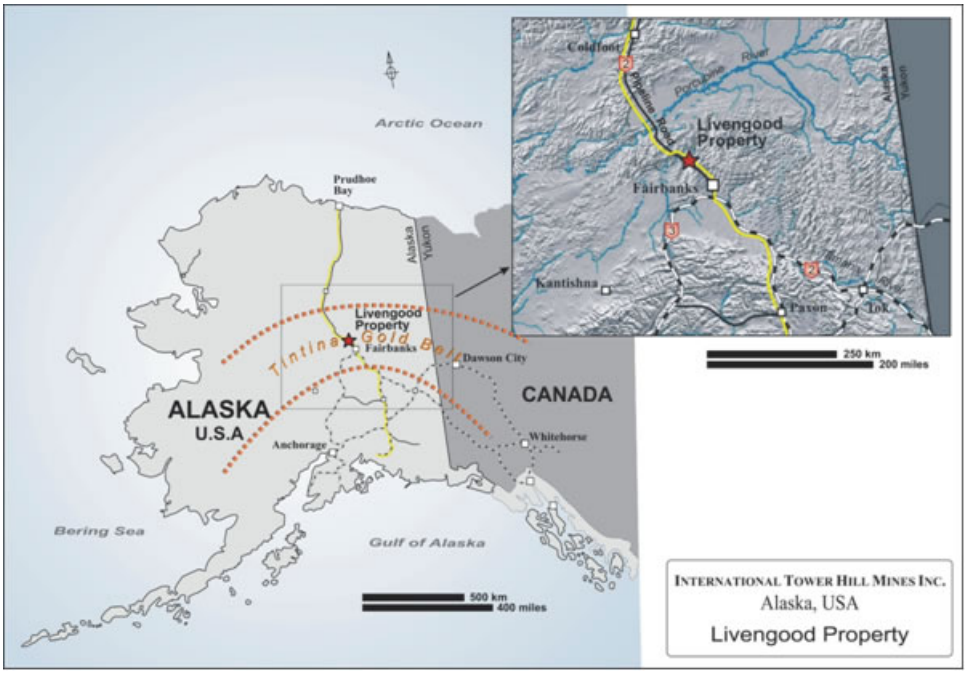


Figure 1: Location of the Livengood Project

Reorganizations

The only reorganization of or involving ITH within the three most recently completed financial years was the corporate spin-out transaction under which ITH transferred all of its non-Livengood mineral property assets (including its subsidiaries Raven Gold Alaska Inc. and Talon Gold Nevada Inc.) to Corvus by way of a corporate arrangement and Corvus was spun-to to the shareholders of ITH as an independent public company. The 2010 Information Circular, which provides information concerning the spin-out of Corvus by way of corporate arrangement under the BCBCA, is specifically incorporated by reference herein, and readers are referred to the 2010 Information Circular for a complete description of the spin-out transaction and details of each of the Company and Corvus following the completion thereof.

The spin-out transaction pursuant to the plan of arrangement among ITH, its shareholders and Corvus ("Plan of Arrangement") was approved by the shareholders of ITH on August 12, 2010, and the final order of the Supreme Court of British Columbia approving the Plan of Arrangement under the BCBCA to implement the transaction was received on August 20, 2010. The effective date of the spin-out transaction under the Plan of Arrangement was August 26, 2010 and the common shares of Corvus commenced trading on the TSX on August 30, 2010. On the effective date of the Arrangement, shareholders of ITH held one Common Share and one-half of one common share of Corvus for each common share of ITH held immediately prior to the effective date. Under the terms of the transaction, ITH retained all assets relating to the Livengood gold project in Alaska, together with approximately $33 million in working capital. Corvus received all of ITH's other existing Alaska and Nevada assets, together with approximately $3.3 million in working capital.

As proposed, following the completion of the spin-out, the Company has concentrated on completing the ongoing pre-feasibility study and thereafter, assuming the results of such study are as currently assumed, moving the Livengood project towards feasibility and a potential production decision.

Social or Environmental Policies

ITH has created a Sustainable Development Committee ("SDC"), which has adopted a formal charter. The overall purpose of the SDC is to assist the Board in fulfilling its oversight responsibilities with respect to the Board's and the Company's continuing commitment to improving the environment and ensuring that the Company's activities are carried out, and that its facilities are operated and maintained, in a safe, sustainable and environmentally sound manner. The primary function of the Committee is to monitor, review and provide oversight with respect to the Company's policies, standards, accountabilities and programs relative to health, safety, community relations and environmental-related matters. Further, the SDC is to advise the Board and make recommendations for the Board's consideration regarding health, safety, community relations and environmental-related issues. In particular, the SDC is to consider and advise the Board with respect to current standards of sustainable development for projects and activities such as those of the Company, particularly with a view to ensuring that the Company's business is run in a manner, and its projects are operated and developed, so as to achieve the ideals and reflect the following principles of sustainable development:

(a) living within environmental limits,
(b) ensuring a strong, healthy and just society,
(c) achieving a sustainable economy,
(d) using sound science responsibly, and
(e) promoting good governance.

The SDC is also responsible for monitoring the activities of the Company in connection with the initial and ongoing interaction between the Company's activities, operations and personnel and the communities in which the Company's projects and related activities are located, with a view to ensuring that management develops and follows appropriate policies and activities to enhance the relationship between

the Company and its personnel and the communities in which it operates and reflect the principles of sustainable development in that regard.

Although not set out in a specific policy, the Company strives to be a positive influence in the local communities where its mineral projects are located, not only by contributing to the welfare of such communities through donations of money and supplies, as appropriate, but also through hiring, when appropriate, local workers to assist in ongoing exploration programs. The Company considers that building and maintaining strong relationships with such communities is fundamental to its ability to continue to operate in such regions and to assist in the eventual development (if any) of mining operations in such regions, and it attaches considerable importance to commencing and fostering them from the beginning of its involvement in any particular area.

ITH has also adopted a Code of Business Conduct and Ethics, which provides, among other things, that ITH is committed to complying with all laws and governmental regulations applicable to its activities and, specifically, to maintaining a safe and healthy work environment and conducting its activities in full compliance with all applicable environmental laws.

Risk Factors

In addition to those risk factors discussed elsewhere in this AIF, the Company is subject to the following risk factors:

Resource Exploration and Development is Generally a Speculative Business : Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

While the Livengood property has estimated measured, indicated and inferred resources identified, there are no known reserves at the Livengood property. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore. Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit will ever qualify as a commercial mineable ore body which can be legally and economically exploited.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. The Company's long-term viability and profitability depend, in large part, upon the market price of metals which have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals produced from the Company's property will be such that any such deposits can be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at the Livengood project, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, will have a material adverse effect on the Company.

Acquisition of Mineral Claims under Agreements : The agreements pursuant to which the Company holds or has the right to acquire interests in the individual properties comprising the Livengood project provide that the Company must make a series of cash payments over certain time periods and/or expend certain minimum amounts on the exploration of the properties. Failure by the Company to make such payments or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Proposed Amendments to the United States General Mining Law of 1872 : In recent years, the United States Congress has considered a number of proposed amendments to the U.S. *General Mining Law of 1872* ("Mining Law"). If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse affect on the Company's cash flow, results of operations and financial condition.

Uncertainties Relating to Unpatented Mining Claims: Certain of the Company's mineral properties at Livengood comprise federal unpatented mining claims. There is a risk that a portion of the Company's federal unpatented mining claims could be determined to be invalid, in which case the Company could lose the right to mine any minerals contained within those mining claims. Federal unpatented mining claims are created and maintained in accordance with the Mining Law. Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the Mining Law. Unpatented mining claims are always subject to possible challenges of third parties or contests by the United States federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. Title to the unpatented mining claims may also be affected by undetected defects such as unregistered agreements or transfers. The Company has not obtained full title opinions for the majority of its mineral properties. Not all the mineral properties in which the Company has an interest have been surveyed, and their actual extent and location may be in doubt.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it holds, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where

such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposit at the Livengood project.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The Livengood property is still in the advanced exploration stage and the Company has not defined or delineated any proven or probable reserves at Livengood. No feasibility study has yet been completed, and no production decision has been made, in respect of the Livengood property. Continued exploration of the Livengood project and the future development of that property following any production decision that may be made, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect to ability of the Company to continue its planned business within any such jurisdictions.

Recent market events and conditions: From 2007 into 2010, the U.S. credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks,

investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appear to have improved slightly in 2010/11, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

General economic conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect our growth and profitability. Specifically:

- The global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of gold prices may impact the Company's future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs
- the devaluation and volatility of global stock markets impacts the valuation of the Common Shares, which may impact the Company's ability to raise funds through the issuance of Common Shares

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the development of the Livengood project as a mine following any production decision that may be made. The development of a mine at Livengood following any production decision that may be made will therefore depend upon the Company's ability to obtain financing through equity and debt financing. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company being unable to commence or complete the development of a mine at Livengood and/or being required to dispose of its interest in its properties.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of the Livengood project or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in

delay or indefinite postponement of further exploration and development of the Livengood project with the possible loss of such property.

Dilution to the Company's existing shareholders: The Company may require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Increased costs: Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as changing ore grade, metallurgy and revisions to mine plans, if any, in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities such as fuel, rubber and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. A material increase in costs at any significant location could have a significant effect on the Company's profitability.

Dependence Upon Others and Key Personnel : The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise.

Currency Fluctuations: The Company maintains its accounts in Canadian and U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations may materially affect the Company's financial position and results.

Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be

duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Livengood project.

Limited Experience with Development-Stage Mining Operations: The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places the Livengood property into production.

Estimates of Mineral Reserves and Resources and Production Risks : The mineral resource estimates included in this AIF are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the

results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described in this AIF should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Enforcement of Civil Liabilities: As substantially all of the assets of the Company and its subsidiaries are located outside of Canada, and certain of the directors and officers of ITH are resident outside of Canada, it may be difficult or impossible to enforce judgements granted by a court in Canada against the assets of the Company or the directors and officers of ITH residing outside of Canada.

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

ITH may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in Common Shares that are U.S. taxpayers: Investors in Common Shares that are U.S. taxpayers should be aware that ITH believes that it has been in prior years, and expects it will be in the current year, a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If ITH is or becomes a PFIC, generally any gain recognized on the sale of the Common Shares and any "excess distributions" (as specifically defined) paid on the Common Shares must be rateably allocated to each day in a U.S. taxpayer's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to ITH generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of ITH's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by ITH. U.S. taxpayers should be aware, however, that there can be no assurance that ITH will satisfy record keeping requirements under the QEF rules or that ITH will supply U.S. taxpayers with required information under

the QEF rules, in event that ITH is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if ITH is a PFIC and the Common Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which ITH is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the Common Shares.

Material Mineral Projects

Livengood Project, Alaska

Information in this AIF regarding the Livengood project is based on information provided by the Livengood Report. The Livengood Report provides documentation of the geological, operational, and resource estimation procedures that have been undertaken by the Company as it continues to advance the Livengood Project. The following summary is from the Livengood Report and the detailed disclosure in the Livengood Report is incorporated into this AIF by reference. Readers are encouraged to review the entire Livengood Report, which is filed on SEDAR at www.sedar.com.

1.0 Introduction

The Livengood Report has been prepared to update the mining configuration and Preliminary Economic Assessment ("PEA") for the Livengood Project to reflect recent information developed as part of the ongoing Pre-feasibility Studies ("PFS"). The Livengood project is currently performing exploration, resource definition and technical studies as part of the PFS which is scheduled for completion in Q4 of 2011. A PEA was performed previously to evaluate preliminary project concepts including possible mineralization processing methods, estimates of capital and operating costs, and preliminary surface mine design scenarios in November 2010. This update of the November 2010 technical report is based on the resource estimate updated August 22, 2011, prepared from data to May 31, 2011 and based on other PFS technical information as of August 1, 2011.

Field investigations at the Livengood property are ongoing, with a total of 9 drilling rigs working at the site during the Summer 2011 program. Ongoing field data collection includes environmental baseline data collection (water quality sampling, wildlife studies, air quality) and meteorological sampling, geotechnical data collection for mine design, site evaluation and geotechnical data collection for project infrastructure location, groundwater hydrogeological testing, and rock geochemical characterization. Drilling activities have been expanded to include district exploration and site condemnation, as well as continuing the resource definition and infill drilling at Money Knob. A 3D IP geophysical program to survey the Livengood District will be completed in Q3 2011. The geologic database supporting the Livengood Report is the 648 diamond and reverse circulation holes that had been drilled on the property to May 31, 2011, and provided the basis for reporting an update of the in-situ gold resource estimate.

The Livengood Report is the twelfth in the series of technical reports and the eleventh that supports resource estimates which have been regularly updated as new drill information has become available. The Livengood Report describes the pre-feasibility concept based on a gravity-flotation-CIL recovery method processing mineralized material recovered by surface mining. Estimates of capital and operating cost, and a preliminary surface mine design are included, along with the geological and resource estimation procedures that have been undertaken by the Company. The updated mineral resource estimate includes material in the measured, indicated and inferred classification based on borehole data up to May 31, 2011. It does not include drill results from the Copmpany's 2011 Summer drill program which is currently in progress.

All costs in the Livengood Report are reported in US Dollars.

2.0 Description and Location

The Livengood property is located approximately 115 km northwest of Fairbanks, Alaska in the Tolovana Mining District within the Tintina Gold Belt. The project area is centered on Money Knob, a local topographic high point. This feature and the adjoining ridge lines are the probable lode gold source for the Livengood placer deposits which lie in the adjacent valleys which have been actively mined since 1914 and have produced more than 500,000 ounces of gold.

The Company controls 100% of its ~125 square kilometre Livengood land package, which is made up of 115 Alaska State mining claims, fee simple land leased from the Alaska Mental Health Land Trust, and four leases with holders of state and federal patented and unpatented mining and placer claims.

3.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

Livengood is located approximately 115 km north of Fairbanks, Alaska next to the Elliot Highway, a paved, all weather road linking the north slope oil fields at Prudhoe Bay to southern Alaska. It is also adjacent to the Alyeska Pipeline corridor, which transports crude oil from Prudhoe Bay south and contains the fiber optic communications cable utilized at the Livengood site.

Topography at the site is eroded hills and valleys with generally 200 m elevation difference. The valleys generally contain active streams draining into the Tolovana River system to the west.

The site is approximately 65 km south of the Arctic Circle, and has a subarctic climate with long, cold winters and short, warm summers. Annual precipitation is roughly 41 cm. Average low temperatures in winter are -21 to -28 degrees C, with records reaching as low as -55 degrees C.

The Fairbanks metropolitan area has a population of approximately 98,000 people, and comprises the regional center with hospitals, government offices, businesses and the University of Alaska, Fairbanks. The city is linked to southern Alaska along a north-south transportation and utility corridor that includes 2 paved highways, a railroad, an interlinked electrical grid, and communications infrastructure. The city has a regional airport serviced by up to 3 major airlines.

4.0 History

The property has been prospected and explored by several companies and private individuals since the 1970's. Geochemical surveys by Cambior in 2000 and AngloGold Ashanti (U.S.A.) Exploration Inc. ("AGA") in 2003 and 2004 outlined a 1.6 x 0.8 km area with anomalous gold in soil. Scattered anomalous samples continue along strike for an additional 5 km to the northeast and 1.6 km to the southwest. Eight reverse circulation holes were drilled by AGA in 2003 and a further 4 diamond core holes were drilled in 2004 to evaluate this anomaly. Favourable results from these holes revealed wide intervals of gold mineralization (BAF-7: 138.7m @ 1.07 g/t Au; MK-04-03: 55.3m @ 0.51 g/t Au) along with lesser intervals over a broad area. Over the past 5 years, exploration by ITH through its wholly owned Alaskan subsidiary, Talon Gold Alaska, Inc., has evaluated this mineralization utilizing both RC drilling and core drilling.

Beginning in 2009, technical studies have been performed to generate metallurgical data for process definition, to generate preliminary surface mine designs, and to develop pre-conceptual information on the location and capacities of potential tailings management, overburden management, water reservoir, and mill process facilities. Conceptual project configurations have been generated from these studies which have been used as the basis for projected operating and capital cost estimation. A PEA for a large

surface mining and mill processing facility was generated to update ITH information being developed for the current Pre-feasibility Study.

5.0 Geologic Setting and Mineralization

Rocks at Livengood are part of the Livengood Terrane, an east–west belt, approximately 240 km long, consisting of tectonically interleaved assemblages of various ages. These assemblages include the Amy Creek Assemblage, a sequence of latest Proterozoic and/or early Paleozoic basalt, mudstone, chert, dolomite, and limestone. An early Cambrian ophiolite sequence of mafic and ultramafic sea floor rocks was thrust over the Amy Creek Assemblage and was, in turn, overthrust by a sequence of Devonian shale, siltstone, conglomerate, volcanic, and volcaniclastic rocks, which are the dominant host to the mineralization currently under exploration at Livengood. The Devonian assemblage was overthrust by a second klippe of Cambrian ophiolite rocks. All of these rocks are intruded by Cretaceous multiphase monzonitic and syenitic dikes and sills. Gold mineralization is spatially and temporally associated with these intrusive rocks.

Gold mineralization occurs in association with disseminated arsenopyrite and pyrite in volcanic, sedimentary, and intrusive rocks, and in quartz veins cutting the more competent lithologies, primarily volcanic rocks, sandstones, and, to a lesser degree, ultramafic rocks. Three principal stages of alteration are currently recognized, an early biotite stage, followed by albite-quartz, and a late sericite-quartz assemblage. Carbonate appears to have been introduced with and subsequent to these stages. Arsenopyrite and pyrite were introduced primarily during the albite-quartz and sericite-quartz stages. Gold correlates strongly with arsenic and occurs primarily within and on the margins of arsenopyrite and pyrite.

Mineralization is interpreted as intrusion-related, consistent with other gold deposits of the Tintina Gold Belt, and has a similar As-Sb geochemical association. Mineralization is controlled partly by lithologic units, but thrust-fold architecture was key to providing pathways for intrusive and associated hydrothermal fluids.

Local fault and contact limits to mineralization have been identified, but overall the deposit has not been closed off in any direction. The current resource and area drilled covers the most significant portion of the area with anomalous gold in surface soil samples, but still represents only about 25% of the total gold-anomalous area.

6.0 Deposit Type

Among deposits of the Tintina Gold Belt, Livengood mineralization is most similar to the dike and sill-hosted mineralization at the Donlin Creek deposit, where gold occurs in narrow quartz veins associated with dikes and sills of similar composition. The age of the intrusions and the genetic link between the mineralization and intrusive rocks are typical of those of other nearby gold deposits of the Tintina Gold Belt, which have been characterized as intrusion-related gold systems and for these reasons Livengood is best classified with them.

7.0 Exploration

Prior to ITH, several companies have explored the Livengood area and identified a sizeable area of anomalous gold in soil samples, and intervals of anomalous gold mineralization in drill holes. The Company advanced the soil sampling coverage and undertook to drill surface geochemical anomalies beginning in 2006. The Company has continued its exploration with step-out drilling on a 75 m grid, and

infilling the 75 m pattern in the core of the mineralized areas. Infill and step out drilling in the resource area has continued in the Summer 2011 drill program.

The Company has also implemented a district exploration program, which includes core drilling in geochemical anomalies distal to the resource area and condemnation drilling in potential infrastructure locations. A 3D IP survey has also been conducted during the Summer of 2011 to generate targets over much of the district.

8.0 Drilling

The Company has conducted drilling campaigns on the Livengood property since 2006. These programs initially identified mineralization in the Core Zone and then identified the Northeast, Sunshine, and Southwest zones through step out drilling and drill testing of areas with anomalous values in surface soil samples.

Nearly all drill holes at Money Knob have been drilled in a northerly direction at an inclination of -50° (RC) and -60° (core) in order to best intercept the south dipping structures and mineralized zones as close to perpendicular as possible. A few holes have been drilled in other directions to test other features and aspects of mineralization. Most holes have been spaced at 75m along lines 75m apart, subsequent infill drilling in the center of 75m squares brings the nominal drill spacing to 50m for a significant portion of the deposit.

Diamond core holes represent 16% of the total number of holes drilled. Core is recovered using triple tube techniques to ensure good recovery (>95%) and confidence in core orientation. The core is oriented using either the ACT^{TM} or the EZ Mark ^{TM} tools.

Reverse circulation holes are bored and cased for the upper 0-30m to prevent down hole contamination and to help keep the hole open for ease of drilling at greater depths. Recovery of sample material from RC holes is done via a cyclone and dry or wet splitter, according to conditions. Drill cuttings are collected over the course of each 1.5 m (five-foot) interval and captured for a primary sample, an equivalent secondary sample (“Met” sample) and a third batch of chips for logging purposes.

In the deposit drill hole locations are determined by sub-meter differential GPS surveys at the drill collar. The initial azimuth of drill hole collars is measured using a tripod mounted transit compass in conjunction with a laser alignment device mounted on the hole collar. Down hole surveys of core and RC drill holes are completed using a Gyro-Shot survey instrument manufactured by Icefield Tools Corporation. Results of surveys and duplicate tests show normal minor deviation in azimuth and inclination for drill holes.

All RC samples are “logged in” on site, analyzed with a field portable Thermo Fisher Scientific NITON ^{TM} XRF before being sealed in super sacks and delivered to ALS Chemex in Fairbanks for preparation. Detail logging and mark-up of core is done at the Livengood camp. Core is sawed in half and bagged according to geologic intervals up to 1.5m and sealed in super sacks for delivery to ALS Chemex in Fairbanks.

Samples are analyzed by standard 50g fire assay for the gold determinations. All core samples and select RC drilling samples are also submitted for multi-element ICP-MS analyses using a 4 acid digestion technique. All RC samples are analyzed on site for trace elements using a Thermo Fisher Scientific NITON^{TM} portable XRF before shipment to the laboratory.

9.0 Sample Preparation, Analyses and Security

The Company samples all holes from surface to total depth, using defined procedures. For RC samples, pulverized material is passed through a cyclone to separate solids from drilling fluids, then over a spinning conical splitter. The splitter is set to collect two identical splits of sample weighing 2-5 kg each. Representative coarse material is collected and saved in chip trays for geological description. Samples are put in pre-numbered, bar-coded bags by the drill site crew. One sample is submitted for analysis, and one sample is kept for reference. Samples are secured on site, and transported to a sample preparation facility operated by ALS Chemex in Faribanks.

Core materials are collected at the drill site and placed in core boxes. Run blocks, orientation blocks and depths are placed in the boxes at site. The core is transported to a sample management facility at Livengood, where it is described, then sawn in half. Half of the core is collected for assaying and half remains for reference. Core samples are weighed before shipping.

The QA/QC program implemented by the Company meets or exceeds industry standards. A QA/QC program includes insertion of blanks and standards (1/10 samples) and duplicates (1/20 samples). Blanks help assess the presence of any contamination introduced during sample preparation and help calibrate the low end of the assay detection limits. Commercial standards are used to assess the accuracy of the analyses. Duplicates help assess the homogeneity of the sample material and the overall sample variance. The Company has undertaken rigorous protocols to assure accurate and precise results. Among other methods, weights are tracked throughout the various steps performed in the laboratory to minimize and track errors. A group of 2096 metallic screen fire assays performed in 2011 did not indicate any bias in the matching fire assays.

Data entry and database validation procedures have been checked and found to conform to industry practices. Procedures are in place to minimize data entry errors. These include pre-numbered, pre-tagged, bar-coded bags, and bar-coded data entry methods which relate all information to sample and drill interval information. Likewise, data validation checks are run on all information used in the geologic modeling and resource estimation process. Database entries for a random sample (10%) of drill holes used for the resource estimate were checked against the original Assay Certificates by one of the independent authors of the Livengood Report and the error rate was found to be within acceptable limits.

Analysis of assay data from core and RC sampling has been performed to check for downhole contamination of RC and to compare the data distributions produced by the two methods. Analysis of RC data has not indicated cyclic down hole contamination. Decay analysis conducted on both core drilling and RC drilling indicates similar patterns of monotonic grade increase or decrease. Comparison of the grade distributions between core and RC data were conducted using Quantile-Quantile plots, and simulation of population means for different numbers of samples. The comparison indicated that the mean of all core data was 4% lower than RC data. Comparison of core and RC data below the water table showed similar population means suggesting that down hole contamination was not occurring.

10.0 Data Verification

Core and RC check samples have been collected during each drilling campaign by independent third parties. Results from these samples, as well as blanks and standards included, are consistent with the Company's initial results. This includes a similar increase in variance for samples at higher grades, a pattern consistent with nugget effect. No systematic high or low bias has been observed.

The Summer 2011 drilling includes three separate programs to develop data on grade continuity at reduced drill spacing, and on precision of grade estimation using both core and RC data. Two cross patterns are being drilled with spacing reduced to 15 m along the primary grid axes to evaluate grade continuity between holes. A block of approximately 9 million tonnes is being drilled with equal numbers

of RC and core holes, drilled with 2 different orientations. This block will allow the evaluation of the precision of resource modeling at different data densities and with different types of sampling.

11.0 Mineral Processing and Metallurgical Testing

The Company has undertaken metallurgical and processing test work to determine optimal recoveries using numerous conventional flow sheets: including milling with gravity, flotation, and Carbon in Leach ("CIL") or gravity and CIL of the gravity tails, and heap leaching. Current test work focuses on determining the best means of optimizing these combined recovery methods. This work involves studies that evaluate how gold mineralization occurs and how the mineralized materials vary in their physical and metallurgical response to process treatment parameters according to the various lithologic units that host mineralization. The characteristics under review include grindability, abrasiveness, optimal particle size for downstream treatment, and response to leach, flotation, or gravity unit operations as a function of oxidation and lithology.

Specific metallurgical characteristics, identified in the testing programs to date, have shaped the processing strategies used as the basis for the PEA and assumed project configuration. These important metallurgical findings are:

1) variable metallurgy (chemical and physical properties), depending upon mineralization type, degree of oxidation, amount of organic carbon, etc.;
2) identification of mineralization types that are amenable to simple cyanide leaching process techniques such as heap leaching in conjunction with a carbon in column adsorption plant (CIC), particularly oxidized and partially oxidized mineralization;
3) identification of sediment-hosted mineralization that contains organic "preg-robbing" carbon that will require CIL process techniques;
4) higher recoveries for most mineralization types using gravity separation in combination with downstream CIL and/or flotation separation techniques; and
5) lower recoveries for mineralization types with arsenic association.

Specific observations about metallurgical performance are listed in the following:

- Most Livengood mineralization could be considered moderately soft to medium hard in hardness with an average Bond Ball Work index of 15.8. The mineralization varied significantly in hardness, with Bond Ball Work indices varying from a minimum of 11.1 to a maximum of 19.1.
- The majority of the mineralization would be considered non-abrasive, with an average Abrasion Index of 0.0809. The mineralization type abrasion characteristics varied significantly from 0.0023 to 0.2872.
- All of the Livengood mineralization types respond to cyanide leaching to some degree.
- Some of the unoxidized mineralization with organic carbon has "active" or "preg- robbing" carbon.
- The effect of leach times on gold recovery and gravity concentration results indicate some of the mineralization contains coarse gold.
- Gold recovery at 10 mesh particle size on some of the mineralization types exceeded 90 percent.
- Gold recovery on some of the mineralization types, but not all, is improved with finer grinding. A grind size where 80 percent (p80) of the particles are smaller than 200 mesh (74 microns) has been tested to date.

- The leaching of flotation concentrates, in preliminary tests, shows variable results depending on the mineralization type and the amount of arsenopyrite present.
- Fine grinding of flotation concentrates to less than 20 microns, in preliminary tests, does not significantly improve CIL gold recovery from this material.
- Initial flotation and gravity concentration tests indicate the combined processes exceed 90% gold recovery to the concentrates.
- The degree of oxidation of the mineralization, as observed by the geologists, has a marginal impact on the gold recovery.
- Differences in gold recovery between cyanide shake leach tests, bottle roll leach tests, and Carbon-in-Leach tests suggest organic carbon in the mineralization is active to varying degrees in some of the mineralization types, particularly the un-oxidized portions of those mineralization types.
- The gold is often associated with sulfides, but this mineralization would not be classified as a sulfide refractory type.

12.0 Resource Estimation

The Livengood Report presents a global mineral resource estimate updated from the April 2011 estimate. The resource model was constructed using Gemcom GEMS® and the Stanford GSLIB (Geostatistical Software Library) MIK post processing routine. The resource was estimated using Multiple Indicator Kriging techniques.

Model parameters include, among others, two oxidation indicators and a single lithology indicator for each minor lithology. A three-dimensionally defined lithology model, based on interpretations by ITH geologists, was used to code the rock type block model. A three-dimensionally defined probability grade shell (0.1 g/t) was used to constrain the gold estimation. Gold contained within each block was estimated using nine indicator thresholds. The block model was tagged with the geologic model using a block majority coding method. Because there are significant grade discontinuities at lithologic contacts, hard boundaries were used between each of the lithologic units so that data for each lithology was used only for that unit.

A summary of the estimated global (in-situ) mineral resource is presented below for cutoff grades of 0.2, 0.3, 0.5, and 0.7 g/t gold.

Model validation checks include global bias check, visual validation, and swath plots. In all cases, the model appears to be unbiased and fairly represent the drilling data.

Table 1 Global Resource Estimation Summary - August 2011

Classification	Au Cutoff (g/t)	Tonnes (millions)	Au (g/t)	Million Ounces Au
Measured	**0.20**	**742**	**0.54**	**12.8**
Indicated	**0.20**	**322**	**0.47**	**4.8**
Inferred	**0.20**	**447**	**0.42**	**6.1**
Measured	**0.30**	**562**	**0.63**	**11.4**
Indicated	**0.30**	**216**	**0.58**	**4.0**
Inferred	**0.30**	**279**	**0.53**	**4.8**
Measured	**0.50**	**298**	**0.84**	**8.0**
Indicated	**0.50**	**96**	**0.81**	**2.5**
Inferred	**0.50**	**102**	**0.79**	**2.6**

Measured	**0.70**	**149**	**1.09**	**5.2**
Indicated	**0.70**	**42**	**1.10**	**1.5**
Inferred	**0.70**	**39**	**1.10**	**1.4**

Economic testing of the global mineral resource has been performed using Whittle mine optimization to generate a surface mining shell defined at a long term gold price of $US 1,400 per ounce. Based on this mine optimization, the surface mining mineral resource at the Money Knob deposit is listed in Table 1.2.

Table 2 Surface Mine Mineral Resource defined at US $1,400 per Au ounce.

Classification	Au Cutoff (g/t)	Tonnes (millions)	Au (g/t)	Million Ounces Au
Measured	0.22*	676	0.56	12.2
Indicated	0.22*	257	0.52	4.3
M&I	**0.22***	**933**	**0.55**	**16.5**
Inferred	0.22*	257	0.50	4.1

**- Cutoff grade* is average for variable processing costs and recoveries.*

Based on the study herein reported, delineated mineralization of the Livengood Deposit is classified as a resource according to the following definitions from NI 43-101 and from CIM (2005):

"In this Instrument, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as those definitions may be amended." Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Preliminary Feasibility Study which can serve as the basis for major development decisions.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of the geology and controls of the mineral deposit."

The current basis of project information is not sufficient to convert the in-situ mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability.

13.0 Mineral Reserve Estimates

Mineral reserves have not been estimated for Livengood, because the project does not currently meet the minimum requirement of a completed PFS.

14.0 Mining Methods

The project configuration assumes a large scale surface mining operation using drill-blast-load-haul mining techniques. Major material handling was assumed to be based on hydraulic excavators with 34 cubic meter buckets and 220 tonne capacity haul trucks. Peak mining rates are 75 million tonnes of material, to sustain an annual throughput of 33.2 million tonnes of mineralized material at the processing plant. The total production rates in early years allow stockpiling of lower grade mineralized material to allow streaming of higher grade materials to the process plant.

The mine life is projected to be 23 years to support a mill throughput of 91,000 tonnes per day. Total mine production of mineralized material is projected to be 750 Mt with 892 Mt of overburden material. The strip ratio would be 1.19 overburden material to mineralized material. The mineralized material would be comprised of measured, indicated and inferred classifications in the proportions of 60%, 24%, and 16%, respectively.

Initial pioneering for the surface mine is assumed to start with the initiation of construction at the site to provide borrow material for construction of the tail dam. Minor production of mineralized material would begin in the second year of construction, and then ramp up to deliver 22.5 Mtpa, 31.6 Mtpa and 32.6 Mtpa in production years 1, 2 and 3, respectively. Full capacity would be achieved in year 4.

15.0 Recovery Methods

Preliminary processing assumptions are based on a flow sheet that assumes a gravity gold circuit, followed by flotation to produce a concentrate. Gold would be recovered from the concentrate using carbon-in-leach cyanide leaching.

A single train plant is assumed with run-of-mine (ROM) mineralized material delivered to a primary gyratory crusher, which would feed a coarse stockpile. Coarse mineralized material would be reclaimed by apron feeders discharging onto a SAG mill feed conveyor. A grinding circuit would include a single SAG mill feeding two ball mills in parallel.

The ground, mineralized material would be routed through a gravity circuit producing a rougher concentrate, which would be cleaned to produce a gravity concentrate and gravity middlings. The gravity cleaner concentrate would be processed in a gold refinery to produce dore'. Gravity rougher tail would be returned to the grinding circuit, after a cyclone separation of the fine fraction which would go to flotation directly.

Ground mineralized material, after removal of the gravity recoverable gold, would go to a flotation cell where a rougher concentrate would be created, which combined with the gravity middlings would be reground and then leached in a CIL circuit to recover the contained gold. The CIL circuit would produce a loaded carbon which would be acid washed, stripped of gold and then reactivated for reuse. The refinery would use electrowinning to recover the gold, which would then be refined to produce a dore'.

The plant throughput would be controlled by the SAG milling capacity. Estimated gold recoveries have been based on the existing test work and industry experience, and varies between 58-94 % for the different lithologies and oxidations.

Projected metallurgical recoveries for each lithologic unit have been estimated from the currently existing metallurgical test data. These estimates have been used as the basis of the mine optimization work, but have been increased by an additional 4 percentage points in the economic analysis to account for anticipated improvements that may be possible with further process optimization. Average recovery in the mine optimization output was 77.6%, but has been increased to 81.6% in the economic analysis. This projected improvement in recovery is based on previous experience of the Qualified Person in process testing and plant optimization.

16.0 Project Infrastructure

Alaska infrastructure has been developed in a north-south corridor between ports on the south coast (Anchorage, Valdez and others) and Fairbanks in the center of the State. This includes communications, paved highways, railroad, railbelt electrical grid, and major airports. The metropolitan area around Fairbanks has a population of approximately 98,000 people.

The paved, all weather Elliot Highway runs north from Fairbanks to the North Slope oilfields at Prudhoe Bay, and passes within several kilometers of the Money Knob deposit. Communications infrastructure (fibreoptic) has been extended to the North Slope along the Alyeska Pipeline, which parallels the Elliot Highway and passes just west of Livengood.

In preliminary, nonbinding discussions, the local utility in Fairbanks (Golden Valley Electrical Association) has indicated that 80-100 MW of power could be available to the Livengood Project. Livengood would be connected to the local grid by building a 64 km 230- kVA line along the pipeline corridor. Environmental baseline studies required for the electrical line construction were begun in 2011.

The development of site layout plans is underway as part of the PFS. Primary infrastructure requiring construction at Livengood would be the process plant, tail pipeline, electrical line, mine shops and buildings, and site roads. Alternative sites have been investigated along the northern side of the ridge containing the Money Knob deposit for the process plant, overburden management facility and tail storage facility. A historical dam site, used to store water for placer mining operations, is being investigated for water storage.

17.0 Market Studies and Contracts

The market for gold is global in nature and is unlikely to be unaffected by production from the Livengood Project. There are several large third party gold refineries with well established industry relationships in North America. Among the more notable ones are:

- Metalor; North Attleboro, Massachusetts
- Johnson Matthey; Salt Lake City, Utah
- Canadian Mint; Ottawa, Ontario

The Company has not contacted any of the aforementioned companies for competitive treatment bids, rather utilizing industry averages for this stage of development.

18.0 Environmental Studies, Permitting and Social and Community Impacts

Based on review of the studies completed to date, there are no known environmental issues that are anticipated to materially impact the Livengood Project's ability to extract the gold resource. The

Company has been conducting environmental baseline studies at the Livengood Project since 2008. The environmental baseline programs conducted or currently underway at Livengood include:

- surface water quality and hydrology;
- groundwater hydrogeology;
- wetlands extent and characteristics;
- meteorology and air quality;
- aquatic life and resources;
- wildlife;
- cultural resources;
- and, rock geochemical characteristics.

A site-specific monitoring plan and water management plan for both operations and post mine closure will be developed in the future in conjunction with detailed engineering and project permit planning. Since development of the Livengood Project will require a number of US Federal permits, the National Environmental Policy Act (NEPA) and Council of Environmental Quality (CEQ) Regulations 40 CFR parts 1500-1508 will govern the federal permitting portion of the Livengood Project. In fulfillment of the NEPA requirements, the Livengood Project will be required to prepare an Environmental Impact Statement ("EIS"). Although at this time it is unknown which department will become the lead federal agency, the State of Alaska is expected to take a cooperating role to coordinate the NEPA review with the State permit process.

Actual permitting timelines are controlled by the US Federal NEPA review and US Federal and State agency decisions.

The Livengood Project is located 115 km northwest of Fairbanks, Alaska and approximately 65 km north of the boundary of the Fairbanks North Star Borough, in an unincorporated area of the State and encompasses a combination of State of Alaska mining claims, State of Alaska Mental Health Trust lands, private lands, and federal mining claims. While the old mining town of Livengood no longer has year round residents or an organized government, there are approximately 15 residents living on remote homesteads on the road system within a 15 km radius of the Livengood Project. The nearest community is the village of Minto, a town of 200 located approximately 65 km southwest by road from the Livengood Project. Thus, while the local residents and the community of Minto are important stakeholders in the region and to the Livengood Project, there are no municipal or community agreements required for the Livengood Project.

19.0 Capital and Operating Costs

Capital cost estimates have been developed from evaluation of the project configuration based on surface mining with a 91,000 tonne/day processing plant. The Company engaged MTB Project Management Professionals, Inc. to review capital cost that had been prepared in previous PEA estimates, make appropriate adjustments, prepare capital estimates, develop a work breakdown structure ("WBS") for the capital cost, and develop an execution schedule for the capital expenditures, based on the scope of work as defined as of July 2011. Also, a sustaining capital cost estimate was to be prepared.

The capital cost scope was developed to a WBS. This WBS was developed from several historical projects of similar scope. The capital components of the estimate were allocated into two major groupings:

- Initial capital

- Sustaining capital cost for both incremental capital and replacement capital.

Costs were defined by the preproduction milestone schedule, with an approved feasibility study initiating the start of the capital cost being incurred; costs prior to the approved feasibility study were considered to be “sunk” costs. Initial capital cost was defined as all cost incurred before startup, which is when the first mineralized material is discharged into the primary crusher. Production year +1 begins at startup and defines operating cost.

The capital cost summary is as follows:

Initial Capital Cost	$1,614 million
LOM Sustaining Capital Cost	$585 million
Contingency included in initial capital cost	$323 million

Project operating costs are based on comparison to similar mining operations in Alaska and the USA. Table 1.3 lists the operating cost assumptions used in the economic analysis.

Table 3 Operating Cost Assumptions

Operating area	$/tonne processed	$/tonne mined	$/oz
Mining	$ 3.87	$ 1.77	$ 218
Processing	$ 6.81	-	$ 395
Administration	$ 0.81	-	$ 47
Refining and Transportation	$ 0.08	-	$4.73
Reclamation	$ 0.07	-	$ 4.16
Royalty @ 2.5%	$0.47		$27.50
Total	**$ 12.12**	**--**	**$ 696**

20.0 Economic Analyses

A pre-tax, 100% equity economic analysis has been performed based on the following assumptions:

- Long term gold price of $1,100 per ounce in constant US dollars;
- US dollar terms (Exchange rate of US $1.00 = CAD $1.01)
- No cost escalation or inflation has been provided for
- Annual discount rate of 5%, as well as undiscounted cash flow and alternative annual discount rates of 7.5% and 10.0%.
- All cost prior to construction engineering, long lead item ordering and construction start up are considered sunk costs.

Under these assumptions, the Livengood Project is projected to have an Internal Rate of Return (IRR) of 14.1%, an undiscounted cash flow of US $3.41 B, and an NPV @ 5% of $1.24 B. Key economic performance parameters are listed in Table 1.4.

Table 1.4 Projected Key economic performance parameters at a long term gold price of US $1,100 per ounce.

Economics		
IRR		**14.14%**
NPV*	0.00%	**$ 3,109,058**
NPV*	5.00%	$ 1,241,153
NPV*	7.50%	$ 734,472
NPV*	10.00%	$ 380,496
Summary Statistics		
Initial Capex		$ 1,613,805
Sustaining Capex		$ 584,658
Gold recovered-oz		12,924,668
Cash operating cost/oz		$ 696
Total cost/oz**		$ 859
Stripping ratio		1.19
LOM mill Au recovery		81.6%

* - 000' $ US

Projected annual gold production and annual cash cost per Au ounce are shown graphically in Figure 1.1 for the life-of-mine (LOM). Sensitivities to gold price, recovery, opex and capes variations are listed in Tables 1.5, 1.6, 1.7 and 1.8, respectively.

Figure 1.1 Projected annual gold production and annual cash cost per produced Au ounce for the LOM.

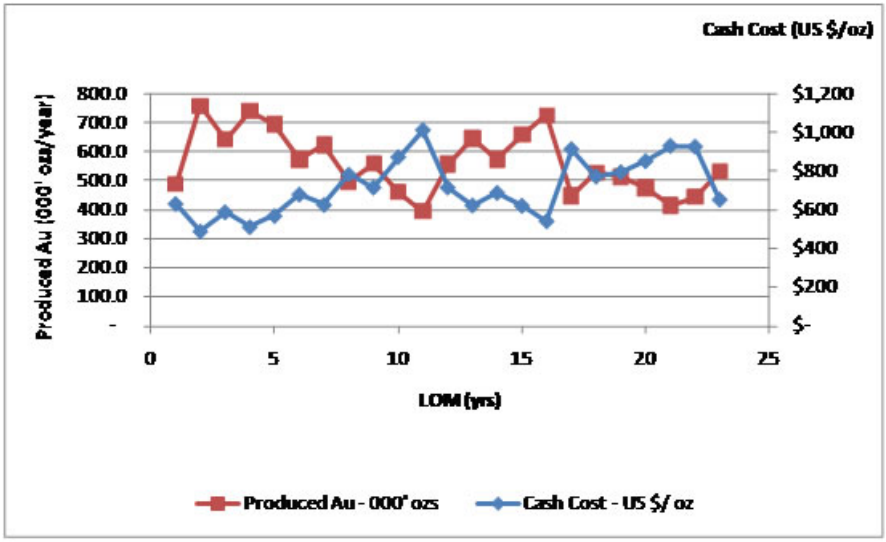


Table 1.5 Variation of Projected Livengood Project IRR and NPV (000' US $) for a gold price range of US $800 -$1,700.

Gold Price

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
800	-6.7%	$ (654,735)	$ (816,710)	$ (857,480)	$ (882,725)
900	3.7%	$ 599,863	$ (130,756)	$ (326,829)	$ (461,652)
1000	9.5%	$ 1,854,461	$ 555,198	$ 203,821	$ (40,578)
1100	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
1200	18.2%	$ 4,363,656	$ 1,927,107	$ 1,265,123	$ 801,570
1300	22.0%	$ 5,618,253	$ 2,613,061	$ 1,795,774	$ 1,222,644
1400	25.5%	$ 6,872,851	$ 3,299,016	$ 2,326,425	$ 1,643,718
1500	28.8%	$ 8,127,448	$ 3,984,970	$ 2,857,075	$ 2,064,791
1600	32.0%	$ 9,382,046	$ 4,670,924	$ 3,387,726	$ 2,485,865
1700	35.1%	$ 10,636,643	$ 5,356,879	$ 3,918,377	$ 2,906,939

Table 1.6 Variation of Projected Livengood Project IRR and NPV (000' US $) for process recovery change of 85-115% of the base assumption (81.6%) .

Process recovery

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
15%	20.7%	$ 5,179,144	$ 2,372,977	$ 1,610,046	$ 1,075,268
10%	18.6%	$ 4,489,115	$ 1,995,703	$ 1,318,188	$ 843,677
5%	16.4%	$ 3,799,087	$ 1,618,428	$ 1,026,330	$ 612,087
0%	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
-5%	11.7%	$ 2,419,029	$ 863,878	$ 442,614	$ 148,905
-10%	9.0%	$ 1,729,001	$ 486,603	$ 150,756	$ (82,685)
-15%	6.0%	$ 1,038,972	$ 109,328	$ (141,102)	$ (314,276)

Table 1.7 Variation of Projected Livengood Project IRR and NPV (000' US $) for change in Opex of 85-115% of the base assumption.

Opex

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
15%	9.6%	$ 1,815,100	$ 554,864	$ 210,542	$ (30,494)
10%	11.2%	$ 2,246,419	$ 783,627	$ 385,186	$ 106,503
5%	12.7%	$ 2,677,739	$ 1,012,390	$ 559,829	$ 243,499
0%	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
-5%	15.5%	$ 3,540,377	$ 1,469,916	$ 909,115	$ 517,493
-10%	16.8%	$ 3,971,697	$ 1,698,679	$ 1,083,759	$ 654,490
-15%	18.0%	$ 4,403,016	$ 1,927,442	$ 1,258,402	$ 791,486

Table 1.8 Variation of Projected Livengood Project IRR and NPV (000' US $) for change in Capex of 85-115% of the base assumption (81.6%) .

Capex

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
15%	11.5%	$ 2,804,541	$ 983,139	$ 493,698	$ 154,157
10%	12.3%	$ 2,906,047	$ 1,069,143	$ 573,956	$ 229,603
5%	13.2%	$ 3,007,553	$ 1,155,148	$ 654,214	$ 305,050
0%	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
-5%	15.2%	$ 3,210,564	$ 1,327,157	$ 814,730	$ 455,943
-10%	16.3%	$ 3,312,069	$ 1,413,162	$ 894,988	$ 531,389
-15%	17.5%	$ 3,413,575	$ 1,499,167	$ 975,246	$ 606,836

21.0 Other Relevant Data and Information

No additional information or explanation is known by the authors of the Livengood Report to be necessary to make the technical report understandable and not misleading.

22.0 Interpretation and Conclusions

A PFS for the Livengood mineral resource is currently underway. The Livengood Report provides an update of the anticipated project configuration, and an overview of the geological, exploration, metallurgical test work, process plant and infrastructure engineering, and surface mine planning work that has been completed to date. A PEA of the updated configuration has been developed which is based on a surface mining operation supplying mineralized material to a processing plant with average throughput of 91,000 tonnes per day. The processing plant would produce gravity and flotation concentrates with gold recovered by Carbon-in-Leach processing of the concentrates. The PEA addresses the basic framework of how gold mineralization will be mined, mineralized material processed, and recovery achieved.

The interpretation and conclusions supplied in the Livengood Report are preliminary and are provided for the purposes of updating information about ITH's progress in the PFS since the issuance of the November 2010 technical report. The information is subject to revision prior to its incorporation into the final PFS document.

23.0 Recommendations

The Company will continue its investigations and studies at Livengood with a projected FY 2011-2012 budget of US$ 68.1M ($67M CAD). The continuing PFS work accounts for approximately 75% of the expenditure, with the remaining 25% allocated to start up of the preparations for permit submittal and start up of feasibility engineering.

During the Summer 2011 field program, completion of several studies to demonstrate grade continuity and confirm precision of modeling with increased drill density will provide important verification of the resource estimation.

The PEA is preliminary in nature, and is based on forward looking technical and economic assumptions which will be evaluated in the Pre-feasibility Study. The PEA is based on the Livengood in-situ resource model (August 2011, effective date of May 31, 2011) which consists of material in the measured, indicated and inferred classification. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them. The current basis of project information is not sufficient to convert the in-situ mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic

viability. Accordingly, there can be no certainty that the results estimated in the PEA will be realized. The PEA results are only intended as an initial, first-pass review of the potential project economics based on preliminary information.

Planned Activities

The Livengood Summer 2011 drill program began June 1 st and includes exploration drilling for district-wide investigations, resource definition drilling in the Money Knob deposit, and condemnation/geotechnical characterization drilling for infrastructure location and design. The district-wide exploration will include 10,000 metres of helicopter supported core drilling, 3,750 m of which is exploration with the remainder having the dual purpose of exploration/condemnation. Resource definition drilling at Money Knob includes close-spaced drilling in locations to test the continuity of mineralization down to a 15 m spacing, and the testing of a 9 million tonne block with 50 holes distributed equally between core and RC drilling methods with two different hole orientations. Total drilling is estimated to be 23,000 metres for completion of the PFS investigations in 2011. A group of deep hydrologic monitoring and testing wells has been drilled into the surface mine area for advanced characterization of ground water effects on slope stability.

The district-wide exploration program also includes 130,000 line-km of 3D IP geophysical surveys, covering the Money Knob deposit and extending coverage over the entire mineralized trend as indicated by drilling and surface soil sampling. This survey will generate subsurface structural information to help target future exploration drilling.

Completion of the PFS is scheduled for Q4 of 2011. The project configuration was specified in June 2011, allowing design of the process facilities and infrastructure elements to proceed. Data collected in the condemnation and geotechnical drilling program are the basis for fixing the locations for the primary crusher, process plant, overburden management facility, tails storage facility and water storage reservoir. Design of these facilities will take place August – September, 2011.

Extensive metallurgical testing is ongoing, and will continue throughout the fiscal year 2011-2012. Initial tests to support the PFS specification of the gravity-flotation-CIL process flow sheet were completed in August. Gold deportment studies have been performed to support the process design, as well as comminution test work. An extensive series of column leach test work is ongoing and scheduled to complete in Q4 of 2011. These data will support the assessment of the potential to heap leach marginal grade ore produced by the surface mine. Further metallurgical testing to support optimization of the process flow sheet and refine the estimates of metallurgical recovery will include lock-cycle testing, additional gold deportment, HPGR characterization and pilot plant tests. This advanced testing will be scoped in Q3 2011 and composite samples will be prepared in Q4 2011 from drill samples produced in the Summer drilling program.

Baseline environmental data collection programs continued in the Summer 2011 field program. This includes surface water quality and quantity sampling, fish tissue sampling, wildlife characterization, meteorological and air quality sampling, wetlands characterization, and antiquities surveys. Groundwater quality is also being sampled, and groundwater monitoring wells have been constructed in the Summer 2011 field program. Baseline data collection was extended to the power line right-of-way, in preparation for design and permitting for extension of the power line from the Fairbanks area.

Beginning in 2012, the program will initiate the Front-end Loading process during which the project configuration and design will be refined, with the objective of entering the permitting process. This work will provide the basis to plan the Winter 2012 field program, which will focus on filling data

gaps identified in the PFS. The design basis will be improved to support Feasibility Studies. Baseline environmental work will continue, and community outreach programs will be expanded.

ITEM 6: DIVIDENDS

There are no restrictions which prevent ITH from paying dividends. ITH has not paid any dividends in the last three fiscal years. ITH has no present intention of paying any dividends, as it anticipates that all available funds will be invested to finance the growth of its business. The Board will determine if and when dividends should be declared and paid in the future, based on ITH's financial position at the relevant time.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of ITH is 500,000,000 Common Shares, of which 86,648,919 were issued as at May 31, 2011 and 86,683,919 were issued as at August 26, 2011. The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders, with each Common Share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares are entitled to dividends if, as and when declared by the Board. The Common Shares are entitled, upon liquidation, dissolution or winding up of ITH, to receive the remaining assets of ITH available for distribution to shareholders.

Shareholders' Rights Plan

On August 25, 2009, the Board adopted a Shareholders' Rights Plan ("SRP"), to become effective at 12:01 a.m. on August 26, 2009, subject to shareholder approval being obtained on or before February 26, 2010 (obtained on October 15, 2009).

The purpose of the SRP is to provide shareholders and the Board with adequate time to consider and evaluate any unsolicited bid made for the Company, to provide the Board with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid, to encourage the fair treatment of shareholders in connection with any take-over bid for the Company and to ensure that any proposed transaction is in the best interests of the Company's shareholders.

The rights issued under the SRP will become exercisable only if a person, together with its affiliates, associates and joint actors, acquires or announces its intention to acquire beneficial ownership of shares which, when aggregated with its current holdings, total 20% or more of the Company's outstanding Common Shares (determined in the manner set out in the Shareholder Rights Plan), other than by a Permitted Bid. Permitted Bids must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for 60 days. If a take-over bid does not meet the Permitted Bid requirements of the SRP, the rights will entitle shareholders, other than any shareholder or shareholders making the take-over bid, to purchase additional Common Shares at a substantial discount to the market price of the Common Shares at that time.

Constraints

There are no constraints imposed on the ownership of Common Shares to ensure that ITH has any required level of Canadian ownership.

ITEM 8: MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX (symbol "ITH"), on the NYSE-A (symbol "THM"), and on the Frankfurt Stock Exchange (symbol "IW9").

Trading Price and Volume

The following table provides information as to the high, low and closing prices of the Common Shares on the TSX during the 12 months of the most recently completed financial year and the 3 months since the most recent financial year end, as well as the volume of shares traded for each month:

Month	*High ($)*	*Low ($)*	*Volume*
August 1 to 26, 2011	8.45	6.49	2,788,210
July, 2011	8.00	7.03	2,502,262
June, 2011	8.24	6.25	3,094,555
May, 2011	9.08	7.60	1,878,222
April, 2011	10.05	8.71	2,331,969
March, 2011	9.83	7.93	2,815,235
February, 2011	10.30	8.95	2,914,355
January, 2011	9.97	8.04	3,180,799
December, 2010	10.49	8.87	4,792,405
November, 2010	10.07	7.38	5,676,905
October, 2010	7.75	6.31	4,920,696
September, 2010	7.14	6.07	4,223,863
August, 2010	7.14	6.05	3,925,046
July, 2010	7.00	6.05	2,146,412
June, 2010	7.65	6.42	2,773,856

ITEM 9: ESCROWED SECURITIES

There are no securities of the Company subject to escrow or subject to any contractual restrictions on transfer.

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The names, positions or offices held with ITH, province/state and country of residence, and principal occupation over the last five years of the Directors and executive officers of ITH, as at the date of this AIF, are as follows:

Name, Position and Province/State and Country of Residence[1]	Principal Occupation During the Past 5 Years[1]	Period of Service as an Officer or Director[2]
James J. Komadina Director, CEO Colorado, USA	Metallurgical Engineer; Director and CEO of the Company since June 1, 2011; previously President & COO, Brazauro Resources Ltd., 2003-2010; President & CEO, North America for AngloGold Limited, 1999-2003, previously Executive VP and COO, Minorco/AngloGold North America, 1992- 1999	CEO and Director since June 1, 2011

Name, Position and Province/State and Country of Residence[1]	Principal Occupation During the Past 5 Years[1]	Period of Service as an Officer or Director[2]
Jeffrey A. Pontius[7] Director Colorado, USA	Geologist; President and CEO of the Company from September, 2006 to May, 2011; previously North American Exploration Manager for AngloGold Ashanti North America Inc. from 2004 to 2006 and also a Director of Anglo American Exploration (Canada) Ltd. 1999 to 2006.	Director since June 1, 2011 President and CEO September 22, 2006 to May 31, 2011
Hendrik van Alphen[6][7] Chairman of the Board, Director British Columbia, Canada	Businessman; President of Cardero Resource Corp, 1999 to present; President of Wealth Minerals Ltd., 2006 to present.	Director since September 22, 2006 Chairman since September 22, 2006
Anton J. Drescher[3][5][6] Director British Columbia, Canada	Businessman, Certified Management Accountant; President, Harbour Pacific Capital Corp. (private management company) since 1998; President, Westpoint Management Consultants Limited (private management company) since 1979, Director of Dorato Resources Inc. (public natural resource company), 1996 – 2008, Director of Trevali Resources Corp. (public natural resources company) since 2007; Director and CFO of USA Video Interactive Corp. (public video streaming company) since 1994.	Director since August, 1991 President, 1991 – September 22, 2006
Ronald Sheardown[3][4][5] Director Alaska, USA	Geologist; President Greatland Exploration, Inc. (private geological consulting/mineral exploration company) over past 5 years.	Director since May 23, 2007
Steve Aaker[4][7] Director Colorado, USA	Geologist; Independent Mineral Exploration Consultant since January 1, 2011; previously, Chief of U.S. Operations, Franco-Nevada Corporation (public natural resources royalty company) November 2007 to December 31, 2010; Group Executive, Newmont Capital Limited 2002 to 2007; Vice-President of Franco-Nevada Mining Corporation Limited (public natural resources royalty company), 1989 - 2002	Director since March 12, 2009
Daniel A. Carriere[4][5][7] Director British Columbia, Canada (public biomedical company) 1995 - 2005	Businessman; Previously, Senior Vice President, Corriente Resources Inc. (public natural resources company) 1996 – 2010; Director, ID Biomedical Inc.	Director since April 14, 2010

Name, Position and Province/State and Country of Residence[1]	Principal Occupation During the Past 5 Years[1]	Period of Service as an Officer or Director[2]
Timothy J. Haddon[3][7] Director Colorado, USA	Mining Engineer; President, International Natural Resource Management Co. (private mining industry consulting service provider); Director, Alacer Gold Corporation (public gold mining company) since February, 2011; previously, Chair, Anatolia Minerals Development Ltd. (public natural resources company and predecessor to Alacer) 2002 to February, 2011; Lead Director, Thompson Creek Metals Company Inc. (a mineral exploration and development company) since 2007; previously, President & CEO, Archangel Diamond Corporation, 1997 – 2002 and CEO, Amax Gold (public natural resource company) 1989-1993.	Director since April 14, 2010
Lawrence W. Talbot[7] Vice-President and General Counsel British Columbia, Canada	Barrister and Solicitor; Owner, Lawrence W. Talbot Law Corporation (law firm) since July 1, 2006, previously Partner, Gowling Lafleur Henderson LLP (law firm), April 2000 to July 2006, director, Cardero Resource Corp. (public mineral exploration company) since April, 2003, director and secretary, Excellon Resources Inc. (public natural resources company) 1993 to April, 2008.	Vice-President & General Counsel since September 22, 2006
Michael W. Kinley, C.A. Chief Financial Officer Nova Scotia, Canada	Chartered Accountant; President, Winslow Associates Management & Communications Inc. (private consulting firm) 1973 to present; Chief Financial Officer of Wealth Minerals Ltd. since August, 2005, Dorato Resources Inc. since July 2008, Trevali Resources Corp. since July, 2008 and Cardero Resource Corp. since January 2006 (all public natural resource companies); Director, Indico Resources Ltd. since May, 2006 (public natural resource company); President, GFK Resources Ltd. since March 1997 (public natural resource company).	Chief Financial Officer since September 22, 2006
Carl Brechtel Chief Operating Officer Colorado, USA	Professional Engineer; Chief Operating Officer of the Company since January, 2010; previously, various positions with AngloGold Ashanti Limited over past 12 years.	Chief Operating Officer since January 12, 2010
Shirley Zhou Vice-President, Corporate Communications British Columbia, Canada	Corporate Communications Professional: Vice- President, Corporate Communications of the Company since November, 2010; previously Corporate Communications Manager, SilverCorp Metals Inc. and Manager, Investor Relations for Solex Resources Corp. and Minco Silver Corporation over past 7 years.	Vice-President, Corporate Communications since November , 2010

Notes:

1. The information as to place of residence and principal occupation, not being within the knowledge of ITH, has been furnished by the respective Directors individually.

2. All directorships expire at the next Annual General Meeting of the shareholders of ITH (which must be held before December 31, 2011). All officers hold office at the pleasure of the Board.

3. Denotes member of the Audit Committee.

4. Denotes member of the Compensation Committee.

5. Denotes member of the Health, Occupational Safety and Environmental Committee.

6. Denotes member of the Nominating and Corporate Governance Committee.

7. Denotes member of the Mergers and Acquisitions Committee.

ITH does not currently have any committees other than the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Health, Occupational Safety and Environmental Committee and the Mergers and Acquisitions Committee.

As at August 26, 2011, ITH's Directors and executive officers, as a group, beneficially hold a total of 2,411,069 Common Shares, directly or indirectly, representing 2.78% of the 86,683,919 issued Common Shares. ITH's Directors and executive officers, as a group, also hold the following incentive stock options to purchase up to the following numbers of Common Shares until the dates shown:

(a) 250,000 Common Shares exercisable at $7.95 per Common Share until January 12, 2012;

(b) 1,750,000 Common Shares exercisable at $7.34 per Common Share until April 14, 2012;

(c) 1,000,000 Common Shares exercisable at $6.57 per Common Share until August 19, 2012;

(d) 75,000 Common Shares exercisable at $9.15 per Common Share until January 11, 2013;

(e) 800,000 Common Shares exercisable at $7.47 per Common Share until July 28, 2013; and

(f) 1,000,000 Common Shares exercisable at $8.35 per Common Shares until May 9, 2016 (subject to vesting provisions).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

1. No Director or executive officer of ITH is, as at the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including ITH) that:

   (a) was subject to an order that was issued while the Director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, except as follows:

      (i) Michael W. Kinley, the Chief Financial Officer of the Company, was the President and Director of Abstract Enterprises Corp. (he resigned in 2005), which was the subject of a British Columbia Securities Commission ("BCSC") cease trade order on July 10, 2002 for failure to file financial statements (a similar order was issued by the Alberta Securities Commission ("ASC")) and was delisted on June 20, 2003, and

      (ii) Michael W. Kinley, the Chief Financial Officer of the Company, is the President, Chief Executive Officer and a Director of GFK Resources Ltd. (formerly "Noise Media Inc."), which was the subject of a BCSC cease trade order on January 28, 2003 for failure to file financial statements (a similar ASC order was also issued). The Company was subsequently transferred to the NEX Board. The cease trade

order was revoked on December 8, 2006, the company having filed a reactivation application in accordance with applicable policies; or

(b) was subject to an order that was issued after the Director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “order” means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

2. No Director or executive officer of ITH, or a shareholder holding a sufficient number of securities of ITH to affect materially the control of ITH:

(a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including ITH) that, while such person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or

(b) has, within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the Director, executive officer or shareholder.

3. No Director or executive officer of ITH, or a shareholder holding a sufficient number of securities of ITH to affect materially the control of ITH, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Certain Directors and officers of ITH are directors, officers and/or shareholders of other private and publicly listed companies, including companies that engage in mineral exploration and development and companies that hold Common Shares or other securities of ITH. To the extent that such other companies may participate in or be affected by ventures involving ITH, these Directors and officers of

ITH may have conflicting interests in negotiating, settling and approving the terms of such ventures. Conflicts of interest affecting the Directors and officers of ITH will be governed by ITH's "Code of Business Conduct and Ethics", the Articles of ITH, the provisions of the BCBCA and other applicable laws and relevant stock exchange policies and requirements. In the event that such a conflict of interest arises at a meeting of the Directors, a Director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises.

ITEM 11: PROMOTERS

ITH does not presently have, and has not within the two most recently completed fiscal years or the current fiscal year had, any promoters.

ITEM 12: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not currently, and has not since June 1, 2010 (being the commencement of the Company's last competed financial year) been, a party to any legal proceedings, nor is any of the Company's properties presently, or has, since June 1, 2010 (being the commencement of the Company's last competed financial year), any of the Company's properties been, subject to any legal proceedings.

Regulatory Actions

There have not been any:

1. penalties or sanctions imposed against ITH by a court relating to securities legislation or by a securities regulatory authority during the financial year ended May 31, 2011;

2. any other penalties or sanctions imposed against ITH by a court relating to securities legislation or by a securities regulatory authority that would likely be considered important to a reasonable investor making an investment decision; or

3. settlement agreements entered into by ITH before a court relating to securities legislation or with a securities regulatory authority during the financial year ended May 31, 2011.

ITEM 13: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No:

1. Director or executive officer of the Company;

2. any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Common Shares; or

3. any associate or affiliate of any of the persons or companies referred to in paragraphs 1 or 2,

has, during any of the fiscal years ended May 31, 2009, 2010 or 2011, or during the current fiscal year, had any material interest, direct or indirect, in any transaction that has materially affected, or will materially affect, the Company, except for:

1. Pursuant to an Asset Purchase and Sale and Indemnity Agreement dated June 30, 2006, as amended on July 26, 2006 (collectively, the "AngloGold Agreement") among ITH, AngloGold and Tower Alaska, the Company acquired all of AngloGold's interest in a portfolio of seven

mineral exploration projects in Alaska (referred to as the Livengood, Coffee Dome, Chisna, Blackshell, Gilles, West Pogo and Caribou properties) (the “Sale Properties”), together with a comprehensive database (with respect to both the Sale Properties and the extensive exploration work carried out by AngloGold in Alaska) and certain personal property (together with the Sale Properties, the “Assets”), in consideration of the issuance to AngloGold of 5,997,295 Common Shares, representing approximately 19.99% of the issued and outstanding Common Shares following the closing of the acquisition and two private placement financings raising an aggregate of $11,479,348. AngloGold has the right to maintain its percentage equity interest in the Common Shares, on an ongoing basis, provided that such right will terminate if AngloGold’s interest falls below 10% at any time after January 1, 2009. As a result of this transaction, AngloGold became an “insider” of ITH pursuant to applicable Canadian securities legislation. As further consideration for the transfer of the Assets, Tower Alaska granted to AngloGold a 90-day right of first offer with respect to the Sale Properties and any additional mineral properties in which Tower Alaska acquires an interest and which interest it proposes to farm out or otherwise dispose of. If AngloGold’s equity interest in ITH is reduced to less than 10%, then this right of first offer will terminate. In addition, the Company agreed to indemnify AngloGold from and against any liabilities related to the Sale Properties, to assume obligations with respect to all underlying agreements, holding costs, property taxes and government rentals and all permitting and bonding requirements related to the Sale Properties. The Company also agreed to purchase the Sale Properties on an “as is”, where is” basis and to assume responsibility and indemnify AngloGold for all environmental liabilities.

On the closing of the acquisition of the Assets, the Company entered into option/joint venture agreements with AngloGold with respect to two additional mineral projects in Alaska held by AngloGold, referred to as the LMS and Terra properties (the “Optioned Properties”).

With respect to the LMS property, the Company has the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3.0 million within four years, of which the Company committed to incur minimum exploration expenditures of USD 1.0 million during the 2006 calendar year and, in order to maintain the option, of USD 750,000 during the 2007 calendar year. Upon the Company having earned its 60% interest in the LMS property, AngloGold will have the right to re-acquire a 20% interest (for an aggregate 60% interest) and become manager of the joint venture by incurring a further USD 4.0 million in exploration expenditures over a further two years.

With respect to the Terra property, the Company has the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3.0 million within four years, of which the Company has committed to incur minimum exploration expenditures of USD 500,000 during the 2006 calendar year and, in order to maintain the option, of USD 750,000 during the 2007 calendar year. Upon the Company having earned its 60% interest in the Terra property, AngloGold will have the right to re-acquire a 20% interest (for an aggregate 60% interest) and become manager of the joint venture by incurring a further USD 4.0 million in exploration expenditures over a further two years. The Company has earned its 60% interest, and AngloGold has elected not to re-acquire a 20% interest.

In either case, following the parties having earned their final respective interests, each party will be required to contribute its pro rata share of further expenditures or its interest in the property will be diluted. A party that is diluted to 10% or less will have its interest converted to a 2% net smelter return royalty.

AngloGold funded the property and exploration program expenditures on the Sale Properties and the Optioned Properties from July 1, 2006 until the closing of the Acquisition on August 4, 2006 and, as required by the AngloGold Agreement, the Company reimbursed AngloGold for all such expenditures in the aggregate amount of USD 478,093.

To July 1, 2006, AngloGold had incurred approximately USD 1.4 million in acquisition costs and exploration expenditures on the Sale Properties and approximately USD 2.4 million in acquisition costs and exploration expenditures on the Optioned Properties.

2. On August 4, 2006, ITH completed a non-brokered private placement of 7,999,718 units (each, a "Unit") at a price of $0.56 per Unit for gross proceeds of $4,479,842 (approximately USD 3.975 million). Each Unit consisted of one Common Share and one-half of a transferable common share purchase warrant. Each whole warrant (each, a "Warrant") entitled the holder, on exercise, to purchase an additional Common Share at a price of $1.00 until August 4, 2008. Cardero Resource Corp., a public company headquartered in Vancouver, B.C., purchased 4,000,000 Units in this placement. As a consequence of participating in this placement, Cardero became an "insider" of ITH pursuant to applicable Canadian securities legislation. On August 4, 2008, Cardero exercised all of its 2,000,000 Warrants and acquired an additional 2,000,000 Common Shares. As a consequence of the issuance of additional Common Shares by ITH, and sales by Cardero of Common Shares, Cardero is no longer an insider of ITH.

3. On June 6, 2008, ITH and Tower Alaska entered into a purchase agreement with AngloGold to acquire all of the interest of AngloGold in the Terra and LMS projects in Alaska, plus certain other AngloGold rights. The purchase agreement encompasses all royalties and residual rights held by AngloGold in the Terra and LMS properties, as well as AngloGold's first refusal rights on transactions involving the West Pogo and Gilles properties held by the Company (and originally acquired from AngloGold).

   Under the terms of the purchase agreement, Tower Alaska acquired all of the right, title and interest of AngloGold in the Terra and LMS projects (including AngloGold's right of first offer on any disposition thereof by the Company). In addition, AngloGold also relinquished its right of first offer on two of the Company's other 100% owned projects, being the West Pogo project (which is situated on the western boundary of the Pogo Joint Venture land package) and the Gilles project (which is located along the Pogo mine road, 25 kilometres southwest of the West Pogo property). The total purchase price was $751,500, which was satisfied by the issuance of an aggregate of 450,000 Common Shares (valued, for this purpose, at $1.67 per share). The transaction closed on November 24, 2008.

4. On July 9, 2009, AngloGold exercised its "top-up" right to maintain its 13.2907% equity interest in ITH. AngloGold's equity interest had been diluted by virtue of ITH's issuance of Common Shares since January 1, 2009, principally due to the exercise of 7,753,385 warrants, broker options and broker warrants in May, 2009. The "top-up" provision, contained in the June 30, 2006 purchase agreement among AngloGold, ITH and Tower Alaska pursuant to which the Company acquired AngloGold's Alaskan assets (including the Company's flagship Livengood property), gives AngloGold the right, twice a year, to maintain its then current equity ownership percentage in the Company on an ongoing basis thereby avoiding dilution as a result of the issuance of Common Shares by the Company in connection with property payments or warrant or option exercises. AngloGold also has a separate right to participate in any equity financings by ITH up to its then pre-financing percentage equity interest.

As a consequence of AngloGold's election to exercise its "top-up" right, ITH sold to AngloGold, on a private placement basis, an aggregate of 1,218,283 Common Shares at a price of $2.68 per share (reflecting the closing price of the Common Shares on the TSXV on July 9, 2009 of $3.15 less the maximum discount (15%), as required by the provisions of the "top-up" right) for gross proceeds of $3,264,998. The private placement closed on August 25, 2009.

5. On February 10, 2010, AngloGold exercised its "top-up" right to maintain its 13.2907% equity interest in ITH. As a consequence, ITH sold to AngloGold, on a private placement basis, an aggregate of 67,965 common shares at a price of $5.38 per share (reflecting the 5 day volume- weighted average price of the Common Shares on the TSX preceding February 10, 2010 less the maximum allowable discount (15%), as required by the provisions of the "top-up" right) for gross proceeds of CAD 365,651.17. The private placement closed on March 26, 2010.

6. On April 6, 2010, the Company issued an aggregate of 664,210 common shares for aggregate gross proceeds of CAD 3,985,260 to AngloGold under its preferential right to participate in a private placement of an aggregate of 5,000,000 shares in accordance with its then current equity interest in the Company. The price paid by AngloGold ($6.00) was the same as the other arm's length placees who participated in the placement.

7. On August 12, 2010, AngloGold exercised its "top-up" right to maintain its 13.2907% equity interest in ITH. As a consequence, ITH sold to AngloGold, on a private placement basis, an aggregate of 415,041 common shares at a price of $5.26 per share (reflecting the 5 day volume- weighted average price of the Company's common shares on the TSX preceding August 12, 2010 of $6.18 less the maximum allowable discount (15%), as required by the provisions of the "top- up" right) for gross proceeds of $2,183,115.66. The private placement closed on August 27, 2010.

8. On April 6, 2010, the Company issued an aggregate of 754,765 common shares for aggregate gross proceeds of CAD 4,717,282 to AngloGold under its preferential right to participate in an equity offering of an aggregate of 16,860,000 shares. The price paid by AngloGold ($6.25) was the same as the other arm's length placees who participated in the placement.

9. On February 17, 2011, AngloGold exercised its "top-up" right to maintain its 11.5039% equity interest in ITH. As a consequence, ITH sold to AngloGold, on a private placement basis, an aggregate of 230,764 common shares at a price of $8.13 per share (reflecting the 5 day volume- weighted average price of the Company's common shares on the TSX preceding February 16, 2011 less the maximum allowable discount (15%), as required by the provisions of the "top-up" right) for gross proceeds of $1,876,112. The private placement closed on March 24, 2011.

ITEM 14: TRANSFER AGENT AND REGISTRAR

The Company's co-transfer agents and registrars are Computershare Investor Services Inc. in Canada and Computershare Trust Company N.A. in the United States. Transfers may be effected at, and registration facilities are maintained in British Columbia, Canada at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

ITEM 15: MATERIAL CONTRACTS

There are no material contracts that have been entered into by the Company other than in the ordinary course of the Company's business of mineral property evaluation, acquisition and divestiture and exploration, including raising the funding therefor, since June 1, 2010 (being the commencement of the Company's most recently completed financial year) that are still in effect, other than:

1. Shareholder Rights' Plan Agreement dated August 25, 2009 between ITH and Computershare Investor Services Inc. pursuant to which ITH issued the rights pursuant to the SRP.

2. Arrangement Agreement made as of July 8, 2010 between ITH and Corvus pursuant to which ITH and Corvus agreed to carry out the spin-out arrangement transaction described under "Item 5 – Narrative Description of the Business – Corporate Reorganizations".

ITEM 16: NAMES AND INTERESTS OF EXPERTS

Names and Interests of Experts

The following are the persons or companies:

1. who were named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by ITH during, or relating to, the fiscal year ending May 31, 2011, being ITH's most recently completed financial year; and

2. whose profession or business gives authority to the statement, report or valuation made by the person or company:

   (a) MacKay LLP, Chartered Accountants:

      (i) provided an auditor's report dated August 13, 2010 in respect of the Company's financial statements for the years ended May 31, 2010 and 2009, and

      (ii) provided an auditor's report dated August 26, 2011 in respect of the Company's financial statements for the years ended May 31, 2011 and 2010 and incorporated by reference into this AIF.

      MacKay LLP is independent in accordance with the auditors' rules of professional conduct in British Columbia;

   (b) Paul D. Klipfel, Ph.D, CPG (AIPG), a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of:

      (i) the technical report entitled "Summary Report on The Terra Gold Project, McGrath District, Alaska" dated June 15, 2010, other than section 17 thereof, filed on SEDAR on July 15, 2010,

      (ii) the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated June 15, 2010, other than section 17 thereof, filed on SEDAR on July 15, 2010,

      (iii) the technical report entitled "June 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated June 25, 2010, other than sections 16 and 17 thereof, filed on SEDAR on July 15, 2010; and

      (iv) the technical report entitled "September 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated September 17, 2010, other than sections 16, 17 and 18 thereof, filed on SEDAR on September 17, 2010.

Mr. Klipfel holds less than 1% of the outstanding Common Shares;

(c) Gary H. Giroux, P.Eng. (B.C.), a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of:

(i) section 17 of the technical report entitled "Summary Report on The Terra Gold Project, McGrath District, Alaska" dated June 15, 2010, filed on SEDAR on July 15, 2010,

(ii) section 17 of the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated June 15, 2010, filed on SEDAR on July 15, 2010,

(iii) section 17 of the technical report entitled "Summary Report on the North Bullfrog Project and Resource at Mayflower, Bullfrog Mining District, Nye County, Nevada" dated June 30, 2010, filed on SEDAR on July 15, 2010.

Mr. Giroux holds less than 1% of the outstanding Common Shares;

(d) Roger C. Steininger, Ph.D., CPG, a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of the technical report entitled "Summary Report on the North Bullfrog Project and Resource at Mayflower, Bullfrog Mining District, Nye County, Nevada" dated June 30, 2010, except section 17 thereof, and filed on SEDAR on July 15, 2010. Mr. Steininger holds less than 1% of the outstanding Common Shares;

(e) William Pennstrom, Jr. a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of:

(i) section 16 of the technical report entitled "June 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated June 25, 2010, filed on SEDAR on July 15, 2010;

(ii) sections 16 and portions of section 18 of the technical report entitled "September 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated September 17, 2010, filed on SEDAR on September 17, 2010; and

(iii) section 16 and portions of section 18 of the technical report entitled "November 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated November 1, 2010, filed on SEDAR on November 4, 2010.

Mr. Pennstrom holds less than 1% of the outstanding Common Shares;

(f) Tim Carew, P.Geo., a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of:

(i) section 17 of the technical report entitled "June 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated June 25, 2010, filed on SEDAR on July 15, 2010;

(ii) section 17 of the technical report entitled “September 2010 Summary Report on the Livengood Project, Tolovana District, Alaska” dated September 17, 2010, filed on SEDAR on September 17, 2010;

(iii) the technical report entitled “November 2010 Summary Report on the Livengood Project, Tolovana District, Alaska” dated November 1, 2010, other than sections 16 and 18 thereof, filed on SEDAR on November 4, 2010.

Mr. Carew holds less than 1% of the outstanding Common Shares;

(g) Christopher N.A. Taylor, P.Geo., a “qualified person” for the purposes of NI 43-101, is the author responsible for the preparation of the technical report entitled “Technical Report on the Chisna Copper Gold Project, Chistochina Mining District, South-Central Alaska” dated June 22, 2010, and filed on SEDAR on July 15, 2010. Mr. Taylor holds less than 1% of the outstanding Common Shares;

(h) Roscoe J. Bell, CPEng., a “qualified person” for the purposes of NI 43-101 at the applicable time, is the author responsible for the preparation of:

(i) portions of section 18 of the technical report entitled “September 2010 Summary Report on the Livengood Project, Tolovana District, Alaska” dated September 17, 2010, filed on SEDAR on September 17, 2010; and

(ii) portions of section 18 of the technical report entitled “November 2010 Summary Report on the Livengood Project, Tolovana District, Alaska” dated November 1, 2010, filed on SEDAR on November 4, 2010.

(i) Quinton de Klerk MAusIMM, a “qualified person” for the purposes of NI 43-101 at the applicable time, is the author responsible for the preparation of:

(i) portions of section 18 of the technical report entitled “September 2010 Summary Report on the Livengood Project, Tolovana District, Alaska” dated September 17, 2010, filed on SEDAR on September 17, 2010; and

(ii) portions of section 18 of the technical report entitled “November 2010 Summary Report on the Livengood Project, Tolovana District, Alaska” dated November 1, 2010, filed on SEDAR on November 4, 2010.

ITEM 17: ADDITIONAL INFORMATION

Audit Committee Information

Under National Instrument 52-110 – Audit Committees (“NI 52-110”), companies that are required to file an Annual Information Form are required to provide certain disclosure with respect to their audit committee, including the text of the audit committee’s charter, the composition of the audit committee and the fees paid to the external auditor. This information with respect to ITH is provided in Schedule “A”.

Additional Information

Additional information relating to ITH may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of ITH's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Information Circular. Additional financial information is available in ITH's comparative audited consolidated financial statements, together with the auditor's report thereon, and the related Management Discussion and Analysis for its most recently completed fiscal year ended May 31, 2011.

A copy of this AIF, the Information Circular, the Financial Statements and the MD&A, as well as any interim statements from the past fiscal year) may be found on the SEDAR website at www.sedar.com or be obtained upon request from the Vice-President & General Counsel of ITH. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of ITH.

Schedule "A"
Audit Committee Information
The Audit Committee's Charter

The following is the text of the current Charter for ITH's Audit Committee:

"INTERNATIONAL TOWER HILL MINES LTD.

AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors on September 22, 2006 and amended on June 28, 2007)

ARTICLE 1 - PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to:

(a) ensure that the management of International Tower Hill Mines Ltd. (the "Company") has designed and implemented an effective system of internal financial controls for reviewing and reporting on the Company's financial statements;

(b) oversee, review and report on the integrity of the Company's financial disclosure and reporting;

(c) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts; and

(d) be directly responsible for:

(i) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,

(ii) the oversight of the work of the Company's external auditors, and

(iii) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company.

ARTICLE 2 - COMPOSITION, PROCEDURES AND ORGANIZATION

2.1 The Committee will consist of at least three members of the Board of Directors (the "Board"), all of whom will be "independent [1]" and "unrelated directors[2]" of the Company within the meaning of all applicable legal and regulatory requirements (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

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[1] Whether a director is "independent" will be determined in accordance with all applicable laws and regulations, including the applicable securities laws of Canada and the United States and the regulations and policies of any stock exchange or quotation system on which the Company's securities are listed or quoted.

[2] "unrelated director" means a director who is: (a) not a member of management and is free from any interest and any business, family or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the issuer, other than interests and relationships arising solely from holdings in the issuer, (b) not currently, or has not been within the last three years, an officer, employee of or material service provider to the issuer or any of its subsidiaries or affiliates; and (c) not a director (or similarly situated individual) officer, employee or significant shareholder of an entity that has a material business relationship with the issuer. A chair or vice chair of the board of directors who is not a member of management is not, for that reason alone, a related director.

2.2 All of the members of the Committee will be "financially literate [3]", at least one member of the Committee will have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles) and at least one member of the Committee will be a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

2.3 The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

2.4 Unless the Board has appointed a chair of the Committee, the members of the Committee will elect a chair from among their number.

2.5 The Committee will select an individual to act as secretary for the Committee, who will be either:

(a) a member of the Committee other than the chair, or

(b) another individual who is not a member of the management of the Company.

2.6 The quorum for meetings will be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. Decisions by the Committee will be by the affirmative vote of a majority of the members of the Committee, or by consent resolutions in writing signed by each member of the Committee.

2.7 The Committee will have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

2.8 Meetings of the Committee will be conducted as follows:

(a) the Committee will meet:

(i) at least quarterly, and

(ii) may meet as many additional times:

A. as deemed necessary or appropriate by the Committee,

B. upon request by any member of the Committee, the Chief Executive Officer, the Chief Financial Officer or the external auditors,

in each case at such times and at such locations as may be determined by the Committee or the chair of the Committee. Except in respect of a regularly scheduled meeting of the Committee, notice of such meeting, together with a proposed agenda, will be delivered to each member of the Committee not less that

[3] An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally compatible to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

forty-eight (48) hours prior to the proposed meeting time (which notice may be waived by all of the members of the Committee); and

(b) the external auditors and management representatives will be invited to attend as necessary in the discretion of the Committee.

2.9 The internal accounting staff, any external accounting consultant(s) and the external auditors will have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in, or consultant of, the Company as it deems necessary, and any employee of, or consultant to, the Company may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

2.10 The Committee may, in its sole discretion, retain, at the expense of the Company, such legal, financial or other advisors or consultants as it may deem necessary or advisable in order to properly and fully perform its duties and responsibilities hereunder.

ARTICLE 3 - DUTIES AND RESPONSIBILITIES

3.1 The overall duties and responsibilities of the Committee will be as follows:

(a) be directly responsible for:

(i) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,

(ii) the oversight of the work of the Company's external auditors, and

(iii) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company;

(b) to review with the management of the Company (and, in the case of the annual audited statements, with the external auditors) the annual audited consolidated and unaudited consolidated quarterly financial statements, including the notes thereto, to ensure that such statements present fairly the financial position of the Company and the results of its operations and, if appropriate, to recommend to the Board as to the approval of any such financial statements;

(c) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements;

(d) to establish and maintain a direct line of communication with the Company's internal accounting staff and any external accounting consultant(s) and assess their performance;

(e) to ensure that the management of the Company has designed, implemented and is maintaining an effective and appropriate system of internal financial controls; and

(f) to report regularly to the Board on the fulfilment of its duties and responsibilities.

3.2 The duties and responsibilities of the Committee as they relate to the external auditors will be as follows:

(a) to select a firm of external auditors to be proposed by management of the Company to the shareholders for election by the shareholders as the external auditors for the Company, and to verify the independence of such proposed external auditors;

(b) to review and approve the fee, scope and timing of the annual and any other audit performed by the external auditors;

(c) to review and evaluate the qualifications, performance and independence of the lead partner of the external auditors of the Company;

(d) to discuss with management of the Company the timing and process for implementing the rotation of the lead audit partner and the reviewing partners of the external auditors of the Company;

(e) to obtain confirmation from the external auditors of the Company that they will report directly to the Committee;

(f) to obtain confirmation from the external auditors of the company that they will report in a timely matter to the Committee all critical accounting policies and practices to be used, all alternative accounting policies and practices, the ramifications of each of such accounting policies and practices and the accounting policy and practice preferred by the external auditors of the Company, for the financial information of the Company within applicable generally accepted accounting principles ("GAAP") which have been discussed with management of the Company and will provide a copy of all material written communications between the external auditors of the Company and management of the Company including, without limitation, any management letter or schedule of unadjusted differences;

(g) obtain confirmation from the external auditors of the Company that they will ensure that all reports filed under the United States Securities Exchange Act of 1934, as amended, which contain financial statements required to be prepared in accordance with Canadian GAAP and/or are reconciled to, United States GAAP, reflect all material correcting adjustments identified by the external auditors of the Company;

(h) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company;

(i) to review and pre-approve all non-audit services to be provided to the Company (or any of its subsidiaries) by the external auditors, provided that such pre-approval authority may be delegated by the Committee to any member of the Committee who is "independent" and "unrelated" on the condition that any such pre-approval must be presented to the Committee at its first schedule meeting following any such approval;

(j) review the audit plan of the external auditors prior to the commencement of the audit;

(k) to review with the external auditors, upon completion of their annual audit:

(i) the contents of their report,

(ii) the scope and quality of the audit work performed,

(iii) the adequacy of the Company's financial and accounting personnel,

(iv) the co-operation received from the Company's personnel and any external consultants during the audit,

(v) the scope and nature of the internal resources used,

(vi) any significant transactions outside of the normal business of the Company,

(vii) any significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems, and

(viii) the non-audit services provided by the external auditors during the year under audit;

(l) to discuss with the external auditors not just the acceptability, but also the quality, of the Company's accounting principles; and

(m) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3.3 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

(a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal accounting, the use of and services provided by any external accounting consultant(s), insurance, information services and systems and financial controls, management reporting and risk management, and to ensure that the Company maintains:

(i) the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Company's financial transactions,

(ii) effective internal control systems, and

(iii) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud;

(b) establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and

(ii) the confidential, anonymous submission by employees or any external consultants of the Company of concerns regarding questionable accounting or auditing matters;

(c) to periodically review this policy and recommend to the Board any changes which the Committee may deem appropriate;

(d) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;

(e) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff, by any external accounting consultant(s) or by the external auditors have been implemented;

(f) assist in the preparation of any internal control report by management, which provides that management of the Company is responsible for establishing and maintaining an adequate control structure and procedures for financial reporting by the Company, assessing the effectiveness of such control structure and procedures, and ensuring that the external auditors of the Company attest to, and report on, the assessment of such control structure and procedures by management of the Company;

(g) assist the Chief Executive Officer and the Chief Financial Officer of the Company in their assessment of the effectiveness of the Company's internal control over financial reporting and in determining whether there has been any material change in the Company's internal control over financial reporting which has materially affected or could materially affect such internal control subsequent to the date of the evaluation; and

(h) assist the Chief Executive Officer and the Chief Financial Officer of the Company in identifying and addressing any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial information and any

fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

3.4 The Committee is also charged with the responsibility to:

(a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;

(b) review and approve the financial sections of:

(i) the annual report to shareholders;

(ii) the annual information form (if any);

(iii) any quarterly or annual management discussion and analysis;

(iv) prospectuses; and

(v) other public reports requiring approval by the Board,

and report to the Board with respect thereto including, without limitation, as to the approval (or otherwise) thereof by the Board;

(c) review regulatory filings and decisions as they relate to the Company's consolidated annual and interim financial statements, including any press releases with respect thereto;

(d) ensure that the Company discloses in the periodic reports of the Company, as appropriate, whether at least one member of the Committee is a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission;

(e) ensure that all non-audit services approved by or on behalf of the Committee are disclosed in the periodic reports of the Company;

(f) ensure that each annual report and, to the extent required by any applicable legal or regulatory requirement, any quarterly report of the Company includes disclosure with respect to all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities which may have a current or future effect on the Company in accordance with all applicable legal and regulatory requirements;

(g) ensure that all financial statements and other financial information, including pro forma financial information, included in any report filed by the Company with any regulatory authority or contained in any public disclosure or press release of the Company is presented in a manner which does not contain a material misstatement or omission and reconciles the pro forma information contained therein to Canadian GAAP, and if appropriate, reconciles such pro forma information contained therein to United States GAAP, and which otherwise complies with all applicable legal and regulatory requirements;

(h) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

(i) review and report on the integrity of the Company's consolidated financial statements;

(j) review the minutes of any audit committee meeting of any subsidiaries of the Company;

(k) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a

material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;

(l) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts; and

(m) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board within a reasonable time following each annual general meeting of shareholders.

3.5 The Committee shall have the authority to determine:

(a) subject to the grant by the shareholders of the authority to do so, if required, the compensation to be received by the external auditors of the Company in connection with all audit services, and non-audit services, to be performed by the auditors;

(b) the compensation to be received by any legal, financial or other advisors or consultants engaged by the Committee to assist it in performing its duties and responsibilities hereunder; and

(c) the appropriate funding for the ordinary administrative expenses of the Committee.

ARTICLE 4 – GENERAL

4.1 The Committee will:

(a) prepare any report or other disclosure, including any recommendation of the Committee, required by any applicable legal or regulatory requirement to be included in the annual proxy or information circular of the Company;

(b) review this Charter at least annually and recommend any changes herein to the Board;

(c) report the activities of the Committee to the Board on a regular basis and make such recommendations thereto as the Committee may deem necessary or appropriate; and

(d) prepare and review with the Board an annual performance evaluation of the Committee, which performance evaluation must compare the performance of the Committee with the requirements of this Charter and be conducted in such manner as the Committee deems appropriate. Such report to the Board may be in such form as the Committee determines, which may include being in the form of an oral report by the chair of the Committee or by another member of the Committee designated by the Committee to make such report.

4.2 No member of the Committee will receive any compensation from the Company, other than fees for being a director of the Company, or a member of a committee of the Board.

4.3 In addition to the foregoing, the Committee will perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation."

Composition of the Audit Committee

ITH's Audit Committee is made up of the following directors:

Name	Independent (Y/N)	Status
Anton J. Drescher (Chair)	Independent	Financially Literate
Timothy Haddon	Independent	Financially Literate
Ronald Sheardown	Independent	Financially Literate

A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education And Experience

The experience and education of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is as follows:

Anton J Drescher: Mr. Drescher has been Chief Financial Officer and a director of USA Video Interactive Corp., a public company listed for trading on the TSXV and the OTC Bulletin Board, since December 1994, which company is involved in streaming video and video-on-demand. He has also, since 1996; President of Westpoint Management Consultants Limited, a private company engaged in tax and accounting consulting for business reorganizations since 1979; and President of Harbour Pacific Capital Corp., a private British Columbia company involved in regulatory filings for businesses in Canada, since 1998. Mr. Drescher has been a Certified Management Accountant since 1981.

Ronald Sheardown: Mr. Sheardown is the president of Greatland Exploration, Ltd. and has been involved in Alaskan and Canadian exploration for over 50 years, with discoveries such as the co-discovery (with Murray Watts) of the Mary River Iron Ore Deposit of Baffinland Iron Mines Limited to his credit. In addition, Mr. Sheardown was part of the team that discovered the Asbestos Hill and Raglan deposits in Quebec and the Black Angel mine in Greenland. More recently, he has served as a technical advisor to Rudnik Matrosova (a division of Norilsk Nickel) on the development of the Natalka deposit in eastern Russia. Mr. Sheardown has also held a number of important positions within the State of Alaska and various mining related organizations. Mr. Sheardown has been a director of a number of public companies similar to ITH and, in such roles, he has had experience with the review and understanding of the accounting principles relevant to the financial statements of public natural resource companies.

Timothy Haddon: Mr. Haddon is the President of International Natural Resource Management Co., a mining industry consulting service provider and investor. He is a graduate of the Colorado School of Mines and a seasoned mining engineer with over 35 years of international mining and business experience. He spent 23 years working for Texasgulf and Amax with responsibilities in Africa, Australia, Southeast Asia and North and South America. Mr. Haddon was Chief Executive Officer of Amax Gold from 1989 to 1993, a global mining company with operations in New Zealand and North and South America which was ultimately acquired by Kinross Gold Corporation in 1998. He was a co-founder of First Dynasty Mines in 1994, and President and Chief Executive Officer of Archangel Diamond Corporation from 1997 to 2002. He currently serves as Chairman of Anatolia Minerals Development Ltd.

(TSX), a company with significant gold exploration and early stage production operations in Turkey, as the lead director for Thompson Creek Metals Inc. (NYSE/TSX), a molybdenum producer with mines in the USA and Canada, and as a director on a select number of private boards. In these roles he has had extensive experience in reviewing, interpreting and assessing financial statements and the underlying accounting principles, and has been involved in the development and analysis of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

At no time since June 1, 2010 (being the commencement of its most recently completed financial year) has ITH relied on the exemptions in the following sections of NI 52-110:

1. Section 2.4 (De Minimis Non-audit Services);
2. Section 3.2 (Initial Public Offerings);
3. Section 3.3(2) (Controlled Companies);
4. Section 3.4 (Events Outside Control of Member);
5. Section 3.5 (Death, Disability or Resignation of Audit Committee Member);
6. Section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances);
7. Section 3.8 (Acquisition of Financial Literacy); or
8. an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since June 1, 2010, being the commencement of ITH's most recently completed financial year, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of ITH's external auditors and approve in advance the provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by ITH. Such advance approval authority may be delegated by the Audit Committee to any member of the Audit Committee who is "independent" and "unrelated" on the condition that any such pre-approval must be presented to the Audit Committee at its first scheduled meeting following any such approval. To date, such authority has not been so delegated.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
May 31, 2010	$49,500	$29,500	$9,500	$Nil
May 31, 2011	$65,000	$96,000	$9,500	$Nil

(1) The aggregate audit fees billed.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees". The work performed in the fiscal year ended May 31, 2010 consisted of procedures with regard to annual and interim financial statements and pro-forma financial statements for the purpose of the Corvus spin-out transaction. The work performed in the fiscal year ended May 31, 2011 consisted of further procedures with regard to annual and interim financial statements and pro-forma financial statements for the purpose of the Corvus spin-out transaction, as well as procedures with respect to the Company's November 2010 prompt

offering prospectus financing and responding to due diligence questions from the applicable agents in connection with such financing.

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. The work performed was assistance in the preparation and review of ITH's Canadian and United States tax returns.

(4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".



International Tower Hill Mines Ltd.

(An Exploration Stage Company)

Consolidated Financial Statements
(Expressed in Canadian dollars)

May 31, 2011, 2010 and 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements and all information in the annual report are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and reconciled to United States generally accepted accounting principles. Management maintains the necessary systems of internal controls, policies and procedures to provide assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of financial statements.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee, which reports to the Board of Directors, meets with the independent auditors and reviews the consolidated financial statements.

The consolidated financial statements have been audited by MacKay LLP, Chartered Accountants, who were appointed by the shareholders. The independent auditor's report outlines the scope of their examination and their opinion on the consolidated financial statements.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada and in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on our consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2011.

"James Komadina"
James Komadina,
Chief Executive Officer

"Michael Kinley"
Michael Kinley,
Chief Financial Officer

August 26, 2011
Vancouver, Canada

May 31, 2011 **Page**

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CHARTERED
ACCOUNTANTS
MacKay LLP

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Independent Auditor's Report

To the Shareholders of International Tower Hill Mines Ltd.

We have audited the accompanying consolidated financial statements of International Tower Hill Mines Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at May 31, 2011, May 31, 2010 and May 31, 2009, and the consolidated statements of operations, comprehensive loss, equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. Management's Responsibility for the Consolidated Financial Statements Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of International Tower Hill Mines Ltd. and its subsidiaries as at May 31, 2011, May 31, 2010 and May 31, 2009, and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of International Tower Hill Mines Ltd. and its subsidiaries to continue as a going concern.

Other matter
We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), International Tower Hill Mines Ltd's internal control over financial reporting as of May 31, 2011, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 26, 2011 expressed an unqualified opinion on International Tower Hill Mines Ltd's internal control over financial reporting.

Vancouver, Canada
August 26, 2011

"MacKay LLP"
Chartered Accountants

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Independent Auditors' Report on Internal Controls under Standards of the Public Company Accounting Oversight Board (United States)

To the Board of Directors and Shareholders of International Tower Hill Mines Ltd.

We have audited the internal control over financial reporting of International Tower Hill Mines Ltd. and subsidiaries (the "Company") as of May 31, 2011, based on criteria established *in Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, including in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2011, based on the COSO criteria.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended May 31, 2011 of the Company and our report dated August 26, 2011 expressed an unqualified opinion on those financial statements.

Vancouver, Canada
August 26, 2011

"MacKay LLP"
Chartered Accountants

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
AS AT MAY 31

	2011	2010	2009
ASSETS			
Current			
Cash and cash equivalents (note 4a)	$ 111,165,126	$ 43,460,324	$ 32,489,341
Marketable securities (note 5)	662,500	360,000	113,750
Accounts receivable	185,733	110,214	76,634
Prepaid expenses	378,492	274,246	166,264
Current assets related to discontinued operations (note 2)	-	13,663	-
	112,391,851	44,218,447	32,845,989
Property and equipment (note 6)	143,571	80,040	69,915
Mineral properties (note 7)	80,169,668	41,849,485	22,363,153
Long-term assets related to discontinued operations (note 2)	-	12,245,690	11,054,413
	$ 192,705,090	$ 98,393,662	$ 66,333,470
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities (note 10)	$ 4,037,428	$ 1,187,865	$ 353,775
Current liabilities related to discontinued operations (note 2)	-	85,094	32,898
	4,037,428	1,272,959	386,673
Shareholders' equity			
Share capital (note 8)	215,544,180	124,277,370	79,256,633
Contributed surplus	12,967,996	14,240,223	10,218,728
Deficit	(39,844,514)	(41,396,890)	(23,528,564)
	188,667,662	97,120,703	65,946,797
	$ 192,705,090	$ 98,393,662	$ 66,333,470

Nature and continuance of operations (note 1)
Commitments (note 13)
Subsequent events (note 17)

Approved on behalf of the Directors:

"Hendrik Van Alphen" **Director**
"Anton Drescher" **Director**

See accompanying notes to the consolidated financial statements

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED MAY 31

	2011	2010	2009
Expenses			
Administration (note 10)	$ 31,544	$ 29,772	$ 29,392
Amortization	42,375	28,477	54,597
Charitable donations	64,637	50,640	20,122
Consulting fees (notes 8 and 10)	1,570,146	3,722,579	1,236,468
Insurance	215,228	128,607	79,900
Investor relations (notes 8 and 10)	1,148,359	1,117,835	518,419
Office and miscellaneous	281,840	99,124	94,125
Professional fees (notes 8 and 10)	667,405	614,868	296,384
Property investigations	2,557	395	85,739
Regulatory	188,121	224,143	60,182
Rent (note 10)	167,697	89,473	80,431
Telephone	49,688	24,261	15,890
Travel	210,192	129,035	182,534
Wages and benefits (notes 8 and 10)	5,263,652	5,878,461	2,167,850
Loss before other items	(9,903,441)	(12,137,670)	(4,922,033)
Other items			
Gain (loss) on foreign exchange	41,225	(76)	127,283
Interest income	675,146	116,936	126,402
Loss on disposal of property and equipment	-	-	(7,861)
Income from mineral property earn-in	311,312	164,102	-
Spin-out (cost) recovery (note 2)	(593,754)	(138,141)	-
Write-off of mineral property(notes 7b and 7c)	-	(2,372,358)	(1,617,785)
Unrealized gain (loss) on marketable securities (note 5)	182,500	102,250	(133,250)
	616,429	(2,127,287)	(1,505,211)
Loss from continuing operations	(9,287,012)	(14,264,957)	(6,427,244)
Loss from discontinued operations (note 2)	(934,157)	(3,603,369)	(3,346,679)
Net loss and comprehensive loss for the year	$ (10,221,169)	$ (17,868,326)	$ (9,773,923)
Basic and fully diluted loss per share from continuing operations	$ (0.12)	$ (0.24)	$ (0.14)
Basic and fully diluted loss per share from discontinued operations	$ (0.01)	$ (0.06)	$ (0.07)
Weighted average number of shares outstanding	77,550,644	59,603,193	45,089,555

See accompanying notes to the consolidated financial statements

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
FOR THE YEAR ENDED MAY 31

	2011	2010	2009
Operating Activities			
Loss for the year from continuing operations	$ (9,287,012)	$ (14,264,957)	$ (6,427,244)
Add items not affecting cash:			
Amortization	42,375	28,477	54,597
Stock-based compensation (note 8)	3,254,815	7,659,829	2,744,674
Loss on sale of property and equipment	-	-	7,861
Unrealized (gain) loss on marketable securities	(182,500)	(102,250)	133,250
Spin-out recovery	(120,000)	(144,000)	-
Write-off of mineral property	-	2,372,358	1,617,785
(Gain) loss on foreign exchange	(41,225)	76	(127,283)
Changes in non-cash items:			
Accounts receivable	(75,519)	(33,580)	(51,801)
Prepaid expenses	(108,943)	(121,548)	82,154
Accounts payable and accrued liabilities	(152,916)	329,568	27,162
Cash used in operating activities of continuing operations	**(6,670,925)**	**(4,276,027)**	**(1,938,845)**
Loss for the year from discontinued operations	(934,157)	(3,603,369)	(3,346,679)
Add items not affecting cash:			
Stock-based compensation	756,202	2,241,363	1,356,730
Write-off of mineral property	-	-	1,002,438
(Gain) loss on foreign exchange	(20,318)	7,181	(54,275)
Changes in non-cash items:			
Accounts receivable	-	(97)	-
Cash used in operating activities of discontinued operations	**(198,273)**	**(1,354,922)**	**(1,041,786)**
Financing Activities			
Issuance of share capital	118,079,019	39,634,008	37,913,974
Share issuance costs	(4,261,094)	(1,293,968)	(977,586)
Cash provided by financing activities of continuing operations	**113,817,925**	**38,340,040**	**36,936,388**
Additional funding to Corvus	(764,512)	-	-
Cash transferred on Plan of Arrangement (note 2)	(3,300,000)	-	-
Cash used in financing activities of discontinued operations	**(4,064,512)**	**-**	**-**
Investing Activities			
Expenditures on mineral properties	(35,896,786)	(21,303,867)	(11,294,605)
Expenditures on property and equipment	(105,906)	(41,248)	(27,826)
Cash used in investing activities of continuing operations	**(36,002,692)**	**(21,345,115)**	**(11,322,431)**
Expenditures on mineral properties, net of costs recovered	616,684	(348,850)	(1,208,159)
Cash provided by (used in) investing activities of discontinued operations	**616,684**	**(348,850)**	**(1,208,159)**
Effect of foreign exchange on cash of continuing operations	**186,277**	**(34,166)**	**149,957**
Effect of foreign exchange on cash of discontinued operations	**20,318**	**(9,977)**	**54,275**
Increase in cash and cash equivalents	67,704,802	10,970,983	21,629,399
Cash and cash equivalents, beginning of year	43,460,324	32,489,341	10,859,942
Cash and cash equivalents, end of year	$ 111,165,126	$ 43,460,324	$ 32,489,341

Supplemental cash flow information (note 16)

See accompanying notes to the consolidated financial statements

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
Consolidated Statements of Equity
(Expressed in Canadian dollars)

	Number of shares (Old)	Share Capital (Old)	Number of shares (New)	Share Capital (New)	Contributed Surplus	Deficit	Total
Balance, May 31, 2008	39,943,892	$ 40,586,229	-	$ -	$ 7,024,590	$ (13,754,641)	$ 33,856,178
Private placements	4,200,000	10,500,000	-	-	-	-	10,500,000
Exercise of warrants	11,017,044	25,640,916	-	-	-	-	25,640,916
Exercise of options	792,037	1,773,058	-	-	-	-	1,773,058
Stock-based compensation	-	-	-	-	4,101,404	-	4,101,404
Agent's compensation warrants	-	(286,805)	-	-	286,805	-	-
Reallocation from contributed surplus	-	1,194,071	-	-	(1,194,071)	-	-
Shares issued for property acquisition	505,000	826,750	-	-	-	-	826,750
Share issuance costs	-	(977,586)	-	-	-	-	(977,586)
Net loss	-	-	-	-	-	(9,773,923)	(9,773,923)
Balance, May 31, 2009	56,457,973	79,256,633	-	-	10,218,728	(23,528,564)	65,946,797
Private placements	6,286,248	33,630,650	-	-	-	-	33,630,650
Exercise of warrants	245,901	725,408	-	-	-	-	725,408
Exercise of options	2,907,800	5,277,950	-	-	-	-	5,277,950
Stock-based compensation	-	-	-	-	9,901,192	-	9,901,192
Reallocation from contributed surplus	-	5,879,697	-	-	(5,879,697)	-	-
Shares issued for property acquisition	220,000	801,000	-	-	-	-	801,000
Share issuance costs	-	(1,293,968)	-	-	-	-	(1,293,968)
Net loss	-	-	-	-	-	(17,868,326)	(17,868,326)
Balance, May 31, 2010	66,117,922	124,277,370	-	-	14,240,223	(41,396,890)	97,120,703
Exercise of warrants	48,099	141,892	-	-	-	-	141,892
Exercise of options	1,062,200	1,867,950	-	-	-	-	1,867,950
Stock-based compensation	-	-	-	-	3,885,118	-	3,885,118
Reallocation from contributed surplus	-	2,252,099	-	-	(2,252,099)	-	-
Share issuance costs	-	(8,657)	-	-	-	-	(8,657)
Transfer of Nevada and Other Alaska Business to Corvus	-	-	-	-	(24,599,328)	11,773,545	(12,825,783)
Working capital contribution to Corvus	-	-	-	-	(3,300,000)	-	(3,300,000)
Distribution of the common shares of Corvus to ITH shareholders as a return of capital	-	(27,899,328)	-	-	27,899,328	-	-
Exchange of old shares of ITH for new shares of ITH at a ratio of 1:1	(67,228,221)	(100,631,326)	67,228,221	100,631,326	-	-	-
Adjustment due to rounding	-	-	(107)	-	-	-	-
Private placement	-	-	17,505,805	109,434,227	-	-	109,434,227
Exercise of options	-	-	1,915,000	6,634,950	-	-	6,634,950
Stock-based compensation	-	-		-	190,868	-	190,868
Reallocation from contributed surplus	-	-	-	3,096,114	(3,096,114)	-	-
Share issuance costs	-	-	-	(4,252,437)	-	-	(4,252,437)
Net loss	-	-	-	-	-	(10,221,169)	(10,221,169)
Balance, May 31, 2011	**-**	**$ -**	**86,648,919**	**$ 215,544,180**	**$ 12,967,996**	**$ (39,844,514)**	**$ 188,667,662**

See accompanying notes to the consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

International Tower Hill Mines Ltd. ("ITH" or the "Company") is in the business of acquiring, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At May 31, 2011, the Company was in the exploration stage and controls a 100% interest in its Livengood project in Alaska, U.S.A.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a going-concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going-concern is dependent upon achieving profitable operations and/or obtaining additional financing. During the current year, the Company has raised $118,079,019 (2010 - $39,634,008; 2009 - $37,913,974) through the issuance of common shares and has working capital at May 31, 2011 of $108,354,423 (2010 - $42,945,488; 2009 - $32,459,316) which is considered sufficient to fund its operations and exploration program for the ensuing year. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral property interests. The recoverability of amounts shown for mineral properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The carrying values of the Company's mineral property interests do not reflect current or future values.

2. DISCONTINUED OPERATIONS AND TRANSFER OF MINERAL PROPERTIES

On August 26, 2010, the Company completed a Plan of Arrangement (the "Arrangement") under the British Columbia Business Corporation Act pursuant to which it indirectly transferred all of its existing Alaska assets (other than the Livengood project and associated assets), being the Chisna, West Pogo, Terra and LMS properties and related assets, and its Nevada assets, being the North Bullfrog property and related assets, (collectively, the "Nevada and Other Alaska Business") to a new public company, Corvus Gold Inc. ("Corvus"). Under the Arrangement, each shareholder of ITH received (as a return of capital) one Corvus common share for every two ITH common shares held as at the effective date of the Arrangement and exchanged each old common share of ITH for a new common share of ITH. As part of the Arrangement, ITH transferred its wholly-owned subsidiaries, Raven Gold Alaska Inc. ("Raven Gold"), incorporated in Alaska, United States, and Corvus Gold Nevada Inc. (formerly "Talon Gold Nevada Inc."), incorporated in Nevada, United States, (which held the North Bullfrog property) to Corvus. As a consequence of the completion of the Arrangement, Corvus now holds the Terra, Chisna, LMS, West Pogo and North Bullfrog properties (the "Spin-out Properties").

The Company did not realize any gain or loss on the transfer of the Nevada and Other Alaska Business, which was comprised of a working capital contribution of $3,300,000 and the other Nevada and Other Alaska Business assets and liabilities as at the effective date of the Arrangement. Costs of the Arrangement, comprised principally of legal and regulatory expense, amounted to expenses of $593,754 (2010 - $138,141; 2009 - $nil).

The Arrangement was approved by a favourable vote of ITH's shareholders at a special meeting held on August 12, 2010.

2. DISCONTINUED OPERATIONS AND TRANSFER OF MINERAL PROPERTIES (cont'd)

The Company has, in accordance with CICA 3475, "Disposal of Long-lived Assets and Discontinued Operations", accounted for the financial results associated with the Nevada and Other Alaska Business up to the date of the Arrangement as discontinued operations in these consolidated financial statements and has reclassified the related amounts for the current and prior years.

The amount recognized as loss from discontinued operations includes the direct operating results of the Nevada and Other Alaska Business and an allocation of head office general and administrative expense. The allocation of head office general and administrative expense was calculated on the basis of the ratio of costs incurred on the Spin-out Properties in each period presented as compared to the costs incurred on all mineral properties of the Company in each of the periods. Management cautions readers of these financial statements that the allocation of expenses does not necessarily reflect future general and administrative expenses.

The following table shows the results related to discontinued operations for the years ended May 31, 2011, 2010 and 2009. Included therein is $756,202 (2010 - $2,241,363; 2009 - $1,356,730) of stock-based compensation ("SBC") charges:

	2011	2010	2009
Administration	$ 1,780	$ 8,712	$ 14,529
Charitable donations	5,413	14,819	9,946
Consulting fees	265,721	1,089,274	611,204
Foreign exchange (gain) loss	(20,318)	7,181	(54,275)
Insurance	10,099	37,633	39,496
Investor relations	130,737	327,092	256,261
Office and miscellaneous	7,214	29,614	46,527
Professional fees	40,741	182,477	146,507
Property investigations	291	83	34,455
Regulatory	3,816	66,040	30,151
Rent	5,302	26,180	39,758
Telephone	2,418	7,099	7,854
Travel	5,625	37,757	90,230
Wages and benefits	475,318	1,769,408	1,071,598
Write-off of mineral properties	-	-	1,002,438
	$ 934,157	$ 3,603,369	$ 3,346,679

The transfer of the assets is summarized in the table below:

	August 25, 2010	May 31, 2010	May 31, 2009
Cash and cash equivalents	$ 1,203,240	$ -	$ -
Accounts receivable	199	97	-
Prepaid expenses	3,200	13,566	-
Mineral Properties	12,392,408	12,245,690	11,054,413
Accounts payable	(773,264)	(85,094)	(32,898)
Net assets transferred to Corvus	$ 12,825,783		

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by management in the preparation of these consolidated financial statements in accordance with Canadian GAAP.

a) Basis of consolidation

These consolidated financial statements include the accounts of International Tower Hill Mines Ltd. (a British Columbia corporation) and its wholly owned subsidiaries Tower Hill Mines, Inc. (formerly "Talon Gold Alaska, Inc.") ("TH Alaska") (an Alaska corporation), Tower Hill Mines (US) LLC (formerly "Talon Gold (US) LLC") (a Colorado limited liability company), and 813034 Alberta Ltd. (an Alberta corporation). All intercompany transactions and balances have been eliminated.

b) Cash equivalents

The Company considers cash equivalents to consist of highly liquid investments that are cashable on demand, and which are subject to insignificant credit and interest rate risk.

c) Marketable securities

Marketable securities are classified as held-for-trading, and are carried at quoted market value, where applicable, or at an estimate of fair value. Resulting realized and unrealized gains or losses, net of applicable income taxes, are reflected in operations.

d) Foreign currency translation

Monetary assets and liabilities are translated at period-end exchange rates; other assets and liabilities have been translated at the rates prevailing at the date of transaction. Revenue and expense items, except for amortization, are translated at the average rate of exchange for the year. Amortization is converted using rates prevailing at dates of acquisition. Gains and losses from foreign currency translation are included in the Consolidated Statements of Operations and Comprehensive Loss.

e) Property and equipment

Property and equipment are stated at cost, net of accumulated amortization. Amortization is recorded over the estimated useful life of the assets at the following annual rates:

Computer equipment	-	30% declining balance
Computer software	-	3 years straight line
Furniture and equipment	-	20% declining balance
Leasehold improvements	-	straight-line over the lease term

Additions during the period are amortized at one-half the annual rates.

f) Mineral properties

Mineral properties consist of mining claims, leases and options. Acquisition option payments, leasehold and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment. If the property is put into production, the costs of acquisition and exploration will be written-off over the life of the property, based on estimated economic reserves. Proceeds received from the sale of any interest in a property will first be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and deferred exploration costs will be written-off to operations in the period of abandonment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Mineral properties (cont'd)

Recorded costs of mineral properties and deferred exploration and development expenditures are not intended to reflect present or future values of mineral properties.

Deferred costs related to mineral property interests are periodically reviewed for impairment. A review for potential impairment is subject to potentially material measurement uncertainty. If a review indicates that a mineral property interest has been impaired the related deferred costs are written-down or written-off.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, based on industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and inadvertent non-compliance with regulatory requirements.

g) Asset retirement obligations

Asset retirement obligations are recognized for legal obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A liability for an asset retirement obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with the corresponding asset retirement cost recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value.

h) Share capital

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and these were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants.

Share capital issued as non-monetary consideration other than certain related party transactions is recorded at the fair market value of the shares issued, which is determined by the Board of Directors of the Company and is generally based on the trading price of the shares at the time an agreement to issue shares has been reached.

Share issuance costs incurred on the issuance of the Company's shares are charged directly to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share has not been presented separately as the outstanding options and warrants are anti-dilutive for each of the years presented.

The Company uses the treasury stock method of calculating fully diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year.

j) Income tax

Income taxes are accounted for using the future income tax method. Under this method income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes. Future income tax assets and liabilities are measured using tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled. To the extent that future income tax assets are not considered more likely than not to be realized, a valuation allowance is recorded.

k) Stock-based compensation

The Company accounts for stock-based compensation ("SBC") using a fair value based method with respect to all stock-based payments measured and recognized to directors, employees and non- employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or mineral properties, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

l) Measurement uncertainty

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those reported.

Significant areas requiring the use of management estimates include the rates of amortization for property and equipment, the recoverability of mineral properties, the assumptions used in the determination of the fair value of financial instruments and SBC, asset retirement obligation estimates, allocation of administrative expenses to discontinued operations, and the determination of the valuation allowance for future income tax assets and accruals. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) Joint venture accounting

Where the Company's exploration and development activities are conducted with others, the accounts reflect only the Company's proportionate interest in such activities.

n) Financial Instruments – Recognition and Measurement; Disclosure and Presentation

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial assets are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred.

The Company classified its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading.
- Accounts receivable are classified as loans and receivables.
- Marketable securities are classified as held-for-trading.
- Accounts payable and accrued liabilities are classified as other liabilities.

o) Comprehensive Income

Comprehensive income is the change in shareholders' equity during a year from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of the net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. There are no material differences between comprehensive income (loss) and net loss for the years reported.

p) Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its August 31, 2011 interim consolidated financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods for the year ended May 31, 2011. The Company is currently evaluating the impact of the conversion on the Company’s consolidated financial statements and is considering accounting policy choices available under IFRS.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, marketable securities, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Fair Value Hierarchy

Financial instruments recorded at fair value on the Consolidated Balance Sheets are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Consolidated Balance Sheets, classified using the fair value hierarchy described above:

2011	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 111,165,126	$ -	$ -
Marketable securities	$ 662,500	$ -	$ -

2010	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 43,460,324	$ -	$ -
Marketable securities	$ 360,000	$ -	$ -

2009	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 32,489,341	$ -	$ -
Marketable securities	$ 113,750	$ -	$ -

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. The Company has no asset backed securities.

The Company's concentration of credit risk and maximum exposure thereto is as follows relating to financial assets:

		2011		2010		2009
Cash and cash equivalents	$	111,165,126	$	43,460,324	$	32,489,341
Accounts receivable	$	185,733	$	110,214	$	76,634

At May 31, 2011, the Company held a total of $102,310,928 (2010 - $26,537,499; 2009 - $10,044,000) cash equivalents which consist of interest saving accounts and Guaranteed Investment Certificates ("GICs"):

		Quantity	Maturity Date	Annual Yield
Renaissance High Interest Savings	$	20,094,209	N/A	N/A
RBC Investment Savings		22,648,719	N/A	N/A
TD Mortgage Corporation (GIC)		42,068,000	April 16, 2012	1.36%
Advisor's Advantage Trust		17,500,000	May 7, 2012	1.30%
	$	102,310,928		

The Company's cash and cash equivalents at May 31, 2011 consists of $109,519,134 in Canada and $1,645,992 in the United States. Concentration of credit risk exists with respect to the Company's Canadian cash and cash equivalents as all amounts are held at two major Canadian financial institutions. Credit risk with regard to cash held in the United States is mitigated as the amount held in the United States is only sufficient to cover short-term requirements. With respect to receivables at May 31, 2011, the Company is not exposed to significant credit risk as the majority are from governmental agencies and interest accruals.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows for operations and anticipated investing and financing activities. The Company normally maintains sufficient cash and cash equivalents to meet the Company's business requirements. At May 31, 2011, the Company had accounts payable and accrued liabilities of $4,037,428 (2010 - $1,187,865; 2009 - $353,775), which are all payable within six months and are expected to be settled from available working capital as they come due.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

(i) Interest rate risk

The Company's cash and cash equivalents consists of cash held in bank accounts and short term deposit certificates of GIC's with two major Canadian financial institutions that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of May 31, 2011. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 0.5% change in interest rates would affect interest income by approximately $298,000.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in United States funds, nor entered into any hedging arrangements with respect to mineral property expenditure commitments denominated in United States dollars. The Company's sensitivity analysis suggests that a consistent 9% change in the absolute rate of exchange for the United States dollars, the foreign currency for which the Company has net assets employed, would affect net assets and foreign exchange gain (loss) by approximately $1,732,000. As at May 31, 2011, the Company had the following financial instruments in USD:

	CAD equivalent	USD
Cash	$ 3,876,879	$ 4,002,559
Accounts payable and accrued liabilities	$ 3,855,538	$ 3,980,527

As at May 31, 2011, USD amounts were converted at a rate of USD 1 to CAD 0.9686.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign exchange risk. The Company's investment in marketable securities is exposed to such risk.

5. MARKETABLE SECURITIES

	2011	2010	2009
Millrock Resources Inc.	$ 422,500	$ 273,000	$ 113,750
Ocean Park Ventures Corp.	240,000	87,000	-
	$ 662,500	$ 360,000	$ 113,750

5. MARKETABLE SECURITIES (cont'd)

On April 4, 2008 the Company sold its South Estelle, Alaska property to Millrock Resources Inc. ("Millrock") for 650,000 Millrock shares or $247,000 based upon their market value on that date of $0.38 per share.

On March 15, 2010, the Company received the initial 200,000 common shares of Ocean Park Ventures Corp. ("OPV"), valued on that date at $0.72 per share or $144,000, in consideration for providing the resources for Raven Gold to enter into a joint venture with an Alaskan subsidiary of OPV on the Chisna property, Alaska. The Company received an additional 200,000 common shares of OPV on March 15, 2011, valued on that date at $0.60 per share at $120,000.

Fair value adjustment for the year ended May 31, 2011, amounted to an unrealized gain of $182,500 (2010 – $102,250; 2009 - $133,250 loss).

6. PROPERTY AND EQUIPMENT

	2011		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 54,407	$ 9,013	$ 45,394
Computer equipment	185,290	87,113	98,177
Computer software	89,476	89,476	-
Leasehold improvements	17,061	17,061	-
	$ 346,234	$ 202,663	$ 143,571

	2010		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 8,215	$ 3,700	$ 4,515
Computer equipment	125,576	60,148	65,428
Computer software	89,476	89,476	-
Leasehold improvements	17,061	6,964	10,097
	$ 240,328	$ 160,288	$ 80,040

	2009		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 8,215	$ 2,629	$ 5,586
Computer equipment	84,328	41,579	42,749
Computer software	89,476	82,172	7,304
Leasehold improvements	17,061	2,785	14,276
	$ 199,080	$ 129,165	$ 69,915

7. MINERAL PROPERTIES

Accumulated costs in respect of mineral tenures and mineral rights owned, leased or under option, consist of the following:

	Siwash Silver Leases (note 7(a))	BMP (note 7(b))	Coffee Dome (note 7(c)(ii))	Livengood (note 7(c)(i))	Total
Balance, May 31, 2009	$ 1	$ 573,139	$ 1,074,197	$ 20,715,816	**$ 22,363,153**
Acquisition costs:					
Cash payments	-	-	-	-	**-**
Common shares issued	-	-	-	-	**-**
	-	-	-	-	**-**
Deferred exploration costs:					
Advance to contractors	-	-	-	(3,215)	**(3,215)**
Aircraft services	-	-	-	21,939	**21,939**
Assay	-	-	140,241	2,977,431	**3,117,672**
Drilling	-	-	268,280	9,457,688	**9,725,968**
Equipment rental	-	-	60,041	861,873	**921,914**
Field costs	-	19	33,124	2,559,742	**2,592,885**
Geological	-	-	109,687	3,770,767	**3,880,454**
Land maintenance & tenure	-	1,193	97,952	1,158,079	**1,257,224**
Legal	-	1,790	-	80,455	**82,245**
Transportation	-	-	12,695	128,779	**141,474**
Travel	-	-	-	120,130	**120,130**
	-	3,002	722,020	21,133,668	**21,858,690**
Total expenditures for the year	-	3,002	722,020	21,133,668	**21,858,690**
Property write-off	-	(576,141)	(1,796,217)	-	**(2,372,358)**
Balance, May 31, 2010	1	-	-	41,849,484	**41,849,485**
Acquisition costs:					
Cash payments	-	-	-	31,170	**31,170**
Common shares issued	-	-	-	-	**-**
	-	-	-	31,170	**31,170**
Deferred exploration costs:					
Advance to contractors	-	-	-	276,555	**276,555**
Aircraft services	-	-	-	346,593	**346,593**
Assay	-	-	-	3,500,229	**3,500,229**
Drilling	-	-	-	13,626,871	**13,626,871**
Field costs	-	-	-	5,281,369	**5,281,369**
Equipment rental	-	-	-	2,016,613	**2,016,613**
Geological	-	-	-	9,970,789	**9,970,789**
Land maintenance & tenure	-	-	-	2,658,138	**2,658,138**
Legal	-	-		57,985	**57,985**
Transportation	-	-	-	318,609	**318,609**
Travel	-	-	-	235,262	**235,262**
	-	-	-	38,289,013	**38,289,013**
Total expenditures for the year	-	-	-	38,320,183	**38,320,183**
Balance, May 31, 2011	$ 1	$ -	$ -	$ 80,169,667	**$ 80,169,668**

7. MINERAL PROPERTIES (cont'd)

a) Siwash Silver Claims, B.C.

On September 22, 2006, the Company entered into a letter agreement with Ravencrest Resources Inc. ("Ravencrest") whereby Ravencrest will acquire all of the Company's interest in 97 mineral claims and one lot in exchange for the Company retaining a 5% Net Smelter Returns ("NSR") Royalty and Ravencrest's assumption of all liabilities and risks concerning the property. The original mining venture agreement dated March 31, 2005 between the Company and Ravencrest was also terminated. Accordingly, the Company wrote-down the Siwash Silver Claims to a nominal value of $1, recognizing a charge to operations of $1,030,315 during the year ended May 31, 2007.

b) BMP Project, Alaska

In September, 2006, the Company staked a total of 108 Alaska state mining claims at a new location in the Bethel Recording District. The claims cover a base metal target developed from the Company's exploration program conducted in 2006.

On March 26, 2008, the Company executed an agreement with respect to the exploration and option to lease of key exploration ground adjoining the Company's BMP claim block from Cook Inlet Region, Inc. ("CIRI"), an Alaska Native Regional Corporation.

The Company and CIRI have signed an Exploration Agreement with an Option to Lease, covering a 6,200 hectare area located immediately adjacent to the eastern side of the Company's existing BMP claim block. The general terms of the Agreement are as follows:

Exploration Agreement (2 years initial term with automatic 3 years renewal)

- *Payments*: Annual rental payment of USD 20,000 per year for the first 2 years (paid), increasing to USD 40,000 for years 3 through 5. At the end of year 2, the Company will be required to reduce the lands subject to the agreement by 50% unless otherwise justifiable geologically, in which case a bonus of USD 5.00 per acre is payable upon the renewal for all lands retained in excess of 3,100 hectares.
- *Work Commitments*: USD 275,000 in year 1 escalating to USD 500,000 in year 5.
- *Lease Option*: Upon having expended a minimum of USD 800,000, drilled 2,500 feet of core drilling and produced a positive pre-feasibility study over an area within the CIRI lands that contains mineralization and may be capable of development into a mine, the Company may elect to enter into a mining lease over the ground that is the subject to the positive pre- feasibility study.

Mining Lease (15 year initial term, and so long thereafter as commercial production continues)

- *Advance Minimum Royalty*: Payments of USD 150,000 in years 1 – 3, USD 200,000 in years 4 – 5 and USD 400,000 for year 6 and beyond (unless a feasibility study has been completed). AMR payments are 50% deductible from royalty payments.
- *Sliding Scale Royalty*: An NSR Royalty of between 1% and 2.5% before payback and between 3% and 5% (depending upon the gold price) after payback is payable in respect of precious metals, and an NSR Royalty of 1% before payback and 3% after payback is payable in respect of base metals. In both cases, CIRI will have the option to replace the NSR Royalty with a Net Profits Interest Royalty (10% before and 20% after payback).

- *CIRI Participation Option*: Upon a production decision being made, CIRI will have the right to acquire up to a 15% working interest in the leased area by contributing 2 times its *pro rata* share of the cumulative project expenditures by the Company (other than AMR payments) to the date of the exercise of CIRI's participation option.

7. MINERAL PROPERTIES (cont'd)

b) BMP Project, Alaska (cont'd)

The Company will also make annual donations of USD 10,000 (paid USD 20,000) to the CIRI Foundation or other scholarship fund designated by CIRI during the continuance of the exploration.

On October 2, 2009, the Company terminated the option agreement with CIRI due to disappointing exploration results and a desire to focus on the Livengood project. The Company wrote-off $576,141 in associated costs.

c) Properties acquired from AngloGold, Alaska

Pursuant to an Asset Purchase and Sale and Indemnity Agreement dated June 30, 2006, as amended on July 26, 2007, (the "AngloGold Agreement") among the Company, AngloGold Ashanti (U.S.A.) Exploration Inc. ("AngloGold") and TH Alaska, the Company acquired all of AngloGold's interest in a portfolio of seven mineral exploration projects in Alaska (then aggregating 246 square kilometres) and referred to as the Livengood, Chisna, Gilles, Coffee Dome, West Pogo, Blackshell, and Caribou properties (the "Sale Properties") in consideration of cash payment USD 50,000 on August 4, 2006, and the issuance of 5,997,295 common shares, representing approximately 19.99% of the Company's issued shares following the closing of the acquisition and two private placement financings raising an aggregate of $11,479,348. AngloGold has the right to maintain its percentage equity interest in the Company, on an ongoing basis, provided that such right will terminate if AngloGold's interest falls below 10% at any time after January 1, 2009.

As further consideration for the transfer of the Sale Properties, the Company granted to AngloGold a 90 day right of first offer with respect to the Sale Properties and any additional mineral properties in Alaska in which the Company acquires an interest and which interest the Company proposes to farm out or otherwise dispose of. If AngloGold's equity interest in the Company is reduced to less than 10%, then this right of first offer will terminate. Details of the Livengood Property (being the only Sale Property still held by the Company) and the Coffee Dome Property (a Sale Property abandoned in fiscal 2010) are as follows:

(i) Livengood Property

The Livengood property is located in the Tintina gold belt approximately 110 kilometres north of Fairbanks, Alaska. The property is approximately 145 square kilometres and consists of fee land leased from the Alaska Mental Health Trust, a number of smaller private mineral leases, Alaska state mining claims located by the Company and patented ground held by the Company.

7. MINERAL PROPERTIES (cont'd)

c) Properties acquired from AngloGold, Alaska (cont'd)

(i) Livengood Property (cont'd) Details of the leases are as follows:

- a lease of the Alaska State mineral rights having an initial term of three years, commencing July 1, 2004 (subject to extension for two extensions of three years each) and requires work expenditures of USD 10/acre/year in years 1 – 3, USD 20/acre/year in years 4 – 6 and USD 30/acre/year in years 7 – 9 and advance royalty payments of USD 5/acre/year in years 1 – 3, USD 15/acre/year in years 4 – 6 and USD 25/acre/year in years 7 – 9. An NSR production royalty of between 2.5% and 5.0% (depending upon the price of gold) is payable to the lessor with respect to the lands subject to this lease. In addition, an NSR production royalty of 1% is payable to the lessor with respect to the unpatented federal mining claims subject to the lease below.

- a lease of State of Alaska mining claims for a term of ten years, commencing on September 11, 2006. The lease requires payments of USD 75,000 on execution (paid), USD 50,000 in each of years 2 – 5 (paid to year 4) and USD 100,000 in each of years 6 – 10 and work expenditures of USD 100,000 in year one (incurred), USD 200,000 in each of years 2 – 5 (incurred to year 4) and USD 300,000 in each of years 6 – 10. An NSR production royalty of between 2% and 5% is payable to the lessors (depending upon the price of gold). The Company may buy all interest in the property subject to the lease (including the retained royalty) for USD 10,000,000.

- a lease of US federal unpatented claims having an initial term of ten years, commencing on April 21, 2003 and for so long thereafter as mining related activities are carried out. The lease requires a bonus payment of USD 5,000 on signing (paid), and advance royalties of USD 20,000 on execution (paid), USD 30,000 on or before April 21, 2004 (paid), USD 40,000 on or before April 21, 2005 (paid), USD 50,000 on or before April 21, 2006 (paid), USD 40,000 on or before April 21, 2007 (paid) and an additional USD 50,000 on or before each subsequent April 21 during the term (paid USD 200,000). An NSR production royalty of between 2% and 3% (depending on the price of gold) is payable to the lessors. The Company may purchase 1% of the royalty for USD 1,000,000.

- a lease of patented federal claims having an initial term of ten years, and for so long thereafter as the Company pays the lessors the minimum royalties required under the lease. The lease requires a bonus payment of USD 10,000 on signing (paid), and minimum royalties of USD 10,000 on or before January 18, 2008 (paid), USD 10,000 on or before January 18, 2009 (paid), USD 10,000 on or before January 18, 2010 (paid) and an additional USD 20,000 on or before each of January 18, 2011 through January 18, 2016 (paid USD 20,000 on December 14, 2010) and an additional USD 25,000 on each subsequent January 18 thereafter during the term (all of which minimum royalties are recoverable from production royalties). An NSR production royalty of 3% is payable to the lessors. The Company may purchase all interest of the lessors in the leased property (including the production royalty) for USD 1,000,000 (less all minimum and production royalties paid to the date of purchase), of which USD 500,000 is payable in cash over four years following the closing of the purchase and the balance of USD 500,000 is payable by way of the 3% NSR production royalty.

7. MINERAL PROPERTIES (cont'd)

c) Properties acquired from AngloGold, Alaska (cont'd)

(i) Livengood Property (cont'd)

Details of the leases are as follows (cont'd):

- a mining lease of unpatented federal lode mining and federal unpatented placer claims having an initial term of ten years, commencing on March 28, 2007, and for so long thereafter as mining related activities are carried out. The lease requires payment of advance royalties of USD 3,000 on execution (paid), USD 5,000 on or before March 28, 2009 (paid), USD 10,000 on or before March 28, 2010 (paid) and an additional USD 15,000 on or before each subsequent March 28 thereafter during the initial term (all of which minimum royalties are recoverable from production royalties) (paid USD 15,000 on February 15, 2011). The Company is required to pay the lessor the sum of USD 250,000 upon making a positive production decision. An NSR production royalty of 2% is payable to the lessor. The Company may purchase all interest of the lessor in the leased property (including the production royalty) for USD 1,000,000.

(ii) Coffee Dome Property

The Coffee Dome property is located approximately 15 kilometres northeast of the Fort Knox mine. The property consists of State of Alaska mining claims (2,600 hectares) owned 100% by the Company, State of Alaska mining claims (388.8 hectares) leased from an individual and 1,166.2 hectares of fee lands leased from the University of Alaska (the "University").

The lease of the State of Alaska mining claims is for an initial term of twenty years, commencing on August 11, 2005 and for so long thereafter as mining related activities are carried out. The lease requires a bonus payment of USD 10,000 on signing (paid), and advance royalties of USD 15,000 on or before December 31, 2005 (paid), USD 25,000 on or before August 11, 2006 (paid) and an additional USD 50,000 on or before each subsequent August 11 during the term (paid USD 150,000). A production payment of USD 500,000 is also payable upon the Company making a positive production decision. An NSR production royalty of between 0.5% and 5% (depending on the price of gold) is payable to the lessor. The Company may purchase 1% of the royalty for USD 2,000,000. The lessor also has the right to receive an NSR production royalty on production of gold of between 0.5% and 5% (depending on the price of gold) and a 3% NSR production royalty on production of minerals other than gold, from any lands acquired by the Company within a defined area of interest. In addition, the lessor is entitled to receive an NSR production royalty on all minerals equal to the greater of 1% and one-half of the difference between 4% and the actual NSR production royalty payable by the Company to a third party with respect to certain defined lands held by such third party upon the Company entering into a mining lease with such third party.

The agreement with the University is a two stage Exploration Agreement with Option to Lease. The Agreement has an effective date of January 1, 2007 and covers approximately 1,166 hectares of land. The key terms of the Agreement (and any resulting mining lease) are as follows:

7. MINERAL PROPERTIES (cont'd)

c) Properties acquired from AngloGold, Alaska (cont'd)

(ii) Coffee Dome Property (cont'd)

Exploration Agreement: In order to maintain the option to lease in good standing, the Company is required to pay the University USD 117,500 over five years (paid USD 87,500) and incur exploration expenditures totalling USD 400,000 over five years (USD 25,000 commitment for the first year, USD 50,000 for the second year). If the Company does not terminate the option prior to January 1 in any option year, the specified minimum expenditures for that year become a commitment of the Company. The Company is also responsible for all taxes and assessments on the lands subject to the option to lease.

Mining Lease: At any time during the option period, the Company has the right to enter into a mining lease over some or all of the lands subject to the option. The mining lease will have an initial term of 15 years and for so long thereafter as commercial production continues and requires escalating advance royalty payments of USD 30,000 in year 1 to USD 150,000 in year 9 and beyond. Advance royalty payments are credited against 50% of production royalties. The Company is also required to incur escalating minimum mandatory exploration expenditures of USD 125,000 in year 1 to USD 350,000 in year 5 and beyond and to deliver a feasibility study within 10 years of the commencement of the lease. Upon the commencement of commercial production, the Company is required to pay a sliding scale NSR royalty of from 3% (USD 300 and below gold) up to 5% (USD 500 and up gold). The Company will also pay a sliding scale NSR royalty of from 0.5% (USD 450 and below gold) to 1% (USD 450 and above gold) on any federal or Alaska State claims staked by the Company or its affiliates within a 2 mile area of interest surrounding the University land (not including the Company's existing leased claims).

During the year ended May 31, 2010, the Company decided to terminate the lease and exploration agreement due to disappointing results and wrote-off $1,796,217 in associated costs.

8. SHARE CAPITAL

Authorized

500,000,000 common shares without par value.

Shareholder rights plan

On August 26, 2009, the Company's Board of Directors (the "Board") approved and adopted a Shareholder Rights Plan which was approved by the shareholders on October 15, 2009.

The purpose of the Shareholder Rights Plan is to provide shareholders and the Board with adequate time to consider and evaluate any unsolicited bid made for the Company, to provide the Board with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid, to encourage the fair treatment of shareholders in connection with any take-over bid for the Company and to ensure that any proposed transaction is in the best interest of the Company's shareholders.

8. SHARE CAPITAL (cont'd)

The rights issued under the Shareholder Rights Plan will become exercisable only if a person, together with its affiliates, associates and joint actors, acquires or announces its intention to acquire beneficial ownership of shares which, when aggregated with its current holdings, total 20% or more of the Company's outstanding common shares, other than by a Permitted Bid. Permitted Bids must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for 60 days. If a take-over bid does not meet the Permitted Bid requirements of the Shareholder Rights Plan, the rights will entitle shareholders, other than any shareholder or shareholders making the take-over bid, to purchase additional common shares of the Company at a substantial discount to the market price of the common shares at that time.

Share issuances

During the year ended May 31, 2011 the Company:

a) Sold to AngloGold, on March 24, 2011, on a private placement basis, an aggregate of 230,764 common shares at a price of $8.13 per share for gross proceeds of $1,876,111 and on August 26, 2010, sold to AngloGold, on a private placement basis, an aggregate of 415,041 common shares at a price of $5.26 per share for gross proceeds of $2,183,116. These issuances were pursuant to AngloGold's right to maintain its 13.2907% equity interest in the Company.

b) Closed a bought deal short form prospectus financing ("the Offering") on November 10, 2010 through the issuance of 10,400,000 common shares at a price of $6.25 per common share for gross proceeds of $65,000,000. The Underwriters also exercised their over-allotment option to acquire an additional 1,560,000 common shares for additional gross proceeds of $9,750,000. Including the proceeds from the exercise of the over-allotment option, the total gross proceeds of the Offering were $74,750,000. In connection with the Offering, the Underwriters received a cash commission equal to 5% of the gross proceeds raised through the Offering, amounting to $3,737,500 in share issuance costs.

c) Closed a non-brokered private placement through the issuance of 4,900,000 common shares at a price of $6.25 per common share for gross proceeds of $30,625,000 on November 10, 2010. Included in the non-brokered private placement was the issuance of 754,765 common shares to AngloGold for gross proceeds of $4,717,281.

d) Issued 3,025,299 common shares for the exercise of 2,977,200 stock options and 48,099 warrants for proceeds of $8,644,792 and transferred related contributed surplus of $5,348,213.

During the year ended May 31, 2010 the Company:

a) Sold to AngloGold, on August 24, 2009, the Company on a private placement basis, an aggregate of 1,218,283 common shares at a price of $2.68 per share for gross proceeds of $3,265,000 and on March 29, 2010, the Company sold another 67,965 common shares at a price of $5.38 per share for gross proceeds of $365,652. These issuances were pursuant to AngloGold's right to maintain its 13.2907% equity interest in the Company.

b) Closed a non-brokered financing of 5,000,000 common shares at a price of $6.00 per share for gross proceeds of $30,000,000 on April 1, 2010. The Company paid a 6% finder's fee in cash in connection with a portion of the Offering.

c) Issued 3,153,701 common shares for the exercise of 2,907,800 stock options and 245,901 warrants for proceeds of $6,003,358 and transferred related contributed surplus of $5,879,697.

8. SHARE CAPITAL (cont'd)

During the year ended May 31, 2009 the Company:

a) Issued 25,000 common shares on September 8, 2008, in connection with the lease on the North Bullfrog property which was part of the Spin-out properties (note 2), with a value of $40,000.

b) Issued 450,000 common shares on November 24, 2008 in connection with the agreement with AngloGold in the Terra and LMS properties, which were part of the Spin-out properties (note 2) with a value of $742,500.

c) Issued 5,000 common shares on December 17, 2008 in connection with the North Bullfrog property which was part of the Spin-out properties (note 2), with a value of $6,750.

d) Issued 20,000 common shares on January 31, 2009 in connection with the North Bullfrog property which was part of the Spin-out properties (note 2), with a value of $24,200.

e) Closed a bought deal equity financing through a syndicate of underwriters on March 4, 2009 and sold an aggregate of 4,200,000 common shares of the Company at a price of $2.50 per share for gross proceeds of $10,500,000. The Underwriters received a cash commission of $735,000, and 294,000 non-transferrable broker's warrants with a fair value of $286,805 which was charged to share issuance costs. Each Broker warrant is exercisable to acquire one common share of the Company at $2.95 until September 4, 2010.

f) Issued 5,000 common shares on March 11, 2009 in connection with the North Bullfrog property which was part of the Spin-out properties (note 2), with a value of $13,300.

g) Issued 11,809,081 common shares for the exercise of 792,037 stock options and 11,017,044 warrants for proceeds of $27,373,974 and transferred related contributed surplus of $1,194,071.

Warrants

Warrant transactions are summarized as follows:

	2011		2010		2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	48,099	$ 2.95	294,000	$ 2.95	13,384,666	$ 2.21
Issued – agent's warrants	-	$ -	-	$ -	294,000	$ 2.95
Exercised	(48,099)	$ (2.95)	(245,901)	$ (2.95)	(11,017,044)	$ (2.33)
Expired	-	$ -	-	$ -	(2,367,622)	$ (1.66)
Balance, end of year	-	$ -	48,099	$ 2.95	294,000	$ 2.95

There are no warrants outstanding at May 31, 2011.

8. SHARE CAPITAL (cont'd)

Options and SBC

The Company has adopted an incentive stock option plan (the "2006 Plan"). The essential elements of the 2006 Plan provide that the aggregate number of common shares of the Company's capital stock that may be made issuable pursuant to options granted under the 2006 Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the 2006 Plan will have a maximum term of ten years. The exercise price of options granted under the 2006 Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under applicable stock exchange policies), or such other price as may be agreed to by the Company and accepted by the Toronto Stock Exchange. Options granted under the 2006 Plan vest immediately, unless otherwise determined by the directors at the date of grant.

Pursuant to the 2006 Plan, on August 19, 2010 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 1,495,000 common shares in the capital stock of the Company. The options are exercisable on or before August 19, 2012 at a price of $6.57 per share.

On January 10, 2011, the Company granted incentive stock options to officers, employees and consultants of the Company to purchase 265,000 common shares in the capital stock of the Company. The options are exercisable on or before January 10, 2013 at a price of $9.15 per share. The options will vest evenly over 12 months with the first vesting date being April 10, 2011.

On August 19, 2010, the Company granted incentive stock options to officers, directors, employees and consultants of the Company to purchase 1,495,000 common shares in the capital stock of the Company. The options are exercisable on or before August 19, 2012 at a price of $6.57 per share.

On April 14, 2010 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 2,835,000 common shares in the capital stock of the Company. The options are exercisable on or before April 14, 2012 at a price of $7.34 per share.

On January 12, 2010 the Company granted incentive stock options to an officer of the Company to purchase 250,000 common shares in the capital stock of the Company. The options are exercisable on or before January 12, 2012 at a price of $7.95 per share.

On May 20, 2009 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 965,000 common shares in the capital stock of the Company. The options are exercisable on or before May 20, 2011 at a price of $3.15 per share.

On March 12, 2009 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 885,000 common shares in the capital stock of the Company. The options are exercisable on or before March 12, 2011 at a price of $2.66 per share.

A summary of the status of the stock option plan as of May 31, 2011, and changes during the year is presented below:

8. SHARE CAPITAL (cont'd)

Options and SBC

	2011		2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	5,822,200	$ 5.08	5,645,000	$ 2.13	4,589,175	$ 2.64
Granted	1,760,000	$ 6.96	3,085,000	$ 7.39	1,850,000	$ 2.92
Exercised	(2,977,200)	$ (2.86)	(2,907,800)	$ (1.82)	(792,037)	$ (2.24)
Expired	(5,000)	$ (1.75)	-	$ -	(2,138)	$ (2.70)
Repriced	-	$ -	-	$ -	(3,675,000)	$ (2.75)
Repriced	-	$ -	-	$ -	3,675,000	$ 1.75
Balance, end of year	4,600,000	$ 7.24	5,822,200	$ 5.08	5,645,000	$ 2.13

As at May 31, 2011, stock options outstanding are as follows:

	2011			2010			2009		
Expiry Date	Exercise Price	Number of Options	Exercisable	Exercise Price	Number of Options	Exercisable	Exercise Price	Number of Options	Exercisable
July 16, 2010	-	-	-	$ 1.75	702,200	702,200	$ 1.75	2,810,000	2,810,000
July 16, 2010	-	-	-	$ 1.75	355,000	355,000	$ 1.75	755,000	755,000
January 16, 2010	-	-	-	-	-	-	$ 1.52	130,000	130,000
February 1, 2010	-	-	-	-	-	-	$ 2.15	100,000	100,000
March 12, 2011	-	-	-	$ 2.66	765,000	765,000	$ 2.66	885,000	801,875
May 20, 2011	-	-	-	$ 3.15	915,000	915,000	$ 3.15	965,000	965,000
January 12, 2012	$ 7.95	250,000	250,000	$ 7.95	250,000	250,000	-	-	-
April 14, 2012	$ 7.34	2,660,000	2,660,000	$ 7.34	2,835,000	2,835,000	-	-	-
August 19, 2012	$ 6.57	1,425,000	1,425,000	-	-	-	-	-	-
January 10, 2013	$ 9.15	265,000	66,250	-	-	-	-	-	-
		4,600,000	4,401,250		5,822,200	5,822,200		5,645,000	5,561,875

The Company uses the fair value method for determining SBC expense for all options granted during the fiscal periods. The fair value of options granted was $3,254,815 for continuing operations (2010 - $7,659,829; 2009 - $2,744,674), and $821,171 (2010 - $2,241,363; 2009 - $1,356,730) for discontinued operations, determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2011	2010	2009
Expected life (years)	2	2	2
Interest rate	1.42%	1.88%	1.05%
Annualized Volatility	68.91%	79.30%	82.51%
Dividend yield	0%	0%	0%
Exercise price	$ 6.96	$ 7.39	$ 2.89

8. SHARE CAPITAL (cont'd)

Options and SBC (cont'd)

	Weighted average fair value of options granted		
	2011	**2010**	**2009**
Exercise price			
Equals	$ -	$ -	$ 1.13
exceeds	$ 2.88	$ 3.11	$ 1.43
less than	$ 2.60	$ -	$ -
The market price of the stock on the grant date			

SBC charges of $3,254,815 (2010 - $7,659,829; 2009 - $2,744,674) were allocated as follows for continuing operations:

2011	**Before allocation of SBC**	**SBC**	**After allocation of SBC**
Consulting	$ 559,252	$ 1,010,894	$ 1,570,146
Investor relations	781,692	366,667	1,148,359
Professional fees	580,049	87,356	667,405
Wages and benefits	3,473,754	1,789,898	5,263,652
		$ 3,254,815	

2010	**Before allocation of SBC**	**SBC**	**After allocation of SBC**
Consulting	$ 427,319	$ 3,295,260	$ 3,722,579
Investor relations	407,745	710,090	1,117,835
Professional fees	555,387	59,481	614,868
Wages and benefits	2,283,463	3,594,998	5,878,461
		$ 7,659,829	

2009	**Before allocation of SBC**	**SBC**	**After allocation of SBC**
Consulting	$ 198,151	$ 1,038,317	$ 1,236,468
Investor relations	290,535	227,884	518,419
Professional fees	258,452	37,932	296,384
Wages and benefits	727,309	1,440,541	2,167,850
		$ 2,744,674	

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows for the year ended May 31:

	2011	2010	2009
Loss from continuing operations before income taxes	$ (9,287,012)	$ (14,264,957)	$ (6,427,244)
Statutory Canadian corporate tax rate	27.67%	29.38%	30.38%
Income tax recovery at statutory rates	$ (2,569,716)	$ (4,191,044)	$ (1,952,597)
Stock-based compensation	1,127,825	2,908,970	1,246,007
Unrecognized items for tax purposes	(282,595)	(1,509,274)	(1,061,327)
Effect of tax rate change	45,202	180,645	16,328
Difference in tax rates in other jurisdictions	(690,466)	(739,533)	(334,209)
Change in valuation allowance	2,369,750	3,350,236	2,085,798
	$ -	$ -	$ -

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

	2011	2010	2009
Future income tax assets (liabilities)			
Mineral properties	$ 656,966	$ 656,948	$ 683,226
Equipment	(5,345)	(8,689)	(10,218)
Marketable securities	(22,813)	-	-
Charitable donations	85,249	57,196	40,679
Share issue costs	1,171,193	597,764	575,185
Non-capital losses available for future periods	9,978,650	7,125,639	3,789,751
	11,863,900	8,428,858	5,078,623
Valuation allowance	(11,863,900)	(8,428,858)	(5,078,623)
	$ -	$ -	$ -

At May 31, 2011, the Company has available non-capital tax losses for Canadian income tax purposes of approximately $11,636,000 and net operating losses for US income tax purposes of approximately $16,290,000 available for carry-forward to reduce future years' taxable income, if not utilized, expiring as follows:

	Canada	United States
2025	$ 82,000	$ -
2026	92,000	-
2027	1,031,000	1,423,000
2028	1,301,000	1,402,000
2029	2,378,000	2,982,000
2030	3,014,000	6,063,000
2031	3,738,000	4,420,000
	$ 11,636,000	$ 16,290,000

9. INCOME TAXES (cont'd)

In addition, the Company has available mineral resource related expenditure pools for Canadian income tax purposes totalling approximately $2,628,000 which may be deducted against future taxable income in Canada on a discretionary basis. The Company also has available mineral resource expenses that are related to the Company's exploration activities in the United States of approximately $80,170,000, which may be deductible for US tax purposes. Future tax benefits, which may arise as a result of applying these deductions to taxable income, have not been recognized in these accounts due to the uncertainty of future taxable income.

10. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2011, the Company paid or accrued $2,029,370 (2010 - $1,816,834; 2009 - $559,844) in consulting, investor relations, wages and benefits to officers, directors and companies controlled by directors of the Company and $56,795 (2010 - $49,534; 2009 - $48,589) in rent and administration to a company with common officers and directors. Professional fees of $81,259 (2010 - $49,667; 2009 - $29,835) and spin-out costs of $63,333 (2010 - $nil; 2009 - $nil) were paid to a company related to an officer of the Company. These figures do not include SBC (note 8).

At May 31, 2011, included in accounts payable and accrued liabilities was $nil (2010 - $19,760; 2009 - $nil) in expenses owing to directors and officers of the Company and $10,091 (2010 - $8,790; 2009 - $4,667) to companies related by common directors and officers. Included in share issuance costs was $63,333 (2010 - $nil; 2009 - $nil) paid to a company related to an officer of the Company.

These amounts were unsecured, non-interest bearing and had no fixed terms of repayment. Accordingly, fair value could not be readily determined.

The Company has entered into a retainer agreement dated August 1, 2008 with Lawrence W. Talbot Law Corporation ("LWTLC"), pursuant to which LWTLC agrees to provide legal services to the Company. Pursuant to the retainer agreement, the Company has agreed to pay LWTLC a minimum annual retainer of $50,000 (plus applicable taxes and disbursements). The retainer agreement may be terminated by LWTLC on reasonable notice, and by the Company on one year's notice (or payment of one year's retainer in lieu of notice). An officer of the Company is a director and shareholder of LWTLC.

The Company has also entered into change of control agreements during the year with officers of the Company. In the case of termination, the officers are entitled to an amount equal to a multiple (ranging from twice to once) of the sum of the annual base salary then payable to the officer, the aggregate amount of bonus(es) (if any) paid to the officer within the calendar year immediate preceding the Effective Date of Termination, and an amount equal to the vacation pay which would otherwise be payable for the one year period next following the Effective Date of Termination.

These transactions with related parties have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. GEOGRAPHIC SEGMENTED INFORMATION

	Canada	United States	Total
2011			
Mineral properties – continuing operations	$ 1	$ 80,169,667	$ 80,169,668
Property and equipment	$ 16,753	$ 126,818	$ 143,571
Current assets	$ 110,544,083	$ 1,847,768	$ 112,391,851
Total assets	$ 110,560,837	$ 82,144,253	$ 192,705,090
2010			
Mineral properties – continuing operations	$ 1	$ 41,849,484	$ 41,849,485
Mineral properties – discontinued operations	$ -	$ 12,245,690	$ 12,245,690
Property and equipment	$ 11,918	$ 68,122	$ 80,040
Current assets	$ 43,227,795	$ 990,652	$ 44,218,447
Total assets	$ 43,239,714	$ 55,153,948	$ 98,393,662
2009			
Mineral properties – continuing operations	$ 1	$ 22,363,152	$ 22,363,153
Mineral properties – discontinued operations	$ -	$ 11,054,413	$ 11,054,413
Property and equipment	$ 15,191	$ 54,724	$ 69,915
Current assets	$ 32,719,106	$ 126,883	$ 32,845,989
Total assets	$ 32,734,298	$ 33,599,172	$ 66,333,470

	2011	2010	2009
Net loss from continuing operations for the year - Canada	$ (4,897,523)	$ (8,990,112)	$ (3,860,354)
Net loss from continuing operations for the year – United States	(4,389,489)	(5,274,845)	(2,566,890)
Net loss from discontinued operations for the year - Canada	(844,813)	(2,752,594)	(1,899,047)
Net loss from discontinued operations for the year - United States	(89,344)	(850,775)	(1,447,632)
Net loss for the year	$ (10,221,169)	$ (17,868,326)	$ (9,773,923)

12. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GAAP

These consolidated financial statements are prepared in accordance with GAAP in Canada, which differs in certain respects from GAAP in the United States. The material differences between Canadian and United States GAAP, in respect of these consolidated financial statements, are as follows:

a) Mineral property exploration and development

Under United States GAAP, all mineral exploration and development property expenditures are expensed in the year incurred in an exploration stage company until there is substantial evidence that a commercial body of minerals has been located. Canadian GAAP allows mineral exploration and development property expenditures to be deferred during this process.

The effect on the Company's consolidated financial statements is summarized below:

	2011	2010	2009
Consolidated Statements of Operations and Comprehensive Loss			
Loss from continuing operations for the year under Canadian GAAP	$ (9,287,012)	$ (14,264,957)	$ (6,427,244)
Mineral property expenditures, net	(38,289,013)	(20,171,472)	(9,784,416)
Loss from continuing operations for the year under United States GAAP	$ (47,576,025)	$ (34,436,429)	$ (16,211,660)
Loss from continuing operations per share under United States GAAP	$ (0.61)	$ (0.58)	$ (0.36)

	2011	2010	2009
Consolidated statements of Operations and Comprehensive Loss			
Loss from discontinued operations for the year under Canadian GAAP	$ (934,157)	$ (3,603,369)	$ (3,346,679)
Mineral property expenditures, net	(146,718)	(140,277)	(165,157)
Loss from discontinued operations for the year under United States GAAP	$ (1,080,875)	$ (3,743,646)	$ (3,511,836)
Loss from discontinued operations per share under United States GAAP	$ (0.01)	$ (0.06)	$ (0.08)

12. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GAAP (cont'd)

a) Mineral property exploration and development (cont'd)

	2011	2010	2009
Consolidated Balance Sheets			
Mineral Properties under Canadian GAAP	$ 80,169,668	$ 41,849,485	$ 22,363,153
Mineral property expenditures (cumulative)	(74,999,946)	(36,710,933)	(16,539,461)
Mineral Properties under United States GAAP	$ 5,169,722	$ 5,138,552	$ 5,823,692
Long-term assets related to discontinued operations under Canadian GAAP	$ -	$ 12,245,690	$ 11,054,413
Mineral property expenditures (cumulative)	-	(8,483,369)	(8,343,092)
Long-term assets related to discontinued operations under United States GAAP	$ -	$ 3,762,321	$ 2,711,321
Deficit under Canadian GAAP	$ (39,844,514)	$ (41,396,890)	$ (23,528,564)
Mineral property expenditures (cumulative)	(74,999,946)	(45,194,302)	(24,882,553)
Deficit under United States GAAP	$ (114,844,460)	$ (86,591,192)	$ (48,411,117)

	2011	2010	2009
Consolidated statements of cash flows			
Cash used in operating activities from continuing operations per Canadian GAAP	$ (6,670,925)	$ (4,276,027)	$ (1,938,845)
Effect of the write-off of exploration expenditures	(36,139,768)	(21,303,867)	(11,294,605)
Cash used in operating activities from continuing operations per United States GAAP	$ (42,810,693)	$ (25,579,894)	$ (13,233,450)
Cash used in investing activities from continuing operations per Canadian GAAP	$ (36,002,692)	$ (21,345,115)	$ (11,322,431)
Effect of the write-off of exploration expenditures	36,139,768	21,303,867	11,294,605
Cash used in investing activities from continuing operations per United States GAAP	$ (137,076)	$ (41,248)	$ (27,826)

12. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GAAP (cont'd)

a) Mineral property exploration and development (cont'd)

	2011	2010	2009
Consolidated statements of cash flows			
Cash used in operating activities from discontinued operations per Canadian GAAP	$ (198,273)	$ (1,354,922)	$ (1,041,786)
Effect of the write-off of exploration expenditures	(146,718)	(98,850)	(1,208,159)
Cash used in operating activities from discontinued operations per United States GAAP	$ (344,991)	$ (1,453,772)	$ (2,249,945)
Cash provided by (used in) investing activities from discontinued per Canadian GAAP	$ 616,684	$ (348,850)	$ (1,208,159)
Effect of the write-off of exploration expenditures	146,718	98,850	1,208,159
Cash provided by (used in) investing activities from discontinued operations per United States GAAP	$ 763,402	$ (250,000)	$ -

b) SBC

The Company has adopted Statement of Financial Accounting Standards No. 123R (codified under ASC 178 and ASC 505-50), and records compensation cost for stock-based employee compensation plans at fair value. Accordingly, compensation cost for stock options granted is measured as the fair value at the date of grant, and there is no difference in these consolidated financial statements.

c) Loss per share

Under both Canadian and United States GAAP basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Under United States GAAP, the weighted average number of common shares outstanding excludes any shares that remain in escrow, but may be earned out based on the Company incurring a certain amount of exploration and development expenditures. The weighted average number of shares outstanding under United States GAAP for the year ended May 31, 2011 was 77,550,644 (2010 - 59,603,193; 2009 - 45,089,555).

d) Income taxes

Under United States GAAP, the Company would have initially recorded an income tax asset for the benefit of the resource deduction pools. This asset would have been reduced to $Nil by a valuation allowance. The result is no difference in net income reported between Canadian and United States GAAP.

12. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GAAP (cont'd)

e) Adoption of IFRS

On June 1, 2011, the Company will transition from the current Canadian GAAP standards to IFRS. The Company will not provide a reconciliation to United States GAAP in future financial statements.

13. COMMITMENTS

a) Commitments for minerals properties (note 7).

b) The Company has entered into several office and warehouse lease agreements with options to renew expiring on July 31, 2013. Total rental to that date is $229,385 (USD 236,821). Future minimum lease payments for the next three fiscal years are as follows:

2012	$	116,079
2013		98,577
2014		14,729
	$	229,385

14. CAPITAL MANAGEMENT

The Company manages its capital structure, being its share capital, and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended May 31, 2011. The Company is not subject to externally imposed capital requirements.

15. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted in the current year.

16. SUPPLEMENTAL CASH FLOW INFORMATION

	2011	2010	2009
Interest paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
Non-cash investing and financing transactions – continuing operations:			
Issuance of agent's warrants for share issuance costs	$ -	$ -	$ 286,805
Accounts payable and accrued liabilities included in mineral property expenditures	$ 3,676,106	$ 679,247	$ 87,253
Non-cash investing and financing transactions – discontinued operations:			
Shares issued to acquire long-term assets related to discontinued operations	$ -	$ 801,000	$ 826,750
Accounts payable and accrued liabilities included in mineral property expenditures	$ -	$ 53,783	$ 83,386

17. SUBSEQUENT EVENTS

Subsequent to May 31, 2011, the Company

a) On June 1, 2011, the Company granted incentive stock options to an officer of the Company to purchase 1,000,000 common shares in the capital stock of the Company. The options are exercisable on or before May 9, 2016 at a price of $8.35 per share and will vest as to 333,333 shares on June 1, 2011, as to 333,333 shares on May 9, 2012 and as to the balance on May 9, 2013.

b) On July 28, 2011, the Company granted incentive stock options to officers and directors of the Company to purchase 950,000 common shares in the capital stock of the Company. The options are exercisable on or before July 28, 2013 at a price of $7.47 per share.

c) On August 23, 2011, the Company granted incentive stock options to an officer and an employee of the Company to purchase 650,000 common shares in the capital stock of the Company. The options are exercisable on or before August 24, 2016 at a price of $8.07 per share and will vest as to one third on August 23, 2011, as to one third on August 23, 2012 and as to the balance on August 23, 2013.

d) Issued 35,000 common shares on the exercise of 35,000 stock options for proceeds of $229,950.

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)

FORM 51-102F1
MANAGEMENT DISCUSSION & ANALYSIS

August 26, 2011

Introduction

This Management Discussion & Analysis ("MD&A") for International Tower Hill Mines Ltd. (the "Company" or "ITH") for the year ended May 31, 2011 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of August 26, 2011 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended May 31, 2011, 2010 and 2009. Except where otherwise noted, all dollar amounts are stated in Canadian dollars.

Caution Regarding Forward Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and specifically in respect of the Livengood project;
- the potential for the expansion of the estimated resources at Livengood;
- the potential for a production decision concerning, and any production at, the Livengood project;
- the completion of a Pre-feasibility Study for the Livengood project;
- the potential for higher grade mineralization to form the basis for a starter surface mine shell in any production scenario at Livengood;
- the potential overburden geometry of the Livengood deposit being amenable for a low cost surface mine that could support a high production rate and economies of scale;
- the potential for cost savings due to the high gravity gold concentration component of some of the Livengood mineralization;

- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's ongoing exploration program at Livengood;
- the Company's estimates of the quality and quantity of the resources at Livengood;
- the timing and cost of the planned future exploration programs at Livengood, and the timing of the receipt of results therefrom;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the use of the proceeds from the financing which closed November 10, 2010; and
- the ability of the Company to continue to refine the project economics for the Livengood project, including by increasing proposed production and shortening the proposed mine life.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its property, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its property successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the price of gold;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration and potential development program at Livengood;
- conditions in the financial markets generally;

- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms in connection with not only its ongoing exploration program at Livengood but also in connection with the completion of its pre-feasibility study and in connection with any feasibility study that may be commissioned;
- the Company's ability to attract and retain key staff, particularly in connection with the carrying out of a feasibility study and the development of any mine at Livengood;
- the accuracy of the Company's resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the timing of the ability to commence and complete the planned work at Livengood;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration and development programs at Livengood and the Company's ability to comply with such terms on a safe and cost-effective basis;
- the ongoing relations of the Company with its underlying lessors and the applicable regulatory agencies;
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole;
- the continued development of and potential construction of any mine at the Livengood property not requiring consents, approvals, authorizations or permits that are materially different from those identified to date by the Company;
- the ability of the Company to predict how the net proceeds of the Financing will be used; and
- the timetables for the completion of a pre-feasibility study at Livengood and for any feasibility study that may be commissioned.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

Caution Regarding Adjacent or Similar Mineral Properties

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. As a foreign private issuer preparing this MD&A pursuant to Canadian disclosure requirements under the Canada-U.S. Multi-Jurisdictional Disclosure System, this MD&A is not subject to the requirements of SEC Industry Guide 7. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's mineral properties.

Cautionary Note to US Investors Concerning Reserve and Resource Estimates

The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended ("CIM Standards"). These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended (the "Securities Act"). Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101 and the CIM Standards; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this MD&A and the documents incorporated by reference herein contain descriptions of the Company's mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

All of the Company's public disclosure filings, including its most recent Annual Information Form, management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's Livengood project.

Current Business Activities

General

During the quarter ended May 31, 2011, and to the date of this MD&A, the Company advanced its Livengood Gold Project in Alaska with the continuation of activities in support of the Pre-feasibility Study ("PFS"). This included ongoing drill programs, the advancement of engineering and environmental studies, and the build-up of its team in Fairbanks, Alaska.

Highlights of activities during the quarter include:

- Mr. James J. Komadina was appointed the new CEO of ITH and as a Director, effective June 1, 2011.
- The completion of the 2011 winter drill program and commencement of the 2011 summer drill program at the Livengood Project. With a total of eight drill rigs operating, the drill program is designed to: (1) expand the deposit in the Southwest (SW) area of the Money Knob deposit; (2) determine the continuity, size and geometry of the higher grade structural zones, (3) continue infill drilling between the Core and Sunshine zones; (4) develop surface mine geotechnical and hydro-geologic data; and (5) develop geotechnical data in areas identified as potential infrastructure sites. The project is currently operating 8 drill rigs (5 diamond and 3 RC).
- Deeper drilling has revealed at least two major structurally controlled higher grade feeder zones in the broader Core Zone, which average 1.0 – 2.0 g/t gold with internal intervals of 3.0 – 5.0 g/t gold. These structural zones have strike lengths between 275 metres and 325 metres with vertical extents up to 200 metres. Both structures are open at depth and along strike. Further drill will focus on extending these high-grade zones and targeting other high priority high-grade targets within the deposit.
- A district wide exploration program commenced at the beginning of June 2011, targeting potential new gold discoveries along the Livengood mineralized trend. The program includes 130 line kilometres of a 3D IP geophysical survey, and an initial phase of 3,750 metres of diamond drilling.
- PFS work proceeded with substantial progress in the metallurgical testing, process design and infrastructure site selections. The PFS is on schedule for completion in November 2011.
- An updated NI 43-101 report and revised preliminary economic assessment directed at evaluating a large milling only concept for the project was completed in August 2011.
- The ITH Board of Directors approved the 2011 fiscal year budget (June 1, 2011 to May 31, 2012) totalling CAD 67 million.

Corporate Personnel

Mr. James J. Komadina was appointed as the Company's new Chief Executive Officer and as a director, effective June 1, 2011. He will step into the role formerly held by Jeff Pontius, who became a director on June 1, 2011. Mr. Komadina has 32 years of diverse natural resource experience in project development, construction and operations, having held senior management positions with major gold producers including Gold Fields, AngloGold and Newmont.

Most recently, Mr. Komadina was the President and Chief Operating Officer of Brazauro Resources, a Canadian resource company with operations in Brazil, where he was responsible for all exploration, development and operational activities until the company was acquired in July 2010 by Eldorado Gold at a 92% premium to the market price. Other experience includes his role as the Senior Vice President, Development Projects for Gold Fields where he led the development and construction of the USD430 Million Cerro Corona project in Peru. From 1999 to 2003, he was the President and Chief Executive Officer, North America, for AngloGold Limited where he was responsible for all regional business activities. From 1992 to 1999, he held various senior positions with Minorco/AngloGold North America, including Executive VP and COO responsible for operations producing approximately 500,000 ounces per year as well as associated reserve and capital programs including the development and operation of the Cripple Creek Mine in Colorado. Prior to that, he was the VP Operations Planning for Newmont Gold Company directing various Nevada expansion projects and assessing merger opportunities. Mr. Komadina holds a Bachelor of Science degree in Metallurgical Engineering from the University of Arizona, a Master of Business Administration from the University of Phoenix and completed the Advanced Management Program at the Wharton School of Business.

Livengood Project

Drill Results

The winter drill program, which began in February 2011, was focused on confirming the continuity and grade of the mineralization in the Southwest (SW), South Core and Sunshine zones of the Money Knob deposit, as well as follow-up exploration of a new, deeper, higher grade zone with a series of 500-metre core holes. The results continue to outline and expand the high-grade zones within the deposit, which could form initial surface mining phases in a potential extraction scenario. The Company will incorporate all results from the 2011 Winter drill program into an updated Resource Estimate planned to be released by the fourth quarter of 2011.The location of holes reported here are shown in Figure 1, with significant intercepts listed in Table 1.

Highlights from Drilling:

Hole MK-RC-0504: **33.5 m @ 8.07 g/t gold** from 80.8 - 114.3 m depth (infill, Core Zone)
Hole MK-RC-0485: **93.0 m @ 1.24 g/t gold** from 178.3 - 271.3 m depth (infill, Core Zone)
Hole MK-RC-0488: **88.4 m @ 0.94 g/t gold** from 185.9 - 274.3 m depth (infill, Core Zone)
Hole MK-11-103: **28.6 m @ 1.83 g/t gold** from 156.4 - 185.0 m depth (infill, Core Zone)
Hole MK-RC-480CT: **92.3 m @ 1.57 g/t gold** from 219.5 m depth (core tail; southern Core Zone)
Hole MK-RC-500CT: **49.9m @ 1.35 g/t gold** from 188.7 m depth (core tail; southern Core Zone)
MK-11-108: **29.3 m @ 1.64 g/t** from 151.5 m depth (southern Core Zone)
Hole MK-11-116: **92.9 m at 1.62 g/t gold** from 163.47 m depth (southern Core Zone)
Hole MK-11-116 (continued): **65.4 m at 1.02 g/t gold** from 317.3 m depth (southern Core Zone)
Hole MK-RC-0518: **39.6 m at 1.68 g/t gold** from 137.2 m depth (Core Zone)
Hole MK-RC-0518 (continued): **76.2 m at 1.35 g/t gold** from 198.1 m depth (Core Zone)

As a continuation of the program's initial results announced in news on March 29, 2011, these intersections include part a series of shallow infill and step out holes completed prior to deeper core drilling designed to test the deposit's new high-grade zone at depth.

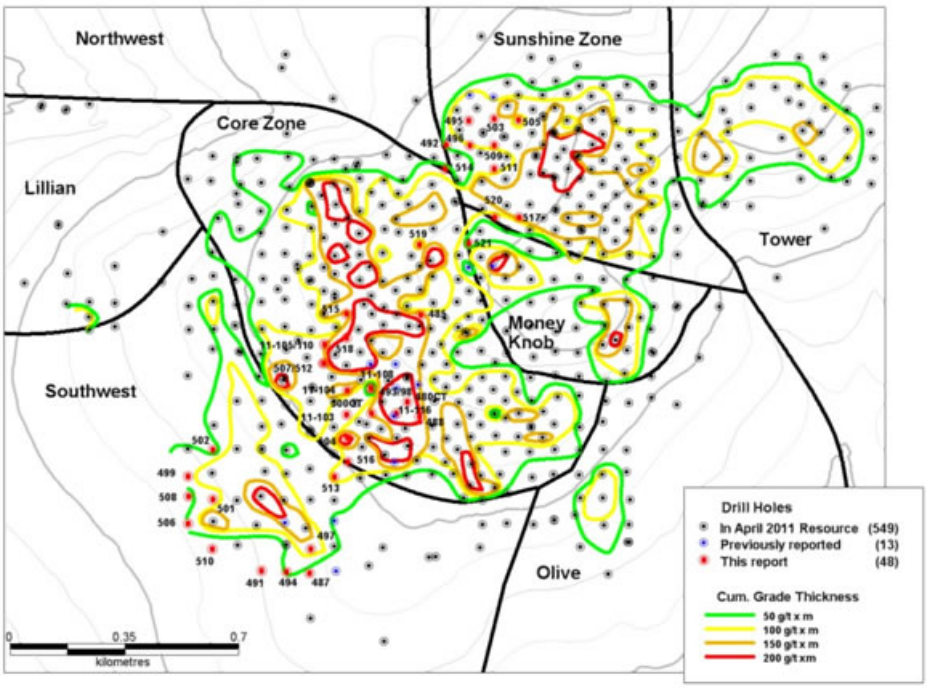


Figure 1: Plan map showing locations of drill holes reported in Q4 news releases, cumulative grade thickness contoured on collars.

Table 1: Significant new intercepts reported in Q4*

**Intercepts are calculated using a 0.25g/t gold cut-off and a maximum of 3 metres of internal waste.*

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
MK-RC- 0480CT	**91.44**	**112.78**	**21.34**	**1.08**	**Southern Core Zone infill**
	137.16	**178.31**	**41.15**	**0.90**	
includes	*146.30*	*152.4*	*6.10*	*1.22*	
includes	*164.59*	*169.16*	*4.57*	*1.85*	
includes	*173.74*	*176.78*	*3.04*	*2.67*	
	181.36	214.88	33.52	0.54	
	219.46	**311.81**	**92.35**	**1.57**	
	314.86	333.15	18.29	0.64	
	334.67	340.62	5.95	2.18	
MK-RC-	**178.31**	**271.27**	**92.96**	**1.24**	Core Zone infill

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
0485					
includes	***179.83***	***195.07***	***15.24***	***3.00***	
includes	***201.17***	***211.84***	***10.67***	***2.05***	
	272.80	283.46	10.66	0.47	
	347.47	**394.72**	**47.25**	**0.87**	
includes	***361.19***	***368.81***	***7.62***	***2.72***	
MK-RC- 0487	237.74	245.36	7.62	0.33	SW Zone
MK-RC- 0488	51.82	57.91	6.09	0.82	Core Zone infill
	153.92	181.36	27.44	0.56	
	185.93	**274.32**	**88.39**	**0.94**	
includes	***239.27***	***256.03***	***16.76***	***1.75***	
	278.89	**320.04**	**41.15**	**0.72**	
includes	*278.89*	*283.46*	*4.57*	*3.02*	
	324.61	**349**	**24.39**	**1.80**	
	353.57	362.71	9.14	0.71	
	365.76	**413**	**47.24**	**0.65**	
includes	*391.67*	*402.34*	*10.67*	*1.09*	
MK-RC- 0491	152.40	161.54	9.14	0.44	SW Zone
MK-RC- 0492	117.35	126.49	9.14	1.01	Sunshine infill
	134.11	**147.83**	**13.72**	**1.51**	
includes	*134.11*	*138.68*	*4.57*	*2.92*	
	153.92	166.12	12.20	0.70	
	195.07	**225.55**	**30.48**	**0.71**	
MK-RC- 0493	70.10	79.25	9.15	0.50	Core Zone infill
	105.16	109.73	4.57	0.58	lost, re-drilled as 498
	112.78	120.4	7.62	0.51	
	124.97	134.11	9.14	0.61	
MK-RC- 0494	94.49	99.06	4.57	4.03	SW Zone
	188.98	214.88	25.90	0.46	
MK-RC-	**30.48**	**71.63**	**41.15**	**0.64**	Sunshine infill

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
0495					
	76.20	86.87	10.67	0.56	
	92.96	**150.88**	**57.92**	**0.76**	
	155.45	166.12	10.67	0.71	
	201.17	**257.56**	**56.39**	**0.41**	
MK-RC- 0496	**108.20**	**124.97**	**16.77**	**1.61**	**Sunshine Zone infill**
includes	***108.20***	***111.25***	***3.05***	***6.79***	
	138.68	156.97	18.29	0.59	
includes	*143.26*	*146.3*	*3.04*	*1.70*	
	164.59	199.64	35.05	0.53	
	205.74	**263.65**	**57.91**	**0.59**	
MK-RC- 0497	179.83	195.07	15.24	0.68	SW Zone
	278.89	291.08	12.19	0.49	
	300.23	318.52	18.29	0.34	
	332.23	341.38	9.15	0.84	
	342.90	352.04	9.14	0.74	
	356.62	**381**	**24.38**	**0.85**	
	385.57	**419.1**	**33.53**	**0.98**	
MK-RC- 0498	97.54	105.16	7.62	1.12	Core Zone infill
	140.21	150.88	10.67	0.45	lost hole
MK-RC-499	112.78	131.06	18.28	0.87	SW Zone
	172.21	184.4	12.19	0.80	
	195.07	213.36	18.29	0.67	
	243.84	**284.99**	**41.15**	**0.51**	
	307.85	327.66	19.81	0.66	
MK-RC- 0500CT	143.26	150.88	7.62	1.33	**Southern Core Zone infill new data from 150.88m, core tail**
	188.74	**238.66**	**49.92**	**1.35**	
includes	*201.78*	*205.63*	*3.85*	*2.68*	
	244.75	**270.66**	**25.91**	**1.01**	
includes	*246.28*	*253.9*	*7.62*	*2.08*	
	306.72	310.89	4.17	1.42	
	382.00	392.1	10.10	0.71	

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
	415.42	423.81	8.39	0.69	
MK-RC-501	109.73	114.3	4.57	3.06	SW Zone
	234.70	**275.84**	**41.14**	**0.69**	
includes	*249.94*	*254.51*	*4.57*	*2.35*	
	312.42	326.14	13.72	0.61	
MK-RC-502	213.36	224.03	10.67	0.55	SW Zone
	225.55	239.27	13.72	0.62	
	246.89	260.6	13.71	0.42	
MK-RC-503	27.43	38.1	10.67	0.68	Sunshine infill
	56.39	70.1	13.71	1.36	
	77.72	85.34	7.62	1.23	
	96.01	102.11	6.10	0.99	
	121.92	144.78	22.86	0.71	
	146.30	**198.12**	**51.82**	**0.82**	
	236.22	243.84	7.62	0.76	
includes	*161.54*	*167.64*	*6.10*	*1.82*	
MK-RC-504	**80.77**	**114.3**	**33.53**	**8.07**	Core Zone infill
includes	***80.77***	***96.01***	***15.24***	***14.59***	
includes	***99.06***	***111.25***	***12.19***	***3.73***	
	155.45	164.59	9.14	0.50	
	169.16	178.31	9.15	0.55	
	188.98	211.84	22.86	0.47	
	277.37	**315.47**	**38.10**	**0.56**	
	339.85	356.62	16.77	0.86	
MK-RC-505	**45.72**	**76.2**	**30.48**	**0.74**	Sunshine infill
	92.96	**135.64**	**42.68**	**0.94**	
includes	*96.01*	*99.06*	*3.05*	*6.47*	
MK-RC-506	291.08	300.23	9.15	1.18	SW Zone
	303.28	**324.61**	**21.33**	**1.25**	
includes	*318.52*	*324.61*	*6.09*	*1.88*	
MK-RC-507	30.48	33.53	3.05	2.13	Core Zone infill, lost hole
	121.92	150.88	28.96	0.65	redrilled as 512
	175.26	192.02	16.76	0.44	
	196.60	**234.7**	**38.10**	**1.14**	

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
includes	***205.74***	***211.84***	***6.10***	***3.91***	
MK-RC-508	86.87	92.96	6.09	0.95	SW Zone
	292.61	312.42	19.81	0.52	
	326.14	342.9	16.76	0.43	
MK-RC-509	111.25	121.92	10.67	0.78	Sunshine infill
	167.64	**251.46**	**83.82**	**0.84**	
includes	*219.46*	*233.17*	*13.71*	*1.07*	
	265.18	284.99	19.81	0.65	
MK-RC-510	41.15	45.72	4.57	0.91	SW Zone
	53.34	57.91	4.57	1.41	
MK-RC-511	7.62	13.72	6.10	1.55	Sunshine infill
	51.82	64.01	12.19	0.49	
	192.02	**236.22**	**44.20**	**0.80**	
includes	*205.74*	*214.88*	*9.14*	*1.37*	
	245.36	256.03	10.67	0.51	
	260.60	272.8	12.20	1.46	
includes	*262.13*	*269.75*	*7.62*	*1.91*	
MK-RC-512	28.96	33.53	4.57	1.06	Core Zone infill
	146.30	182.88	36.58	0.44	
	184.40	201.17	16.77	0.50	
	204.22	242.32	38.10	0.43	
	265.18	**286.51**	**21.33**	**1.14**	
includes	*278.89*	*281.94*	*3.05*	*3.35*	
	289.56	315.47	25.91	0.55	
MK-RC-513	97.54	108.2	10.66	1.45	SW Zone
	208.79	231.65	22.86	0.86	
	240.79	243.84	3.05	3.54	
	260.60	291.08	30.48	0.46	
	298.70	320.04	21.34	0.49	
	350.52	377.95	27.43	0.48	
MK-RC- 0514	64.01	73.15	9.14	0.64	**Sunshine Zone infill**
	135.64	146.3	10.66	0.53	
	173.74	182.88	9.14	0.88	

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
includes	*178.31*	*181.36*	*3.05*	*1.74*	
	254.51	268.22	13.71	0.96	
includes	*260.60*	*266.7*	*6.10*	*1.80*	
MK-RC- 0515	4.57	15.24	10.67	0.77	**Core Zone infill**
	35.05	53.34	18.29	0.48	
	70.10	83.82	13.72	0.60	
	120.40	129.54	9.14	0.62	
	134.11	**192.02**	**57.91**	**0.85**	
includes	*158.50*	*161.54*	*3.04*	*4.61*	
	196.60	207.26	10.66	0.50	
	211.84	230.12	18.28	0.56	
	259.08	288.04	28.96	0.56	
MK-RC- 0516	129.54	140.21	10.67	1.61	**Southern Core Zone infill**
includes	*134.11*	*137.16*	*3.05*	*4.05*	
	169.16	195.07	25.91	0.75	
includes	*175.26*	*179.83*	*4.57*	*1.43*	
	219.46	**240.79**	**21.33**	**1.07**	
includes	*219.46*	*225.55*	*6.09*	*2.65*	
	288.04	310.9	22.86	0.41	
	313.94	**349**	**35.06**	**0.70**	
	385.57	409.96	24.39	0.67	
includes	*400.81*	*403.86*	*3.05*	*1.93*	
	414.53	426.72	12.19	0.57	
MK-RC- 0517	**42.67**	**65.53**	**22.86**	**1.34**	**Sunshine Zone infill**
includes	*47.24*	*51.82*	*4.58*	*3.62*	
includes	*56.39*	*62.48*	*6.09*	*1.44*	
	73.15	85.34	12.19	0.81	
includes	*79.25*	*82.3*	*3.05*	*1.89*	
	97.54	114.3	16.76	0.39	
	120.40	128.02	7.62	2.24	
includes	*120.40*	*124.97*	*4.57*	*3.56*	
	257.56	**353.57**	**96.01**	**0.88**	
includes	*281.94*	*286.51*	*4.57*	*1.79*	
includes	***313.94***	***335.28***	***21.34***	***1.51***	
	358.14	374.9	16.76	1.03	
includes	*358.14*	*361.19*	*3.05*	*1.91*	

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
MK-RC- 0518	36.58	41.15	4.57	1.19	**Core Zone infill**
	67.06	74.68	7.62	0.70	
	115.82	129.54	13.72	0.55	
	137.16	**176.78**	**39.62**	**1.68**	
includes	***147.83***	***175.26***	***27.43***	***2.24***	
	198.12	**274.32**	**76.20**	**1.35**	
includes	***202.69***	***216.41***	***13.72***	***3.56***	
includes	*222.50*	*230.12*	*7.62*	*1.55*	
includes	*237.74*	*240.79*	*3.05*	*1.93*	
includes	*257.56*	*263.65*	*6.09*	*1.31*	
MK-RC- 0519	25.91	33.53	7.62	2.33	**Core Zone infill**
includes	*25.91*	*32*	*6.09*	*2.84*	
	50.29	**99.06**	**48.77**	**0.68**	
includes	*73.15*	*79.25*	*6.10*	*1.15*	
includes	*86.87*	*91.44*	*4.57*	*1.38*	
	106.68	**109.73**	**3.05**	**8.10**	
MK-RC- 0520	**36.58**	**60.96**	**24.38**	**0.84**	**Sunshine Zone infill**
includes	*53.34*	*56.39*	*3.05*	*3.59*	
	77.72	94.49	16.77	0.53	
	103.63	114.3	10.67	0.70	
	129.54	147.83	18.29	0.41	
	224.03	237.74	13.71	0.74	
	256.03	266.7	10.67	0.58	
	280.42	292.61	12.19	0.81	
includes	*284.99*	*289.56*	*4.57*	*1.60*	
MK-RC- 0521	67.06	79.25	12.19	1.11	**Money Knob infill**
MK-10-95	geotechnical hole, no significant intercepts				
MK-11-103	**156.44**	**185.01**	**28.57**	**1.83**	Core Zone infill, lost hole
	187.20	194.6	7.40	0.63	
MK-11-104	no significant intercepts				Core Zone, lost , re-drilled as 11-108 (assays pending)

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
MK-11-105	94.26	102.57	8.31	0.74	Core Zone infill, lost hole
	107.90	117.58	9.68	0.89	
MK-11-107	geotechnical hole, no significant intercepts				
MK-11-108	125.58	128.6	3.02	2.59	**Southern Core Zone infill**
	139.29	144.17	4.88	1.88	
	151.49	**180.76**	**29.27**	**1.64**	
includes	*160.16*	*165.2*	*5.04*	*1.96*	
	181.24	212.57	31.33	0.53	
	221.10	228.23	7.13	1.14	
	247.50	256.64	9.14	1.03	
	285.90	315.78	29.88	0.54	
	317.46	333.41	15.95	0.46	
	359.00	366.08	7.08	2.52	
includes	*361.27*	*364.48*	*3.21*	*5.12*	
	454.46	456.6	2.14	3.88	
MK-11-109	geotechnical hole, no significant intercepts				
MK-11-110	29.87	31.39	1.52	3.27	**Core Zone infill**
	63.84	69.49	5.65	1.32	
	110.98	130.45	19.47	0.73	
	131.97	154.39	22.42	0.78	
includes	*144.17*	*149.5*	*5.33*	*1.13*	
	180.59	210.26	29.67	0.40	
MK-11-111	geotechnical hole, no significant intercepts				
MK-11-115	geotechnical hole, no significant intercepts				
MK-11-116	72.74	80.00	7.26	0.76	**Southern Core Zone infill**
	163.47	**256.34**	**92.87**	**1.62**	
includes	***165.72***	***182.12***	***16.40***	***4.76***	
	270.01	280.11	10.10	1.05	
	284.68	299.42	14.74	0.57	
	317.30	**382.71**	**65.41**	**1.02**	
includes	***334.21***	***339.44***	***5.23***	***5.29***	
MK-11-119	19.66	21.34	1.68	5.72	NE geotechnical hole

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area and Comments
MK-11-122	geotechnical hole, no significant intercepts				
MK-11-123	28.04	35.51	7.47	1.03	NE geotech hole, partial results
	76.98	80.21	3.23	1.81	

Southwest Zone

Current drill results on the western edge of the SW zone appear to be defining a limit to the shallow oxide zone in the area; however, strong near-surface gold-in-soil anomalies located 300 to 500 metres to the west have yet to be tested. The SW zone also remains open at depth with six holes mineralized to the lower limit of drilling, potentially part of the same deep high-grade mineralized zone being explored in the south Core zone. This deeper mineralization will be targeted in follow-up drilling programs.

Southern Core Zone

Eleven of the holes were drilled as infill holes in the southern Core zone. Two holes (holes MK-RC-0504 and MK-RC-0485) intersected higher grade mineralization related to quartz veining, extending a zone of high-grade mineralization further to the west (see Figure 1). The remaining holes are similar in grade and thickness to the surrounding holes and continue to add continuity to the deposit.

Infill Drilling of Oxide Resource

Drill results continued to expand high-grade zones within the deposit, with multiple thick zones of higher grade mineralization encountered in shallow drilling, including 92.9 metres of 1.62 g/t gold (hole MK-11-116), while deeper core drilling has revealed two major structurally controlled higher grade feeder zones.

High Grade Zones at Depth

The drill program also included deeper core drilling designed to test the deposit at depth, and the results have now revealed at least two major structurally controlled higher grade feeder zones in the broader Core Zone which average 1.0 – 2.0 g/t gold with intervals of 3.0 – 5.0 g/t gold. One of these structural zones occurs over a strike length of at least 325 metres with a dip length of greater than 160 metres. The second structure occurs over a strike length of at least 275 metres with a vertical extent of more than 200 metres. Both structures are near vertical in orientation and open at depth, but appear to be capped up-dip. Continued exploration drilling will focus on expanding these currently defined zones as well as explore for additional zones within the deposit.

District-wide Exploration Program

A district-wide exploration program commenced at the beginning of June, 2011 targeting potential new gold discoveries along the Livengood mineralized trend both to the east-northeast and to the west of the existing Livengood gold deposit. The first phase of this program includes 3,750 metres of exploration diamond drilling and 130 line kilometres of 3D IP ground geophysics. Drilling of the first target and a major geophysical survey has begun, with results expected over the summer and fall of 2011.

Pre-feasibility Study

Optimization studies for Livengood mine and process design, metallurgy, and environmental characterization were advanced during Q4 as part of the PFS.

Since December 2010, when major contracts were awarded to carry out its Pre-Feasibility Study, the Company has made significant technical progress and expects the study to be published in the fourth quarter of 2011. Key work programs completed or underway to date include:

- Completion of a preliminary surface mine slope geotechnical evaluation by SRK Consulting;
- Completion of grinding/comminution test work by FLSmidth Consulting;
- Continuation of baseline environmental studies by third party contractors and in-house personnel;
- Near-completion of metallurgical work programs – including column leaching, gravity concentration and flotation-CIL testing – by FLSmidth, McClelland Labs, RDi, Knelson and Falcon;
- Commencement of Process Design and Trade-Off Studies by FLSmidth;
- Commencement of Plant Design and Engineering by FLSmidth; and
- Commencement of infrastructure and site facility engineering by Knight Piésold, including field work currently underway to determine potential locations for processing plants, electrical lines and substations, roads, pipelines, workshops and tailing storage sites.

New Fiscal Year 2011 Budget

Following a review of 2011/2012 objectives for the updated PEA work, prefeasibility studies, exploration and permitting support activities, on June 20, 2011 the Company's Board of Directors approved the 2011 fiscal year budget (June 1, 2011 to May 30, 2012) totalling CAD 67 million.

Updated 2011 Preliminary Economic Assessment

The Company has completed an updated NI 43-101 technical report as required to support the required in connection with the filing of its 2011 Annual Information Form in August, 2011. The Company completed its initial PEA in November 2010 outlining various conceptual development options for the project at a base gold price of USD 950/oz. The updated PEA focuses on development options to maximize project value based on an updated economic review and a higher gold price. The following is the summary from the technical report dated August 25, 2011 entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" by Carl E. Brechtel (PE, SME), Tim Carew (P.Geo, MIMMM), Russell Myers (CPG), William Pennstrom Jr. (QPMMSA, SME), Chris Puchner (CPG) and Scott Wilson (CPG) (the "Livengood Report"). Readers are encouraged to review the entire Livengood Report, which is filed on SEDAR at www.sedar.com.

1.0 Introduction

The Livengood Report has been prepared to update the mining configuration and Preliminary Economic Assessment ("PEA") for the Livengood Project to reflect recent information developed as part of the ongoing Pre-feasibility Studies ("PFS"). The Livengood project is currently performing exploration, resource definition and technical studies as part of the PFS which is scheduled for completion in Q4 of 2011. A PEA was performed previously to evaluate preliminary project concepts including possible mineralization processing methods, estimates of capital and operating costs, and preliminary surface mine design scenarios in November 2010. This update of the November 2010 technical report is based on the resource estimate updated August 22, 2011, prepared from data to May 31, 2011 and based on other PFS technical information as of August 1, 2011.

Field investigations at the Livengood property are ongoing, with a total of 9 drilling rigs working at the site during the Summer 2011 program. Ongoing field data collection includes environmental baseline data collection (water quality sampling, wildlife studies, air quality) and meteorological sampling, geotechnical data collection for mine design, site evaluation and geotechnical data collection for project infrastructure location, groundwater hydrogeological testing, and rock geochemical characterization. Drilling activities have been expanded to include district exploration and site condemnation, as well as continuing the resource definition and infill drilling at Money Knob. A 3D IP geophysical program to survey the Livengood District will be completed in Q3 2011. The geologic database supporting the Livengood Report is the 648 diamond and reverse circulation holes that had been drilled on the property to May 31, 2011, and provided the basis for reporting an update of the in-situ gold resource estimate.

The Livengood Report is the twelfth in the series of technical reports and the eleventh that supports resource estimates which have been regularly updated as new drill information has become available. The Livengood Report describes the pre-feasibility concept based on a gravity-flotation-CIL recovery method processing mineralized material recovered by surface mining. Estimates of capital and operating cost, and a preliminary surface mine design are included, along with the geological and resource estimation procedures that have been undertaken by the Company. The updated mineral resource estimate includes material in the measured, indicated and inferred classification based on borehole data up to May 31, 2011. It does not include drill results from the Copmpany's 2011 Summer drill program which is currently in progress.

All costs in the Livengood Report are reported in US Dollars.

2.0 Description and Location

The Livengood property is located approximately 115 km northwest of Fairbanks, Alaska in the Tolovana Mining District within the Tintina Gold Belt. The project area is centered on Money Knob, a local topographic high point. This feature and the adjoining ridge lines are the probable lode gold source for the Livengood placer deposits which lie in the adjacent valleys which have been actively mined since 1914 and have produced more than 500,000 ounces of gold.

The Company controls 100% of its ~125 square kilometre Livengood land package, which is made up of 115 Alaska State mining claims, fee simple land leased from the Alaska Mental Health Land Trust, and four leases with holders of state and federal patented and unpatented mining and placer claims.

3.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

Livengood is located approximately 115 km north of Fairbanks, Alaska next to the Elliot Highway, a paved, all weather road linking the north slope oil fields at Prudhoe Bay to southern Alaska. It is also adjacent to the Alyeska Pipeline corridor, which transports crude oil from Prudhoe Bay south and contains the fiber optic communications cable utilized at the Livengood site.

Topography at the site is eroded hills and valleys with generally 200 m elevation difference. The valleys generally contain active streams draining into the Tolovana River system to the west.

The site is approximately 65 km south of the Arctic Circle, and has a subarctic climate with long, cold winters and short, warm summers. Annual precipitation is roughly 41 cm. Average low temperatures in winter are -21 to -28 degrees C, with records reaching as low as -55 degrees C.

The Fairbanks metropolitan area has a population of approximately 98,000 people, and comprises the regional center with hospitals, government offices, businesses and the University of Alaska, Fairbanks. The city is linked to southern Alaska along a north-south transportation and utility corridor that includes 2 paved highways, a railroad, an interlinked electrical grid, and communications infrastructure. The city has a regional airport serviced by up to 3 major airlines.

4.0 History

The property has been prospected and explored by several companies and private individuals since the 1970's. Geochemical surveys by Cambior in 2000 and AngloGold Ashanti (U.S.A.) Exploration Inc. ("AGA") in 2003 and 2004 outlined a 1.6 x 0.8 km area with anomalous gold in soil. Scattered anomalous samples continue along strike for an additional 5 km to the northeast and 1.6 km to the southwest. Eight reverse circulation holes were drilled by AGA in 2003 and a further 4 diamond core holes were drilled in 2004 to evaluate this anomaly. Favourable results from these holes revealed wide intervals of gold mineralization (BAF-7: 138.7m @ 1.07 g/t Au; MK-04-03: 55.3m @ 0.51 g/t Au) along with lesser intervals over a broad area. Over the past 5 years, exploration by ITH through its wholly owned Alaskan subsidiary, Talon Gold Alaska, Inc., has evaluated this mineralization utilizing both RC drilling and core drilling.

Beginning in 2009, technical studies have been performed to generate metallurgical data for process definition, to generate preliminary surface mine designs, and to develop pre-conceptual information on the location and capacities of potential tailings management, overburden management, water reservoir, and mill process facilities. Conceptual project configurations have been generated from these studies which have been used as the basis for projected operating and capital cost estimation. A PEA for a large surface mining and mill processing facility was generated to update ITH information being developed for the current Pre-feasibility Study.

5.0 Geologic Setting and Mineralization

Rocks at Livengood are part of the Livengood Terrane, an east–west belt, approximately 240 km long, consisting of tectonically interleaved assemblages of various ages. These assemblages include the Amy Creek Assemblage, a sequence of latest Proterozoic and/or early Paleozoic basalt, mudstone, chert, dolomite, and limestone. An early Cambrian ophiolite sequence of mafic and ultramafic sea floor rocks was thrust over the Amy Creek Assemblage and was, in turn, overthrust by a sequence of Devonian shale, siltstone, conglomerate, volcanic, and volcaniclastic rocks, which are the dominant host to the mineralization currently under exploration at Livengood. The Devonian assemblage was overthrust by a second klippe of Cambrian ophiolite rocks. All of these rocks are intruded by Cretaceous multiphase monzonitic and syenitic dikes and sills. Gold mineralization is spatially and temporally associated with these intrusive rocks.

Gold mineralization occurs in association with disseminated arsenopyrite and pyrite in volcanic, sedimentary, and intrusive rocks, and in quartz veins cutting the more competent lithologies, primarily volcanic rocks, sandstones, and, to a lesser degree, ultramafic rocks. Three principal stages of alteration are currently recognized, an early biotite stage, followed by albite-quartz, and a late sericite-quartz assemblage. Carbonate appears to have been introduced with and subsequent to these stages. Arsenopyrite and pyrite were introduced primarily during the albite-quartz and sericite-quartz stages. Gold correlates strongly with arsenic and occurs primarily within and on the margins of arsenopyrite and pyrite.

Mineralization is interpreted as intrusion-related, consistent with other gold deposits of the Tintina Gold Belt, and has a similar As-Sb geochemical association. Mineralization is controlled partly by lithologic units, but thrust-fold architecture was key to providing pathways for intrusive and associated hydrothermal fluids.

Local fault and contact limits to mineralization have been identified, but overall the deposit has not been closed off in any direction. The current resource and area drilled covers the most significant portion of the area with anomalous gold in surface soil samples, but still represents only about 25% of the total gold-anomalous area.

6.0 Deposit Type

Among deposits of the Tintina Gold Belt, Livengood mineralization is most similar to the dike and sill-hosted mineralization at the Donlin Creek deposit, where gold occurs in narrow quartz veins associated with dikes and sills of similar composition. The age of the intrusions and the genetic link between the mineralization and intrusive rocks are typical of those of other nearby gold deposits of the Tintina Gold Belt, which have been characterized as intrusion-related gold systems and for these reasons Livengood is best classified with them.

7.0 Exploration

Prior to ITH, several companies have explored the Livengood area and identified a sizeable area of anomalous gold in soil samples, and intervals of anomalous gold mineralization in drill holes. The Company advanced the soil sampling coverage and undertook to drill surface geochemical anomalies beginning in 2006. The Company has continued its exploration with step-out drilling on a 75 m grid, and infilling the 75 m pattern in the core of the mineralized areas. Infill and step out drilling in the resource area has continued in the Summer 2011 drill program.

The Company has also implemented a district exploration program, which includes core drilling in geochemical anomalies distal to the resource area and condemnation drilling in potential infrastructure locations. A 3D IP survey has also been conducted during the Summer of 2011 to generate targets over much of the district.

8.0 Drilling

The Company has conducted drilling campaigns on the Livengood property since 2006. These programs initially identified mineralization in the Core Zone and then identified the Northeast, Sunshine, and Southwest zones through step out drilling and drill testing of areas with anomalous values in surface soil samples.

Nearly all drill holes at Money Knob have been drilled in a northerly direction at an inclination of -50° (RC) and -60° (core) in order to best intercept the south dipping structures and mineralized zones as close to perpendicular as possible. A few holes have been drilled in other directions to test other features and aspects of mineralization. Most holes have been spaced at 75m along lines 75m apart, subsequent infill drilling in the center of 75m squares brings the nominal drill spacing to 50m for a significant portion of the deposit.

Diamond core holes represent 16% of the total number of holes drilled. Core is recovered using triple tube techniques to ensure good recovery (>95%) and confidence in core orientation. The core is oriented using either the ACT™ or the EZ Mark ™ tools.

Reverse circulation holes are bored and cased for the upper 0-30m to prevent down hole contamination and to help keep the hole open for ease of drilling at greater depths. Recovery of sample material from RC holes is done via a cyclone and dry or wet splitter, according to conditions. Drill cuttings are collected over the course of each 1.5 m (five-foot) interval and captured for a primary sample, an equivalent secondary sample ("Met" sample) and a third batch of chips for logging purposes.

In the deposit drill hole locations are determined by sub-meter differential GPS surveys at the drill collar. The initial azimuth of drill hole collars is measured using a tripod mounted transit compass in conjunction with a laser alignment device mounted on the hole collar. Down hole surveys of core and RC drill holes are completed using a Gyro-Shot survey instrument manufactured by Icefield Tools Corporation. Results of surveys and duplicate tests show normal minor deviation in azimuth and inclination for drill holes.

All RC samples are "logged in" on site, analyzed with a field portable Thermo Fisher Scientific NITON ^{TM} XRF before being sealed in super sacks and delivered to ALS Chemex in Fairbanks for preparation. Detail logging and mark-up of core is done at the Livengood camp. Core is sawed in half and bagged according to geologic intervals up to 1.5m and sealed in super sacks for delivery to ALS Chemex in Fairbanks.

Samples are analyzed by standard 50g fire assay for the gold determinations. All core samples and select RC drilling samples are also submitted for multi-element ICP-MS analyses using a 4 acid digestion technique. All RC samples are analyzed on site for trace elements using a Thermo Fisher Scientific NITON^{TM} portable XRF before shipment to the laboratory.

9.0 Sample Preparation, Analyses and Security

The Company samples all holes from surface to total depth, using defined procedures. For RC samples, pulverized material is passed through a cyclone to separate solids from drilling fluids, then over a spinning conical splitter. The splitter is set to collect two identical splits of sample weighing 2-5 kg each. Representative coarse material is collected and saved in chip trays for geological description. Samples are put in pre-numbered, bar-coded bags by the drill site crew. One sample is submitted for analysis, and one sample is kept for reference. Samples are secured on site, and transported to a sample preparation facility operated by ALS Chemex in Faribanks.

Core materials are collected at the drill site and placed in core boxes. Run blocks, orientation blocks and depths are placed in the boxes at site. The core is transported to a sample management facility at Livengood, where it is described, then sawn in half. Half of the core is collected for assaying and half remains for reference. Core samples are weighed before shipping.

The QA/QC program implemented by the Company meets or exceeds industry standards. A QA/QC program includes insertion of blanks and standards (1/10 samples) and duplicates (1/20 samples). Blanks help assess the presence of any contamination introduced during sample preparation and help calibrate the low end of the assay detection limits. Commercial standards are used to assess the accuracy of the analyses. Duplicates help assess the homogeneity of the sample material and the overall sample variance. The Company has undertaken rigorous protocols to assure accurate and precise results. Among other methods, weights are tracked throughout the various steps performed in the laboratory to minimize and track errors. A group of 2096 metallic screen fire assays performed in 2011 did not indicate any bias in the matching fire assays.

Data entry and database validation procedures have been checked and found to conform to industry practices. Procedures are in place to minimize data entry errors. These include pre-numbered, pre-tagged, bar-coded bags, and bar-coded data entry methods which relate all information to sample and drill interval information. Likewise, data validation checks are run on all information used in the geologic modeling and resource estimation process. Database entries for a random sample (10%) of drill holes used for the resource estimate were checked against the original Assay Certificates by one of the independent authors of the Livengood Report and the error rate was found to be within acceptable limits.

Analysis of assay data from core and RC sampling has been performed to check for downhole contamination of RC and to compare the data distributions produced by the two methods. Analysis of RC data has not indicated cyclic down hole contamination. Decay analysis conducted on both core drilling and RC drilling indicates similar patterns of monotonic grade increase or decrease. Comparison of the grade distributions between core and RC data were conducted using Quantile-Quantile plots, and simulation of population means for different numbers of samples. The comparison indicated that the mean of all core data was 4% lower than RC data. Comparison of core and RC data below the water table showed similar population means suggesting that down hole contamination was not occurring.

10.0 Data Verification

Core and RC check samples have been collected during each drilling campaign by independent third parties. Results from these samples, as well as blanks and standards included, are consistent with the Company's initial results. This includes a similar increase in variance for samples at higher grades, a pattern consistent with nugget effect. No systematic high or low bias has been observed.

The Summer 2011 drilling includes three separate programs to develop data on grade continuity at reduced drill spacing, and on precision of grade estimation using both core and RC data. Two cross patterns are being drilled with spacing reduced to 15 m along the primary grid axes to evaluate grade continuity between holes. A block of approximately 9 million tonnes is being drilled with equal numbers of RC and core holes, drilled with 2 different orientations. This block will allow the evaluation of the precision of resource modeling at different data densities and with different types of sampling.

11.0 Mineral Processing and Metallurgical Testing

The Company has undertaken metallurgical and processing test work to determine optimal recoveries using numerous conventional flow sheets: including milling with gravity, flotation, and Carbon in Leach ("CIL") or gravity and CIL of the gravity tails, and heap leaching. Current test work focuses on determining the best means of optimizing these combined recovery methods. This work involves studies that evaluate how gold mineralization occurs and how the mineralized materials vary in their physical and metallurgical response to process treatment parameters according to the various lithologic units that host mineralization. The characteristics under review include grindability, abrasiveness, optimal particle size for downstream treatment, and response to leach, flotation, or gravity unit operations as a function of oxidation and lithology.

Specific metallurgical characteristics, identified in the testing programs to date, have shaped the processing strategies used as the basis for the PEA and assumed project configuration. These important metallurgical findings are:

1) variable metallurgy (chemical and physical properties), depending upon mineralization type, degree of oxidation, amount of organic carbon, etc.;
2) identification of mineralization types that are amenable to simple cyanide leaching process techniques such as heap leaching in conjunction with a carbon in column adsorption plant (CIC), particularly oxidized and partially oxidized mineralization;
3) identification of sediment-hosted mineralization that contains organic “preg-robbing” carbon that will require CIL process techniques;
4) higher recoveries for most mineralization types using gravity separation in combination with downstream CIL and/or flotation separation techniques; and
5) lower recoveries for mineralization types with arsenic association.

Specific observations about metallurgical performance are listed in the following:

- Most Livengood mineralization could be considered moderately soft to medium hard in hardness with an average Bond Ball Work index of 15.8. The mineralization varied significantly in hardness, with Bond Ball Work indices varying from a minimum of 11.1 to a maximum of 19.1.
- The majority of the mineralization would be considered non-abrasive, with an average Abrasion Index of 0.0809. The mineralization type abrasion characteristics varied significantly from 0.0023 to 0.2872.
- All of the Livengood mineralization types respond to cyanide leaching to some degree.
- Some of the unoxidized mineralization with organic carbon has “active” or “preg- robbing” carbon.
- The effect of leach times on gold recovery and gravity concentration results indicate some of the mineralization contains coarse gold.
- Gold recovery at 10 mesh particle size on some of the mineralization types exceeded 90 percent.
- Gold recovery on some of the mineralization types, but not all, is improved with finer grinding. A grind size where 80 percent (p80) of the particles are smaller than 200 mesh (74 microns) has been tested to date.
- The leaching of flotation concentrates, in preliminary tests, shows variable results depending on the mineralization type and the amount of arsenopyrite present.
- Fine grinding of flotation concentrates to less than 20 microns, in preliminary tests, does not significantly improve CIL gold recovery from this material.
- Initial flotation and gravity concentration tests indicate the combined processes exceed 90% gold recovery to the concentrates.
- The degree of oxidation of the mineralization, as observed by the geologists, has a marginal impact on the gold recovery.
- Differences in gold recovery between cyanide shake leach tests, bottle roll leach tests, and Carbon-in-Leach tests suggest organic carbon in the mineralization is active to varying degrees in some of the mineralization types, particularly the un-oxidized portions of those mineralization types.
- The gold is often associated with sulfides, but this mineralization would not be classified as a sulfide refractory type.

12.0 Resource Estimation

The Livengood Report presents a global mineral resource estimate updated from the April 2011 estimate. The resource model was constructed using Gemcom GEMS® and the Stanford GSLIB (Geostatistical Software Library) MIK post processing routine. The resource was estimated using Multiple Indicator Kriging techniques.

Model parameters include, among others, two oxidation indicators and a single lithology indicator for each minor lithology. A three-dimensionally defined lithology model, based on interpretations by ITH geologists, was used to code the rock type block model. A three-dimensionally defined probability grade shell (0.1 g/t) was used to constrain the gold estimation. Gold contained within each block was estimated using nine indicator thresholds. The block model was tagged with the geologic model using a block majority coding method. Because there are significant grade discontinuities at lithologic contacts, hard boundaries were used between each of the lithologic units so that data for each lithology was used only for that unit.

A summary of the estimated global (in-situ) mineral resource is presented below for cutoff grades of 0.2, 0.3, 0.5, and 0.7 g/t gold.

Model validation checks include global bias check, visual validation, and swath plots. In all cases, the model appears to be unbiased and fairly represent the drilling data.

Table 2: Global Resource Estimation Summary - August 2011

Classification	Au Cutoff (g/t)	Tonnes (millions)	Au (g/t)	Million Ounces Au
Measured	**0.20**	**742**	**0.54**	**12.8**
Indicated	**0.20**	**322**	**0.47**	**4.8**
Inferred	**0.20**	**447**	**0.42**	**6.1**
Measured	**0.30**	**562**	**0.63**	**11.4**
Indicated	**0.30**	**216**	**0.58**	**4.0**
Inferred	**0.30**	**279**	**0.53**	**4.8**
Measured	**0.50**	**298**	**0.84**	**8.0**
Indicated	**0.50**	**96**	**0.81**	**2.5**
Inferred	**0.50**	**102**	**0.79**	**2.6**
Measured	**0.70**	**149**	**1.09**	**5.2**
Indicated	**0.70**	**42**	**1.10**	**1.5**
Inferred	**0.70**	**39**	**1.10**	**1.4**

Economic testing of the global mineral resource has been performed using Whittle mine optimization to generate a surface mining shell defined at a long term gold price of $US 1,400 per ounce. Based on this mine optimization, the surface mining mineral resource at the Money Knob deposit is listed in Table 3.

Table3: Surface Mine Mineral Resource defined at US $1,400 per Au ounce.

Classification	Au Cutoff (g/t)	Tonnes (millions)	Au (g/t)	Million Ounces Au
Measured	0.22*	676	0.56	12.2
Indicated	0.22*	257	0.52	4.3
M&I	**0.22***	**933**	**0.55**	**16.5**
Inferred	0.22*	257	0.50	4.1

**- Cutoff grade* is average for variable processing costs and recoveries.*

Based on the study herein reported, delineated mineralization of the Livengood Deposit is classified as a resource according to the following definitions from NI 43-101 and from CIM (2005):

"In this Instrument, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as those definitions may be amended." Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Preliminary Feasibility Study which can serve as the basis for major development decisions.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of the geology and controls of the mineral deposit."

The current basis of project information is not sufficient to convert the in-situ mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability.

13.0 Mineral Reserve Estimates

Mineral reserves have not been estimated for Livengood, because the project does not currently meet the minimum requirement of a completed PFS.

14.0 Mining Methods

The project configuration assumes a large scale surface mining operation using drill-blast-load-haul mining techniques. Major material handling was assumed to be based on hydraulic excavators with 34 cubic meter buckets and 220 tonne capacity haul trucks. Peak mining rates are 75 million tonnes of material, to sustain an annual throughput of 33.2 million tonnes of mineralized material at the processing plant. The total production rates in early years allow stockpiling of lower grade mineralized material to allow streaming of higher grade materials to the process plant.

The mine life is projected to be 23 years to support a mill throughput of 91,000 tonnes per day. Total mine production of mineralized material is projected to be 750 Mt with 892 Mt of overburden material. The strip ratio would be 1.19 overburden material to mineralized material. The mineralized material would be comprised of measured, indicated and inferred classifications in the proportions of 60%, 24%, and 16%, respectively.

Initial pioneering for the surface mine is assumed to start with the initiation of construction at the site to provide borrow material for construction of the tail dam. Minor production of mineralized material would begin in the second year of construction, and then ramp up to deliver 22.5 Mtpa, 31.6 Mtpa and 32.6 Mtpa in production years 1, 2 and 3, respectively. Full capacity would be achieved in year 4.

15.0 Recovery Methods

Preliminary processing assumptions are based on a flow sheet that assumes a gravity gold circuit, followed by flotation to produce a concentrate. Gold would be recovered from the concentrate using carbon-in-leach cyanide leaching.

A single train plant is assumed with run-of-mine (ROM) mineralized material delivered to a primary gyratory crusher, which would feed a coarse stockpile. Coarse mineralized material would be reclaimed by apron feeders discharging onto a SAG mill feed conveyor. A grinding circuit would include a single SAG mill feeding two ball mills in parallel.

The ground, mineralized material would be routed through a gravity circuit producing a rougher concentrate, which would be cleaned to produce a gravity concentrate and gravity middlings. The gravity cleaner concentrate would be processed in a gold refinery to produce dore'. Gravity rougher tail would be returned to the grinding circuit, after a cyclone separation of the fine fraction which would go to flotation directly.

Ground mineralized material, after removal of the gravity recoverable gold, would go to a flotation cell where a rougher concentrate would be created, which combined with the gravity middlings would be reground and then leached in a CIL circuit to recover the contained gold. The CIL circuit would produce a loaded carbon which would be acid washed, stripped of gold and then reactivated for reuse. The refinery would use electrowinning to recover the gold, which would then be refined to produce a dore'.

The plant throughput would be controlled by the SAG milling capacity. Estimated gold recoveries have been based on the existing test work and industry experience, and varies between 58-94 % for the different lithologies and oxidations.

Projected metallurgical recoveries for each lithologic unit have been estimated from the currently existing metallurgical test data. These estimates have been used as the basis of the mine optimization work, but have been increased by an additional 4 percentage points in the economic analysis to account for anticipated improvements that may be possible with further process optimization. Average recovery in the mine optimization output was 77.6%, but has been increased to 81.6% in the economic analysis. This projected improvement in recovery is based on previous experience of the Qualified Person in process testing and plant optimization.

16.0 Project Infrastructure

Alaska infrastructure has been developed in a north-south corridor between ports on the south coast (Anchorage, Valdez and others) and Fairbanks in the center of the State. This includes communications, paved highways, railroad, railbelt electrical grid, and major airports. The metropolitan area around Fairbanks has a population of approximately 98,000 people.

The paved, all weather Elliot Highway runs north from Fairbanks to the North Slope oilfields at Prudhoe Bay, and passes within several kilometers of the Money Knob deposit. Communications infrastructure (fibreoptic) has been extended to the North Slope along the Alyeska Pipeline, which parallels the Elliot Highway and passes just west of Livengood.

In preliminary, nonbinding discussions, the local utility in Fairbanks (Golden Valley Electrical Association) has indicated that 80-100 MW of power could be available to the Livengood Project. Livengood would be connected to the local grid by building a 64 km 230- kVA line along the pipeline corridor. Environmental baseline studies required for the electrical line construction were begun in 2011.

The development of site layout plans is underway as part of the PFS. Primary infrastructure requiring construction at Livengood would be the process plant, tail pipeline, electrical line, mine shops and buildings, and site roads. Alternative sites have been investigated along the northern side of the ridge containing the Money Knob deposit for the process plant, overburden management facility and tail storage facility. A historical dam site, used to store water for placer mining operations, is being investigated for water storage.

17.0 Market Studies and Contracts

The market for gold is global in nature and is unlikely to be unaffected by production from the Livengood Project. There are several large third party gold refineries with well established industry relationships in North America. Among the more notable ones are:

- Metalor; North Attleboro, Massachusetts
- Johnson Matthey; Salt Lake City, Utah
- Canadian Mint; Ottawa, Ontario

The Company has not contacted any of the aforementioned companies for competitive treatment bids, rather utilizing industry averages for this stage of development.

18.0 Environmental Studies, Permitting and Social and Community Impacts

Based on review of the studies completed to date, there are no known environmental issues that are anticipated to materially impact the Livengood Project's ability to extract the gold resource. The Company has been conducting environmental baseline studies at the Livengood Project since 2008. The environmental baseline programs conducted or currently underway at Livengood include:

- surface water quality and hydrology;
- groundwater hydrogeology;
- wetlands extent and characteristics;
- meteorology and air quality;
- aquatic life and resources;
- wildlife;
- cultural resources;
- and, rock geochemical characteristics.

A site-specific monitoring plan and water management plan for both operations and post mine closure will be developed in the future in conjunction with detailed engineering and project permit planning. Since development of the Livengood Project will require a number of US Federal permits, the National Environmental Policy Act (NEPA) and Council of Environmental Quality (CEQ) Regulations 40 CFR parts 1500-1508 will govern the federal permitting portion of the Livengood Project. In fulfillment of the NEPA requirements, the Livengood Project will be required to prepare an Environmental Impact Statement ("EIS"). Although at this time it is unknown which department will become the lead federal agency, the State of Alaska is expected to take a cooperating role to coordinate the NEPA review with the State permit process.

Actual permitting timelines are controlled by the US Federal NEPA review and US Federal and State agency decisions.

The Livengood Project is located 115 km northwest of Fairbanks, Alaska and approximately 65 km north of the boundary of the Fairbanks North Star Borough, in an unincorporated area of the State and encompasses a combination of State of Alaska mining claims, State of Alaska Mental Health Trust lands, private lands, and federal mining claims. While the old mining town of Livengood no longer has year round residents or an organized government, there are approximately 15 residents living on remote homesteads on the road system within a 15 km radius of the Livengood Project. The nearest community is the village of Minto, a town of 200 located approximately 65 km southwest by road from the Livengood Project. Thus, while the local residents and the community of Minto are important stakeholders in the region and to the Livengood Project, there are no municipal or community agreements required for the Livengood Project.

19.0 Capital and Operating Costs

Capital cost estimates have been developed from evaluation of the project configuration based on surface mining with a 91,000 tonne/day processing plant. The Company engaged MTB Project Management Professionals, Inc. to review capital cost that had been prepared in previous PEA estimates, make appropriate adjustments, prepare capital estimates, develop a work breakdown structure ("WBS") for the capital cost, and develop an execution schedule for the capital expenditures, based on the scope of work as defined as of July 2011. Also, a sustaining capital cost estimate was to be prepared.

The capital cost scope was developed to a WBS. This WBS was developed from several historical projects of similar scope. The capital components of the estimate were allocated into two major groupings:

- Initial capital
- Sustaining capital cost for both incremental capital and replacement capital.

Costs were defined by the preproduction milestone schedule, with an approved feasibility study initiating the start of the capital cost being incurred; costs prior to the approved feasibility study were considered to be “sunk” costs. Initial capital cost was defined as all cost incurred before startup, which is when the first mineralized material is discharged into the primary crusher. Production year +1 begins at startup and defines operating cost.

The capital cost summary is as follows:

Initial Capital Cost	$1,614 million
LOM Sustaining Capital Cost	$585 million
Contingency included in initial capital cost	$323 million

Project operating costs are based on comparison to similar mining operations in Alaska and the USA. Table 4 lists the operating cost assumptions used in the economic analysis.

Table 4: Operating Cost Assumptions

Operating area	$/tonne processed	$/tonne mined	$/oz
Mining	$ 3.87	$ 1.77	$ 225
Processing	$ 6.81	-	$ 395
Administration	$ 0.81	-	$ 47
Refining and Transportation	$ 0.08	-	$4.73
Reclamation	$ 0.07	-	$ 4.16
Royalty @ 2.5%	$0.47		$27.50
Total	**$ 12.12**	**--**	**$ 703**

20.0 Economic Analyses

A pre-tax, 100% equity economic analysis has been performed based on the following assumptions:

- Long term gold price of $1,100 per ounce in constant US dollars;
- US dollar terms (Exchange rate of US $1.00 = CAD $1.01)
- No cost escalation or inflation has been provided for
- Annual discount rate of 5%, as well as undiscounted cash flow and alternative annual discount rates of 7.5% and 10.0%.
- All cost prior to construction engineering, long lead item ordering and construction start up are considered sunk costs.

Under these assumptions, the Livengood Project is projected to have an Internal Rate of Return (IRR) of 14.1%, an undiscounted cash flow of US $3.41 B, and an NPV @ 5% of $1.24 B. Key economic performance parameters are listed in Table 5.

Table 5: Projected Key economic performance parameters at a long term gold price of US $1,100 per ounce.

Economics			
IRR			**14.14%**
NPV*	0.00%	**$**	**3,109,058**
NPV*	5.00%	$	1,241,153
NPV*	7.50%	$	734,472
NPV*	10.00%	$	380,496
Summary Statistics			
Initial Capex		$	1,613,805
Sustaining Capex		$	584,658
Working Capex		$	31,774
Gold recovered-oz			12,924,668
Cash operating cost/oz		$	703
Total cost/oz		$	875
Stripping ratio			1.19
LOM mill Au recovery			81.6%

* - 000' $ US

Projected annual gold production and annual cash cost per Au ounce are shown graphically in Figure 2 for the life-of-mine (LOM). Sensitivities to gold price, recovery, opex and capes variations are listed in Tables 6, 7, 8 and 9, respectively.

Figure 2: Projected annual gold production and annual cash cost per produced Au ounce for the LOM.

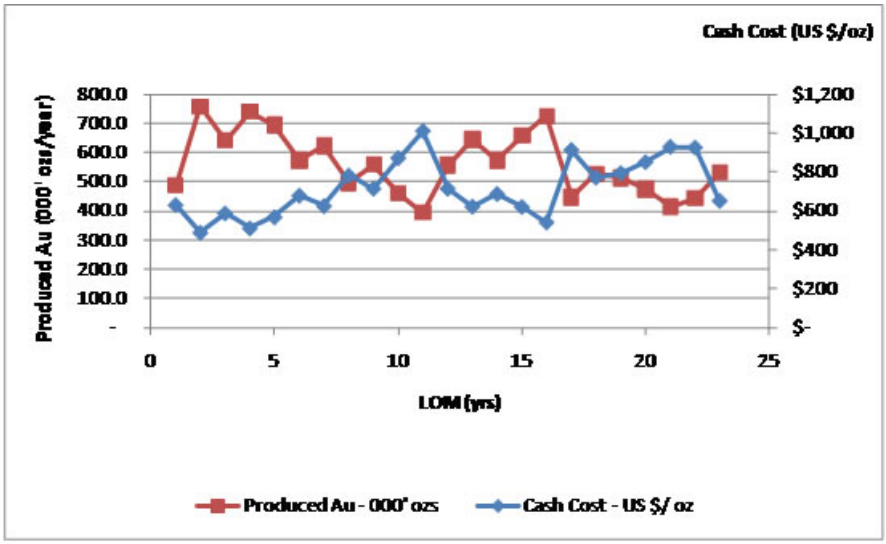


Table 6: Variation of Projected Livengood Project IRR and NPV (000' US $) for a gold price range of US $800 -$1,700.

Gold Price

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
800	-6.7%	$ (654,735)	$ (816,710)	$ (857,480)	$ (882,725)
900	3.7%	$ 599,863	$ (130,756)	$ (326,829)	$ (461,652)
1000	9.5%	$ 1,854,461	$ 555,198	$ 203,821	$ (40,578)
1100	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
1200	18.2%	$ 4,363,656	$ 1,927,107	$ 1,265,123	$ 801,570
1300	22.0%	$ 5,618,253	$ 2,613,061	$ 1,795,774	$ 1,222,644
1400	25.5%	$ 6,872,851	$ 3,299,016	$ 2,326,425	$ 1,643,718
1500	28.8%	$ 8,127,448	$ 3,984,970	$ 2,857,075	$ 2,064,791
1600	32.0%	$ 9,382,046	$ 4,670,924	$ 3,387,726	$ 2,485,865
1700	35.1%	$ 10,636,643	$ 5,356,879	$ 3,918,377	$ 2,906,939

Table 7: Variation of Projected Livengood Project IRR and NPV (000' US $) for process recovery change of 85-115% of the base assumption (81.6%) .

Process recovery

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
15%	20.7%	$ 5,179,144	$ 2,372,977	$ 1,610,046	$ 1,075,268
10%	18.6%	$ 4,489,115	$ 1,995,703	$ 1,318,188	$ 843,677
5%	16.4%	$ 3,799,087	$ 1,618,428	$ 1,026,330	$ 612,087
0%	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
-5%	11.7%	$ 2,419,029	$ 863,878	$ 442,614	$ 148,905
-10%	9.0%	$ 1,729,001	$ 486,603	$ 150,756	$ (82,685)
-15%	6.0%	$ 1,038,972	$ 109,328	$ (141,102)	$ (314,276)

Table 8: Variation of Projected Livengood Project IRR and NPV (000' US $) for change in Opex of 85-115% of the base a ssumption.

Opex

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
15%	9.6%	$ 1,815,100	$ 554,864	$ 210,542	$ (30,494)
10%	11.2%	$ 2,246,419	$ 783,627	$ 385,186	$ 106,503
5%	12.7%	$ 2,677,739	$ 1,012,390	$ 559,829	$ 243,499
0%	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
-5%	15.5%	$ 3,540,377	$ 1,469,916	$ 909,115	$ 517,493
-10%	16.8%	$ 3,971,697	$ 1,698,679	$ 1,083,759	$ 654,490
-15%	18.0%	$ 4,403,016	$ 1,927,442	$ 1,258,402	$ 791,486

Table 9: Variation of Projected Livengood Project IRR and NPV (000' US $) for change in Capex of 85-115% of the base assumption (81.6%) .

Capex

Change	IRR	NPV 0%	NPV 5%	NPV 7.5%	NPV 10%
15%	11.5%	$ 2,804,541	$ 983,139	$ 493,698	$ 154,157
10%	12.3%	$ 2,906,047	$ 1,069,143	$ 573,956	$ 229,603
5%	13.2%	$ 3,007,553	$ 1,155,148	$ 654,214	$ 305,050
0%	14.1%	$ 3,109,058	$ 1,241,153	$ 734,472	$ 380,496
-5%	15.2%	$ 3,210,564	$ 1,327,157	$ 814,730	$ 455,943
-10%	16.3%	$ 3,312,069	$ 1,413,162	$ 894,988	$ 531,389
-15%	17.5%	$ 3,413,575	$ 1,499,167	$ 975,246	$ 606,836

21.0 Other Relevant Data and Information

No additional information or explanation is known by the authors of the Livengood Report to be necessary to make the technical report understandable and not misleading.

22.0 Interpretation and Conclusions

A PFS for the Livengood mineral resource is currently underway. The Livengood Report provides an update of the anticipated project configuration, and an overview of the geological, exploration, metallurgical test work, process plant and infrastructure engineering, and surface mine planning work that has been completed to date. A PEA of the updated configuration has been developed which is based on a surface mining operation supplying mineralized material to a processing plant with average throughput of 91,000 tonnes per day. The processing plant would produce gravity and flotation concentrates with gold recovered by Carbon-in-Leach processing of the concentrates. The PEA addresses the basic framework of how gold mineralization will be mined, mineralized material processed, and recovery achieved.

The interpretation and conclusions supplied in the Livengood Report are preliminary and are provided for the purposes of updating information about ITH's progress in the PFS since the issuance of the November 2010 technical report. The information is subject to revision prior to its incorporation into the final PFS document.

23.0 Recommendations

The Company will continue its investigations and studies at Livengood with a projected FY 2011-2012 budget of US$ 68.1M ($67M CAD). The continuing PFS work accounts for approximately 75% of the expenditure, with the remaining 25% allocated to start up of the preparations for permit submittal and start up of feasibility engineering.

During the Summer 2011 field program, completion of several studies to demonstrate grade continuity and confirm precision of modeling with increased drill density will provide important verification of the resource estimation.

The PEA is preliminary in nature, and is based on forward looking technical and economic assumptions which will be evaluated in the Pre-feasibility Study. The PEA is based on the Livengood in-situ resource model (August 2011, effective date of May 31, 2011) which consists of material in the measured, indicated and inferred classification. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them. The current basis of project information is not sufficient to convert the in-situ mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability. Accordingly, there can be no certainty that the results estimated in the PEA will be realized. The PEA results are only intended as an initial, first-pass review of the potential project economics based on preliminary information.

Augmentation of Development Team

ITH has continued to strengthen its technical management structure within the Fairbanks development team with the addition of Mr. Rick Solie to the ITH Fairbanks team as the Community and Government Relations Manager. Mr. Solie has over 20 years of government and public affairs experience as an executive for various Alaska based corporations. Prior to joining ITH, Mr. Solie was the Director of Alaska Government and Community Affairs for Denali – The Alaska Gas Pipeline LLC. He joined Denali from ConocoPhillips where he managed the Fairbanks regional office as Director of Government and Community Relations. Before joining ConocoPhillips, he was the Director, Marketing & Planning for the Fairbanks Memorial Hospital. Mr. Solie has a Bachelor of Arts in Economics from the University of Alaska and is a long-time Alaska resident with substantial experience in different aspects of the Alaska industry and credibility with the Fairbanks community and the State of Alaska.

Use of Financing Proceeds

The Company closed a bought deal short form prospectus and a private placement financing announced September 28, 2010 (the "Offering") on November 10, 2010. The Company intends to use the net proceeds from the two financings for continued work on its Livengood Gold project in Alaska and for general working capital purposes. The "Use of Proceeds" plan contained in the Company's short form prospectus dated November 5, 2010, projected total Livengood project expenditures dating from September 1, 2010 (beginning of Q2 for the Fiscal Year ending May 31, 2011) to May 31, 2014. Included in the Use of proceeds plan were the items listed in Table 10.

Table 10 - Components of the ITH net proceeds accounting from September 1, 2010

Cash at September 1, 2010	$	31,200,000
Gross proceeds of the Offering		65,000,000
Gross proceeds of the Over-Allotment Option (exercised in full)		9,750,000
Gross proceeds from Private Placement		30,625,000
Less:		
Underwriters' Commission and Offering Cost		(3,737,500)
Offering Costs	$	(100,000)
Net Proceeds	$	132,737,500

Table 11 compares the total planned and estimated actual expenditures for the Use of Proceeds for the periods Q2, Q3 and Q4 of the Fiscal Year ending May 31, 2011.

Table 11 - Comparison of planned and estimated actual Use of Proceeds (CAD) to date by ITH in Q3 of the Fiscal Year ended May 31, 2011 [() -negative variance actual less than projected].

Project Cost Center	Total Plan (2011-2014)	Total Plan Year Ended May 31, 2011	Actual* Q2, Q3 & Q4 to date	Variance Year Ended May 31, 2011
Project administration	$ 31,101,700	$ 3,413,500	$ 1,743,696	$ (1,669,804)
Geological and field operations	67,136,000	22,448,800	26,167,682	3,718,882
Metallurgical studies	6,883,400	1,469,500	1,497,520	28,020
Infrastructure and engineering	8,887,400	1,221,900	2,284,341	1,062,441
Environmental and community engagement	14,431,300	2,452,100	1,753,691	(698,409)
Mining studies	2,415,400	194,200	208,694	14,494
Project integration	1,882,300	-	-	-
Subtotal	132,737,500	31,200,000	33,655,624	2,455,624
Offering costs	-	-	502,208	502,208
Total	$ 132,737,500	$ 31,200,000	$ 34,157,832	$ 2,957,832

**Unaudited Livengood Project Reporting*

The Table 11 variance from the total plan year ended May 31, 2011 is nominally 9 % above the plan value. Approximately half of this variance is related to labor costs associated with changes in the corporate organization and to the Offering Costs both of which were unanticipated. Actual Use of Proceeds was 109% of the plan for the year ended May 31, 2011.

Progress on the planned activities scheduled for the completed year is on schedule, and the planned completion of the PFS is projected in November 2011. Project administration expenditures are below the planned rate, but were adequate for the needs of the project. Geological and field operations achieved higher rates of drill productivity, and were extended beyond the typical winter shutdowns to accelerate infrastructure geotechnical investigations. This required 17% greater expenditure than the plan, due to the additional drilling, extended programs and requirement for helicopter support to move drills and personnel. The acceleration/extension has added confidence that the infrastructure characterization, which is a critical path item in the PFS, will be on schedule. Metallurgical expenditures were nominally on plan. Infrastructure and engineering work has also been accelerated to assure delivery of the PFS requirements and has required additional geotechnical and hydrological investigations. This has required an 87% increase above the planned expenditure. Environmental and community engagement is on schedule, but has required less expenditure than planned. Expenditure for mining studies was nominally on plan for the end of Q4. No expenditure was planned for project integration in current year. Offering costs were higher than expected due to the length of time involved in filing the final short form prospectus.

Qualified Person and Quality Control/Quality Assurance

Jeffrey A. Pontius (CPG 11044), a qualified person as defined by National Instrument 43-101, has supervised the preparation of the scientific and technical information that forms the basis for this MD&A and has approved the disclosure herein. Mr. Pontius is not independent of ITH, as he was the CEO, is on the Board of Directors, and continues to hold common shares and incentive stock options.

Development work at the Livengood Project is directed by Carl E. Brechtel (Colorado PE 23212, Nevada PE 8744). He is a graduate geological engineer with an MS degree in mining engineering. He is a Registered Member of the Society for Mining, Metallurgy and Exploration. Mr. Brechtel has supervised the preparation of some of the technical and economic information that forms the basis for this MD&A and has approved the disclosure herein. Mr. Brechtel is not independent of ITH, as he is the President and COO, and holds incentive stock options.

The geologic work program at Livengood was designed and is supervised by Chris Puchner, Chief Geologist (CPG 07048) of the Company who is a qualified person as defined by National Instrument 43-101. Mr. Puchner is responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project photograph the core from each individual borehole prior to preparing the split core. Duplicate reverse circulation drill samples are collected with one split sent for analysis. Representative chips are retained for geological logging. On-site personnel at the project log and track all samples prior to sealing and shipping. All sample shipments are sealed and shipped to ALS Chemex in Fairbanks, Alaska, for preparation and then on to ALS Chemex in Reno, Nevada, or Vancouver, B.C., for assay. ALS Chemex's quality system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025:1999. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference material and replicate samples. Quality control is further assured by the use of international and in-house standards. Finally, representative blind duplicate samples are forwarded to ALS Chemex and an ISO compliant third party laboratory for additional quality control.

Risk Factors

Due to the nature of the Company's proposed business and the present stage of exploration of its Livengood property interests (which is an advanced stage exploration project, but with no known reserves), the following risk factors, among others, will apply:

Resource Exploration and Development is Generally a Speculative Business : Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

While the Livengood project has estimated measured, inferred and indicated resources identified, there are no known reserves on any of the Company's properties. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore. Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit will ever qualify as a commercial mineable ore body which can be legally and economically exploited.

Fluctuation of Metal Prices : Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. The Company's long-term viability and profitability depend, in large part, upon the market price of metals which have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals produced from the Company's properties will be such that any such deposits can be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays in obtaining, or a failure to obtain, any such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Acquisition of Mineral Claims under Agreements : The agreements pursuant to which the Company has the right to acquire interests in a number of its properties at Livengood provide that the Company must make a series of cash payments over certain time periods and/or expend certain minimum amounts on the exploration of the properties. Failure by the Company to make such payments or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Proposed Amendments to the United States General Mining Law of 1872 : In recent years, the United States Congress has considered a number of proposed amendments to the U.S. *General Mining Law of 1872* ("Mining Law"). If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands (which includes certain of the mining claims at Livengood), result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse effect on the Company's cash flow, results of operations and financial condition.

Uncertainties Relating to Unpatented Mining Claims: Some of the mining claims at the Livengood property are federal or Alaska State unpatented mining claims. There is a risk that a portion of such unpatented mining claims could be determined to be invalid, in which case the Company could lose the right to mine any minerals contained within those mining claims. Unpatented mining claims are created and maintained in accordance with the applicable US federal and Alaska state mining laws. Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the Mining Law. Unpatented mining claims are always subject to possible challenges of third parties or contests by the United States federal or Alaska State governments. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. Title to the unpatented mining claims may also be affected by undetected defects such as unregistered agreements or transfers. The Company has not obtained full title opinions for the majority of its mineral properties. Not all the mineral properties in which the Company has an interest have been surveyed, and their actual extent and location may be in doubt.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All of the Company's properties are in the exploration stage and the Company has not defined or delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares, short-term, high-cost borrowing or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect to ability of the Company to continue its planned business within any such jurisdictions.

Recent market events and conditions: From 2007 into 2010, the U.S. credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slowdown in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appear to have improved slightly in 2011, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

General economic conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect our growth and profitability. Specifically:

- The global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of gold and other base metal prices may impact the Company's future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs
- the devaluation and volatility of global stock markets impacts the valuation of the Common Shares, which may impact the Company's ability to raise funds through the issuance of Common Shares

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the preparation of a feasibility study and, if a production decision is made, the construction of a mine at Livengood. The completion of a feasibility study, and any construction of a mine at Livengood following the making of a production decision, will therefore depend upon the Company's ability to obtain financing through the sale of its equity securities, a possible joint venturing of the project or the securing of significant debt financing. There is no assurance that the Company will be successful in obtaining the required financing to complete a feasibility study or construct and operate a mine at Livengood (should a production decision be made). Failure to raise the required funds could result in the interest of the Company in the Livengood project being significantly diluted, or lost altogether or the Company being unable to complete a feasibility study or construct a mine at Livengood (following any production decision that may be made).

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of the Livengood project or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of Livengood with the possible loss of its interest in such property.

Dilution to the Company's existing shareholders: The Company may require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Increased costs: Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as changing ore grade, metallurgy and revisions to mine plans, if any, in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities such as fuel, rubber and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. A material increase in costs at any significant location could have a significant effect on the Company's profitability.

Dependence Upon Others and Key Personnel : The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise.

Currency Fluctuations: The Company maintains its accounts in Canadian and U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations may materially affect the Company's financial position and results.

Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Limited Experience with Development-Stage Mining Operations : The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places the Livengood project into production.

Estimates of Mineral Reserves and Resources and Production Risks : The mineral resource estimates included in this MD&A are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described in this MD&A should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Enforcement of Civil Liabilities: As substantially all of the assets of the Company and its subsidiaries are located outside of Canada, and certain of the directors and officers of the Company are resident outside of Canada, it may be difficult or impossible to enforce judgements granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

ITH may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in Common Shares that are U.S. taxpayers: Investors in Common Shares that are U.S. taxpayers should be aware that ITH believes that it has been in prior years, and expects it will be in the current year, a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If ITH is or becomes a PFIC, generally any gain recognized on the sale of the Common Shares and any "excess distributions" (as specifically defined) paid on the Common Shares must be rateably allocated to each day in a U.S. taxpayer's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to ITH generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of ITH's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by ITH. U.S. taxpayers should be aware, however, that there can be no assurance that ITH will satisfy record keeping requirements under the QEF rules or that ITH will supply U.S. taxpayers with required information under the QEF rules, in event that ITH is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if ITH is a PFIC and the Common Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which ITH is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the Common Shares.

Selected Financial Information

Selected Annual Information

The Company's audited consolidated financial statements for the year ended May 31, 2011 (the "Financial Statements") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and practices. The following selected financial information is taken from the Company's Financial Statements for the years ended May 31, 2011, 2010 and 2009 and should be read in conjunction with those statements. Selected annual financial information appears below.

Description	May 31, 2011 $ (annual)	May 31, 2010 $ (annual)	May 31, 2009 $ (annual)
Operations:			
Interest Income	$ 675,146	$ 116,936	$ 126,402
Consulting fees (including stock-based compensation)	1,570,146	3,722,579	1,236,468
Property investigation	2,557	395	85,739
Wages and benefits (including stock-based compensation)	5,263,652	5,878,461	2,167,850
Investor relations (including stock-based compensation)	1,148,359	1,117,835	518,419
Foreign exchange gain (loss)	41,225	(76)	127,283
Loss from continuing operations	(9,287,012)	(14,264,957)	(6,427,244)
Loss from discontinued operations	(934,157)	(3,603,369)	(3,346,679)
Net and comprehensive loss	(10,221,169)	(17,868,326)	(9,773,923)
Basic and fully diluted loss per share from continuing operations	(0.12)	(0.24)	(0.14)
Basic and fully diluted loss per share from discontinued operations	$ (0.01)	$ (0.06)	$ (0.07)
Balance sheet:			
Cash	$ 111,165,126	$ 43,460,324	$ 32,489,341
Total Current Assets	112,391,851	44,218,447	32,845,989
Mineral Properties – continuing operations	80,169,668	41,849,485	22,363,153
Mineral Properties – discontinued operations	-	12,245,690	11,054,413
Long term financial liabilities	-	-	-
Cash dividends	$ -	$ -	$ -

Year Ended May 31, 2011 and Transfer of Net Assets

The Company ended the fourth quarter with $111,165,126 of cash and cash equivalents. The Company spent $35,896,786 (2010 - $21,303,867; 2009 - $11,294,605) in exploration costs of continuing operations, used $6,670,925 (2010 - $4,276,027; 2009 - $1,938,845) in operating activities of continuing operations, and raised $113,817,925 (2010 - $38,340,040; 2009 - $36,936,388) through the issuance of common shares, net of costs. Stock-based compensation expense of $3,254,815 (2010 - $7,659,829; 2009 – $2,744,674) from continuing operations in the year ended May 31, 2011 was due to the granting of options and recognizing the expense associated with the vesting of certain stock options granted in the year to employees and consultants.

Discontinued Operations and Transfer of the Nevada and Other Alaska Business under the Arrangement

On August 26, 2010, the Company completed the arrangement under the Plan of Arrangement ("Arrangement") pursuant to which it transferred its other existing Alaska (other than the Livengood project) and Nevada assets to a new public company, Corvus Gold Inc. ("Corvus").

Under the Arrangement, each shareholder of the Company received one Corvus common share for every two ITH common shares held as at the effective date of the Arrangement as a return of capital and exchanged each existing common share of ITH for a new common share of ITH. The "new" ITH common shares are identical in every respect (other than CUSIP number) to the "old" ITH common shares. ITH has transferred its wholly-owned subsidiaries, Raven Gold Alaska Inc. ("Raven Gold"), incorporated in Alaska, and Corvus Gold Nevada Inc. (formerly "Talon Gold Nevada Inc."), incorporated in Nevada to Corvus. As a result of the Arrangement, there was an effective spin-out by ITH of certain of its mineral properties, being Chisna, West Pogo, Terra and LMS in Alaska, and North Bullfrog in Nevada (the "Spin-out Properties"), (together the "Nevada and Other Alaska Business") to Corvus.

The Company did not realize any gain or loss on the transfer of the Nevada and Other Alaska Business, which was comprised of a working capital contribution of $3,300,000 in cash and the Nevada and Other Alaska Business assets and liabilities as at the effective date of the Arrangement. Costs of the Arrangement, comprised principally of legal and regulatory expense, off-set by property facilitation payments and interest from payments made in connection with the Chisna spin-out property, amounted to a net expense of $282,442 (2010 - $25,961 net recovery; 2009 - $nil net expenses) during the year.

As a result of the Arrangement being completed, the Company has accounted for results related to the Nevada and Other Alaska Business up to the effective date of the Arrangement as discontinued operations (see below) and as a result the balance sheet of the Company at May 31, 2011 excludes the assets and liabilities related to the discontinued operations and reflects the decreased deficit which arises on the transfer of the Nevada and Other Alaska Business assets to Corvus, consequently, there are significant differences when compared to the year ended May 31, 2010. Due to the ongoing exploration at Livengood and the transfer of $3.3 million in cash and the Nevada and Other Alaska Business to Corvus, the net assets of the Company have decreased by approximately $12.8 million.

The Company has, in accordance with CICA 3475, "Disposal of Long-lived Assets and Discontinued Operations", accounted for the financial results associated with the Nevada and Other Alaska Business up to the date of the Arrangement as discontinued operations in its consolidated financial statements and has reclassified the related amounts for the current and prior period.

The amount recognized as loss from discontinued operations includes the direct operating results of the Nevada and Other Alaska Business and an allocation of head office general and administrative expense. The allocation of head office general and administrative expense was calculated on the basis of the ratio of costs incurred on the Spin-out Properties in each period presented as compared to the costs incurred on all mineral properties of the Company in each of the periods. Management cautions readers of the Company's consolidated financial statements that the allocation of expenses does not necessarily reflect future general and administrative expenses.

The following table shows the results related to discontinued operations for the years ended May 31, 2011 and 2010. Included therein is $756,202 (2010 - $2,241,363) of stock-based compensation charges:

	2011	2010
Administration	$ 1,780	$ 8,712
Charitable donations	5,413	14,819
Consulting fees	265,721	1,089,274
Foreign exchange (gain) loss	(20,318)	7,181
Insurance	10,099	37,633
Investor relations	130,737	327,092
Office and miscellaneous	7,214	29,614
Professional fees	40,741	182,477
Property investigations	291	83
Regulatory	3,816	66,040
Rent	5,302	26,180
Telephone	2,418	7,099
Travel	5,625	37,757
Wages and benefits	475,318	1,769,408
Write-off of mineral properties	-	-
Loss from discontinued operations	$ 934,157	$ 3,603,369

The transfer of the assets is summarized in the table below:

	August 25, 2010	May 31, 2010
Cash and cash equivalents	$ 1,203,240	$ -
Accounts receivable	199	97
Prepaid expenses	3,200	13,566
Mineral Properties	12,392,408	12,245,690
Accounts payable	(773,264)	(85,094)
Net assets transferred to Corvus	$ 12,825,783	

Comparison to Selected Prior Quarterly Periods

The following selected financial information is a summary of quarterly results taken from the Company's audited consolidated financial statements of the Company. The information relates to the Company's continuing operations.

Three months ended May 31	2011	2010
Interest Income	$ 317,865	$ 29,643
Stock-based compensation	190,868	6,849,480
Net loss from continuing operations	(1,603,186)	(7,762,533)
Basic and diluted loss per common share from continuing operations	$ (0.02)	$ (0.13)

As at	May 31, 2011	May 31, 2010
Working capital from continuing operations	$ 108,354,423	$ 43,016,919
Total assets from continuing operations	$ 192,705,090	$ 86,134,309
Total liabilities from continuing operations	$ 4,037,428	$ 1,187,865
Share capital	$ 215,544,180	$ 124,277,370

Year ended May 31, 2011 Compared to Year ended May 31, 2010

For the year ended May 31, 2011, the Company had loss from continuing operations of $9,287,012, as compared to loss of $14,264,957 in the prior year. The decreased loss of $4,977,945 in the current year was due to a combination of factors discussed below.

General and administrative (operating) expenses for the year totalled $10,857,916 compared to $15,733,858 in 2010. These figures combine the Company's continued and discontinued operations as overall expense categories and are best understood on a combined basis for this quarter due to the timing of the Arrangement transaction late in the first quarter on August 25, 2010. As discussed above, operating costs were allocated to Corvus on the basis of the ratio of Spin-out Properties book values to the book values of all properties during the quarter and up to the date of the Arrangement transaction. For the year ended May 31, 2011, 19.8% of eligible costs from June 1 to the date of the Arrangement were allocated to Corvus.

2011	Combined	Allocated to Corvus	Net to ITH
Administration	$ 33,324	$ (1,780)	$ 31,544
Amortization	42,375	-	42,375
Charitable donations	70,050	(5,413)	64,637
Consulting fees	1,835,867	(265,721)	1,570,146
Insurance	225,327	(10,099)	215,228
Investor relations	1,279,096	(130,737)	1,148,359
Office and miscellaneous	289,054	(7,214)	281,840
Professional fees	708,146	(40,741)	667,405
Property investigation	2,848	(291)	2,557
Regulatory	191,937	(3,816)	188,121
Rent	172,999	(5,302)	167,697
Telephone	52,106	(2,418)	49,688
Travel	215,817	(5,625)	210,192
Wages and benefits	5,738,970	(475,318)	5,263,652
Subtotal	(10,857,916)	954,475	(9,903,441)
Foreign exchange loss (gain)	61,543	(20,318)	41,225
Interest income	675,146	-	675,146
Spin-out (cost) recovery	(282,442)	-	(282,442)
Unrealized gain on held for trading investment	182,500	-	182,500
	$ (10,221,169)	$ 934,157	$ (9,287,012)

2010	Combined	Allocated to Corvus	Net to ITH
Administration	$ 38,484	$ (8,712)	$ 29,772
Amortization	28,477	-	28,477
Charitable donations	65,459	(14,819)	50,640
Consulting fees	4,811,853	(1,089,274)	3,722,579
Insurance	166,240	(37,633)	128,607
Investor relations	1,444,927	(327,092)	1,117,835
Office and miscellaneous	128,738	(29,614)	99,124
Professional fees	797,345	(182,477)	614,868
Property investigation	478	(83)	395
Regulatory	290,183	(66,040)	224,143
Rent	115,653	(26,180)	89,473
Telephone	31,360	(7,099)	24,261
Travel	166,792	(37,757)	129,035
Wages and benefits	7,647,869	(1,769,408)	5,878,461
Subtotal	(15,733,858)	3,596,188	(12,137,670)
Foreign exchange loss (gain)	(7,257)	7,181	(76)
Interest income	116,936	-	116,936
Spin-out (cost) recovery	25,961	-	25,961
Write-off mineral properties	(2,372,358)	-	(2,372,358)
Unrealized gain on held for trading investment	102,250	-	102,250
	$ (17,868,326)	$ 3,603,369	$ (14,264,957)

During the year ended May 31, 2011, some expense categories increased significantly when compared with the prior year.

Consulting fees decreased to $1,570,146 (2010 - $3,722,579) mainly due to SBC expense of $1,010,894 during the current year compared to $3,295,260 in the prior year. The increase of $131,933 is mainly due to increase in consulting personnel in the current year compared to the prior year.

Investor relations expenses increased to $1,148,359 (2010 - $1,117,835) due to SBC expense of $366,667 during the current year compared to $710,090 in the prior year. The additional increase of $373,947 was due to a combination of an increase in the number of personnel, an increase in investor relations-related travelling, an increase in the number and amount of mail-outs, printing and reproduction due to the Company's increased effort in fully informing the investment community during the Arrangement process.

Professional fees increased to $667,405 (2010 - $614,868) mainly due to SBC expenses of $87,356 during the current year compared to $59,481 in the prior year. As well, the Company increased its audit accrual in the current year by approximately $30,000 in anticipation of the increased disclosure requirements due to the Arrangement.

Wages and benefits decreased to $5,263,652 (2010 – $5,878,461) as a result of SBC expense of $1,789,898 during the current year compared to $3,594,998 in the prior year. The additional increase was due to higher labour costs per person combined with additional personnel and officers being hired in the current year.

Insurance costs increased to $215,228 (2010 – $128,607) due to increased coverage for general liability and contractor equipment now required for the level of exploration activity currently underway at Livengood. Travel expenses increased to $210,192 (2010 - $129,035) due to increase in personnel and increase in activities in Livengood.

Amortization expenses increased to $42,375 (2010 - $28,477) due to the amortization of remaining balance in leasehold improvements in the Vancouver office after relocation. Regulatory expenses decreased to $188,121 (2010 - $224,143) mainly due to the cost of original listing fee of $200,000 paid to the TSX in the prior year. Rent increased to $167,697 (2010 - $89,473) and telephone expenses increased to $49,688 (2010 - $24,261) due to additional expenses incurred in the Alaska office. Office and miscellaneous expenses increased to $281,840 (2010 - $99,124) for additional expenses on Alaska's office and software purchased.

Other expenses categories which reflected only moderate change period over period were charitable donations of $64,637 (2010 - $50,640), property investigation expenses of $2,557 (2010 - $395) and administration expenses of $31,544 (2010 - $29,772).

Other items amounted to a gain of $616,429 compared to a loss of $2,127,287 in the prior year. The decreased loss in the current year resulted from an increase in interest income to $675,146 (2010 – $116,936) due to the Company having a stronger cash position. There was an additional net expense of $282,442 related to legal and regulatory expense, off-set by property facilitation payments and interest from earned-in of the Chisna spin-out property due to the Arrangement in the current year compared to $25,961 net recovery in the prior year. The additional expense was offset by the write-off of mineral property expenses of $2,372,358 in the prior year. The changes in foreign exchange gain of $41,225 (2010 – $76 loss) and the unrealized gain on held-for-trading investments of $182,500 (2010 - $102,250) are both the result of factors outside of the Company's control.

Three Months ended May 31, 2011 compared to Three Months ended May 31, 2010

The Company incurred a net loss of $1,603,186 for the quarter ended May 31, 2011, compared to a net loss of $9,915,596 in the same period of the prior year. Besides stock-based compensation of $190,868 (2010 - $6,849,480), the decrease in the net loss was due mainly to the following:

Consulting fees decreased to $273,785 (2010 - $3,369,139) as a result of SBC expense of $nil during the current period compared to $3,295,260 in the comparative period of the prior year. The increase of $199,906 is mainly due to increase in consulting personnel in the current period compared to the same period in the prior year.

Investor relations expenses decreased to $170,639 (2010 - $677,685) due to SBC expense of $54,019 during the current quarter compared to $553,304 in the comparative quarter of the prior year.

Professional fees decreased to $211,128 (2010 - $307,472) due to SBC expense of $14,405 during the current period compared to $59,481 in the comparative period of the prior year. The decrease of $51,268 is due to the Company having additional legal fees in the comparative period of the prior year leading up to the Arrangement of approximately $50,000.

Wages and benefits decreased to $965,685 (2010 – $3,279,530) as a result of SBC expense of $122,444 during the current period compared to $2,941,435 in the comparative period of the prior year. The remaining increase was due to higher labour costs per person combined with additional personnel and officers being hired in the current period.

Insurance costs increased to $52,099 (2010 – $41,476) due to increased coverage for general liability and contractor equipment now required for the level of exploration activity currently underway at Livengood. Travel expenses increased to $91,556 (2010 - $39,697) due to increase in personnel and increase in activities in Livengood.

Regulatory expenses increased to $88,282 (2010 - $45,737) mainly due increased cost of the base and variable fee paid to the TSX in the current period. Office and miscellaneous expenses increased to $70,133 (2010 - $28,776) for additional expenses on Alaska's office. Rent increased to $48,436 (2010 - $26,655) and telephone expenses increased to $13,765 (2010 - $9,908) due to additional expenses incurred in the Alaska office. Amortization expenses increased to $20,580 (2010 - $6,415) due to the amortization of remaining balance in leasehold improvements in the Vancouver office after relocation.

Other expenses categories which reflected only moderate change period over period were charitable donations of $11,207 (2010 - $31,767) and administration expenses of $4,461 (2010 - $8,324).

Other items amounted to a gain of $418,843 compared to a gain of $109,259 in the same period of the prior year. The increased gain in the current period resulted from an increase in interest income to $317,865 (2010 – $29,643) due to the Company having a stronger cash position. There was an additional net recovery of $217,660 related to legal and regulatory expense, off-set by property facilitation payments and interest from payments in connection with the Chisna spin-out property due to the Arrangement in the current period compared to $25,961 net recovery in the comparative period of the prior year. The changes in foreign exchange gain of $29,818 (2010 – $13,143 loss) and the unrealized loss on held for trading investments of $146,500 (2010 - $53,500 (gain)) are both the result of factors outside of the Company's control.

Stock-based compensation ("SBC")

SBC charges for the year ended May 31, 2011 of $3,254,815 (2010 - $7,659,829) were allocated as follows:

2011	Before allocation of SBC	SBC	After Allocation of SBC
Consulting	$ 559,252	$ 1,010,894	$ 1,570,146
Investor relations	781,692	366,667	1,148,359
Professional fees	580,049	87,356	667,405
Wages and benefits	3,473,754	1,789,898	5,263,652
		$ 3,254,815	

2010	Before allocation of SBC	SBC	After Allocation of SBC
Consulting	$ 427,319	$ 3,295,260	$ 3,722,579
Investor relations	407,745	710,090	1,117,835
Professional fees	555,387	59,481	614,868
Wages and benefits	2,283,463	3,594,998	5,878,461
		$ 7,659,829	

Supplemental Information:
Comparison to Prior Quarterly Periods

The following selected financial information is a summary of quarterly results taken from the Company's unaudited quarterly consolidated financial statements:

Description	May 31, 2011	February 28, 2011	November 30, 2010	August 31, 2010
Interest Income	$ 317,865	$ 269,602	$ 27,142	$ 60,537
Net loss – continuing operations	(1,603,186)	(1,363,198)	(2,152,456)	(4,168,172)
Net loss – discontinued operations	-	-	-	(934,157)
Net loss	(1,603,186)	(1,363,198)	(2,152,456)	(5,102,329)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.08)

Description	May 31, 2010	February 28, 2010	November 30, 2009	August 31, 2009
Interest Income	$ 29,643	$ 28,488	$ 32,077	$ 26,728
Net loss – continuing operations	(7,762,533)	(3,373,101)	(2,507,666)	(621,657)
Net loss – discontinued operations	(2,153,063)	(531,654)	(679,950)	(238,702)
Net loss	(9,915,596)	(3,904,755)	(3,187,616)	(860,359)
Basic and diluted loss per common share from continuing operations	$ (0.16)	$ (0.07)	$ (0.05)	$ (0.02)

The previous discussion discusses the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties (following the spin-out of its non-Livengood properties to Corvus, its only mineral property is the Livengood project), none of which are possible to predict with any accuracy. There are no general trends regarding the Company's quarterly results, and the Company's business of mineral exploration is not seasonal. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options or paid any employee bonuses and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. The write-off of mineral properties can have a material effect on quarterly results as and when they occur (as, for example in the quarters ended November 30, 2009 and February 28, 2010). Another factor which can cause a material variation in net loss on a quarterly basis is the grant of stock option due to the resulting stock-based compensation charges which can be significant when they arise. This can be seen in the quarters ended February 28, 2010 and May 31, 2010). The payment of employee bonuses (which tend to be awarded in November/December), being once-yearly charges can also materially affect operating losses (as, for example, in the quarters ended February 28, 2010 and February 28, 2011). General operating costs other than the specific items noted above tend to be quite similar from period to period, although they will increase quarter over quarter as the Company increases the number of employees as necessary to meet the requirements of its increased work at the Livengood project. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the sale of its equity securities by way of private placements and the subsequent exercise of share purchase warrants and broker warrants and options issued in connection with such private placements. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study for the Livengood projects.

As at May 31, 2011, the Company reported cash and cash equivalents of $111,165,126 compared to $43,460,324 at May 31, 2010. The increase of approximately $68 million resulted both from the completion of the Arrangement, pursuant to which $3.3 million in cash and the Spin-out Properties and associated expenses plus an allocation of administrative expenses, were transferred to Corvus, and from the expenditures on its Livengood project through the 2010-2011 exploration season. The Company continues to utilize its cash resources to fund the Livengood project exploration and administrative requirements. During the year ended May 31, 2011, the Company had changes in its cash position as the net result of share issuances in financing activities totalling $113,817,925 (2010 - $38,340,040) for the year, being issuances to AngloGold on a private placement basis for gross proceeds of $8,776,508 (2010 - $3,630,650), a bought deal and non-brokered financings at $6.25 per share for gross proceeds of $100,657,719 (2010 – non-brokered financings at $6.00 per share for gross proceeds of $30,000,000) plus the issuance of shares upon the exercise of incentive stock options and warrants for proceeds of $8,644,792 (2010 - $6,003,358). Share issuance costs for the foregoing totalled $4,261,094 (2010 - $1,293,968). Offsetting this were investing activities comprised primarily of mineral property expenditures of $35,896,786 (2010 - $21,303,867), purchase of property and equipment of $105,906 (2010 - $41,248) and general operating costs of $6,670,925 (2010 - $4,276,027) during the period.

As at May 31, 2011, the Company had working capital of $108,354,423 compared to working capital of $42,945,488 at May 31, 2010. The Company expects that it will operate at a loss for the foreseeable future, but believes the current cash and cash equivalents will be sufficient for it to complete the planned exploration programs and pre-feasibility/feasibility study activities at Livengood, and its currently anticipated general and administrative costs, for the next 32 months to April 2014. However, the Company will require significant additional financing to continue its operations (including general and administrative expenses) beyond that date, particularly in connection with any post feasibility study activities at Livengood and the development of any mine that may be determined to be built at Livengood, and there is no assurance that the Company will be able to obtain the additional financing required on acceptable terms, if at all. In addition, any significant delays in the issuance of required permits for the ongoing work at Livengood, or unexpected results in connection with the ongoing work, could result in the Company being required to raise additional funds to complete the feasibility study.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets – see "Risk Factors – Insufficient Financial Resources/Share Price Volatility". The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Colorado, all of the Company's cash reserves are on deposit with a major Canadian chartered bank or invested in Government of Canada Treasury Bills or Banker's Acceptances issued by major Canadian chartered banks. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

The following table discloses, as of August 31, 2011 the Company's contractual obligations for optional mineral property payments and work commitments and committed office and equipment lease obligations. The Company does not have any long-term debt or loan obligations. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease and/or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur and such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties and exercises the purchase option under an existing ten-year mineral property lease required to be exercised on or before September 1, 2016 (the end of the term of the lease), but no other lease purchase or royalty buyout options:

Contractual Obligations	**Payments Due by Period**(4)			
	Total	***Prior to May 31, 2012 (9 months)***	***June 1, 2012 to May 31, 2015 (36 months)***	***June 1, 2015 to May 31, 2018 (36 months)***
Mineral Property Leases(1)(2)	12,751,859	141,359	11,302,750	1,307,750
Mining Claim Government Fees	373,590	53,370	160,110	160,110
Office and Equipment Lease Obligations(3)	2,863,173	340,775	1,323,497	1,198,901
Total Contractual Obligations	15,988,622	535,504	12,786,357	2,666,761

Notes:

1. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work for which will actually be carried out by the Company.
2. Does not include potential royalties that may be payable (other than annual minimum royalty payments).

3. Assumes that current office and storage leases are extended beyond current termination dates at the same terms.
4. Assumes CAD and USD at par.

Transactions with Related Parties

During the three months ended May 31, 2011, the Company incurred the following related party expenditures. These figures do not include stock-based compensation.

Name	Relationship	Purpose of transaction		Amount
Steve Aaker	Director of the Company	Director's fees	$	7,500
Daniel Carriere	Director of the Company	Director's fees	$	7,500
Anton Drescher	Director of the Company	Director's fees	$	7,500
Timothy Haddon	Director of the Company	Director's fees	$	7,500
Ronald Sheardown	Director of the Company	Director's fees	$	8,000
Jeff Pontius	Director and former CEO of the Company (resigned on June 1, 2011)	Wages & Benefits	$	72,535
Carl Brechtel	President & COO of the Company	Wages & Benefits	$	60,554
Lawrence Talbot	VP & General Counsel of the Company	Wages & Benefits	$	12,500
Russell E. Myers	VP, Exploration of the Company	Wages & Benefits	$	47,148
Winslow Associates Management and Communications Inc.	Company controlled by the CFO of the Company	Consulting	$	22,500
Marla Ritchie	Corporate Secretary VP Corporate Communications	Consulting	$	3,000
Shirley Zhou	(commenced January 11, 2011)	Investor relations	$	41,598
Lawrence W. Talbot Law Corporation	Company controlled by VP & General Counsel of the Company	Professional fees	$	12,500
Cardero Resource Corp.	Company with common officers and directors	Administration	$	4,461
Cardero Resource Corp.	Company with common officers and directors	Rent	$	7,274

The Company has entered into a retainer agreement dated August 1, 2008 with Lawrence W. Talbot Law Corporation ("LWTLC"), pursuant to which LWTLC agrees to provide legal services to the Company. Pursuant to the retainer agreement, the Company has agreed to pay LWTLC a minimum annual retainer of $50,000 (plus applicable taxes and disbursements). The retainer agreement may be terminated by LWTLC on reasonable notice, and by the Company on one year's notice (or payment of one year's retainer in lieu of notice). An officer of the Company is a director and shareholder of LWTLC.

The Company also entered into a private placement transaction with AngloGold as discussed under "Financing Activities". This transaction is considered to be a related party transaction by virtue of the ownership by AngloGold of in excess of 10% of the Company's outstanding common shares.

These transactions with related parties have been valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed, except that management of the Company, having been granted authority to do so by the board, is currently negotiating with a number of landowners to acquire additional ground in the vicinity of the Livengood project and believes that it will be successful in negotiating one or more of such acquisitions at prices acceptable to the Company. If this is the case, the Company will proceed with such acquisitions. However, to date, no agreements regarding any such acquisitions have been executed and there can be no certainty that any such agreements will be successfully concluded or executed.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates in the preparation of the Company's consolidated financial statements include the rates of amortization for equipment, the recoverability of mineral properties, the assumptions used in the determination of the fair value of financial instruments and SBC, allocation of administrative expenses to discontinued operations, and the determination of the valuation allowance for future income tax assets and accruals. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

Changes in Accounting Policies Including Initial Adoption

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed that effective on January 1, 2011, IFRS will replace Canadian GAAP as the basis for accounting for publicly accountable enterprises. The first period reported under IFRS by the Company will be the three month period ended August 31, 2011 and the Company's first fiscal year end date under IFRS will be the fiscal year ending May 31, 2012.

The change from Canadian GAAP to IFRS will be a significant undertaking and may have significant effects on the Company's accounting, internal controls, disclosure controls and financial statement presentation.

Design and planning

The Company commenced transition plan development in 2009. The Company has determined its preliminary IFRS policy decisions and significant expected accounting differences, based on an analysis of the current IFRS standards, and the following section outlines each of these. As the conversion work continues, additional differences between Canadian GAAP and IFRS may be identified. As a result, these accounting policy choices may change prior to the adoption of IFRS on June 1, 2011. Although the Company has identified key accounting policy differences, the impact of these differences to its consolidated financial statements has not been determined at this time. Decisions with respect to accounting policy changes, outlined below, may change once management has quantified and thoroughly analyzed the effects of such changes and has presented them for final review and approval by the Company's Audit Committee.

First-time Adoption of IFRS (IFRS 1)

In the first year of transition to IFRS, a company is allowed to elect certain exceptions from IFRS not to apply each IFRS on a retrospective basis. IFRS 1 has certain mandatory exemptions as well as limited optional exemptions. Based on analysis to date, the Company expects to apply the following optional exemptions under IFRS 1 that will be significant in preparing the financial statements under IFRS:

Share-Based Payments

A company may elect not to apply IFRS 2 “Share-Based Payments” to equity instruments which vested before the transition date to IFRS. The Company will elect, on transition to IFRS, to apply the optional exemption such that equity instruments which vested prior to the transition date of June 1, 2010, will not be restated.

Accounting policies

The Company has determined that the main impact of IFRS on the Company will involve a significant increase in note disclosure as well as certain presentation differences.

Property, plant and equipment

Although the design stage is not completed yet, the Company is not expecting to apply the fair value method to determine the deemed opening cost under IFRS which is one of the significant IFRS 1 exemptions.

The accounting policy of the Company will be amended to:

- Review useful life, residual value and method of depreciation on an annual basis.
- Identify all significant components and their respective useful lives.
- Capitalize major maintenance and replacement of significant parts and derecognize the carrying value of the replaced parts.
- Include constructive obligations for significant dismantling and removal costs.

Financial instruments

The accounting policy of the Company will be amended to:

- Include changes to impairments of financial assets and their possible reversal.
- Detail the conditions that need to be met for the designation of a financial instrument as “fair value through profit and loss”.

Impairment of assets

The accounting policy of the Company will be amended to:

- Change the assessment method of whether impairment exists. The two step approach allowed under Canadian GAAP is not acceptable under IFRS. Therefore, the discounted cash flows are taken as an indication to determine impairment.

Share-based payments

Canadian GAAP allows certain policy choices in the calculation of stock based compensation. The Company currently amortizes grants in their entirety on a straight-line basis over the vesting term. IFRS standards require each tranche in the grant to be amortized over its respective vesting period. As a result of these changes, share-based compensation expense will be accelerated under IFRS. At each reporting date, the amount recognized as SBC under IFRS is adjusted to reflect management's estimate of forfeiture, whereas under Canadian GAAP forfeitures are recorded when incurred. In addition, unvested options at May 31, 2010 will be re-valued under IFRS, with consequent adjustments to opening retained earnings. The Company currently has unvested options as at May 31, 2011.

This list should not be regarded as a complete list of changes that will result from transition to IFRS. It is intended to highlight those areas we believe to be most significant; however, our analysis of possible changes is still in process and not all decisions have been made where choices of accounting policies are available. Until our adoption date is finalized, the Company is not able to reliably quantify the impacts expected on our consolidated financial statements for these differences.

Presentation and disclosure

IFRS will require more in depth disclosure. The Company has taken the necessary steps to adjust the system requirements to ensure appropriate data collection for disclosure purposes.

Post implementation

During this stage the Company will perform a review of the IFRS transition and ensure the preparation of financial statements in compliance with IFRS without external support.

The Company will stay informed on the upcoming changes to the IFRS based on the projects in place or to be initiated by the International Accounting Standards Board and will adjust its plan accordingly to include all key elements to ensure its compliance during 2011.

Changes in Accounting Policies Including Initial Adoption

There have been no changes in accounting policies since June 1, 2010, being the start of the Company's most recently completed fiscal year.

Financial Instruments and Other Instruments

The carrying values of the Company's financial instruments, which include cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities, approximate their respective fair values due to their short-term maturity. Due to the short term of all such instruments, the Company does not believe that it is exposed to any material risk with respect thereto.

The Company's cash and cash equivalents at May 31, 2011 was $111,165,126 of which $4,002,559 was held in US dollars.

The Company's accounts receivables and payables at May 31, 2011 were normal course business items that are settled on a regular basis. The Company's investment in Millrock Resources Inc. ('Millrock") and Ocean Park Ventures Corp. ("OPV") were carried at quoted market value, and were classified as "held-for-trading" for accounting purposes. The Company has no current plans to dispose of any significant portion of its investments in Millrock and OPV.

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with GAAP in Canada and in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's consolidated financial statements in accordance with GAAP; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2011.

Changes in Internal Control Over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the three months ended May 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure of Outstanding Share Data (At August 26, 2011)

Authorized and Issued capital stock:

Authorized	Issued		Value
500,000,000 common shares without par value	86,683,919	$	215,774,130

Incentive Stock Options Outstanding:

Number	Exercise Price	Expiry Date
250,000	$ 7.95	January 12, 2012
2,660,000	$ 7.34	April 14, 2012
1,390,000	$ 6.57	August 19, 2012
265,000	$ 9.15	January 10, 2013
1,000,000	$ 8.35	May 9, 2016
950,000	$ 7.47	July 28, 2013
650,000	$ 8.07	August 24, 2016
7,165,000		

Warrants Outstanding:

There were no share purchase warrants outstanding at the date of this MD&A.

Additional Sources of Information

Additional disclosures pertaining to the Company, including its most recent Annual Information Form, financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedar.com or on the Company's website at www.ithmines.com. Readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Exhibit 99.4

CERTIFICATION

I, James J. Komadina, certify that:

1. I have reviewed this annual report on Form 40-F of International Tower Hill Mines Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-5(f) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: August 26, 2011

By: /s/ James J. Komadina

Name: James J. Komadina
Title: President and Chief Executive Officer

Exhibit 99.5

CERTIFICATION

I, Michael Kinley, certify that:

1. I have reviewed this annual report on Form 40-F of International Tower Hill Mines Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-5(f) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: August 26, 2011

By: /s/ Michael Kinley

Name: Michael Kinley
Title: Chief Financial Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of International Tower Hill Mines Ltd. (the "Company") on Form 40-F for the period ended May 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Komadina, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 26, 2011

/s/ James J. Komadina

Name: James J. Komadina
Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to International Tower Hill Mines Ltd. and will be retained by International Tower Hill Mines Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.7

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of International Tower Hill Mines Ltd. (the "Company") on Form 40-F for the period ended May 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Kinley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 26, 2011

/s/ Michael Kinley

Name: Michael Kinley
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to International Tower Hill Mines Ltd. and will be retained by International Tower Hill Mines Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

CHARTERED ACCOUNTANTS

MacKay LLP

1100 – 1177 West Hastings Street
Vancouver, BC V6E 4T5
Tel: (604) 687-4511
Fax: (604) 687-5805
Toll Free: 1-800-351-0426
www.MacKayLLP.ca

mackay.ca

Exhibit 99.8

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the inclusion in this Annual Report on Form 40-F of our audit report dated August 26, 2011 with respect to the consolidated financial statements of International Tower Hill Mines Ltd. (the "Company") for each of years in the three year period ended May 31, 2011 and to the incorporation by reference of this Annual Report on Form 40-F, together with our audit report contained herein, in the Company's Form S-8 Registration Statement (SEC File No. 333-158533).

/s/ **MacKay** LLP

Chartered Accountants
Vancouver, British Columbia, Canada
August 26, 2011

Exhibit 99.9

CONSENT OF EXPERT

August 26, 2011

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Timothy Carew, P.Geo., do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated August 26, 2011.

I also consent to the use of my name in the Company's Form 40-F Annual Report, and any amendments thereto, and Annual Information Form dated August 26, 2011.

By: /s/ Timothy Carew
Timothy Carew, P.Geo., MIMMM
Professional Geoscientist
Reserva International LLC

Exhibit 99.10

CONSENT OF EXPERT

August 26, 2011

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, William J. Pennstrom, Jr., M.A., do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated August 26, 2011.

I also consent to the use of my name in the Company's Form 40-F Annual Report, and any amendments thereto, and Annual Information Form dated August 26, 2011.

By: /s/ William Pennstrom Jr.

William J. Pennstrom, Jr.
QPMMSA, SME
Pennstrom Consulting Inc.

Exhibit 99.11

CONSENT OF EXPERT

August 26, 2011

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Carl E. Brechtel, P.E., do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated August 26, 2011.

I also consent to the use of my name in the Company's Form 40-F Annual Report, and any amendments thereto, and Annual Information Form dated August 26, 2011.

By: /s/ Carl E. Brechtel
Carl E. Brechtel, P.E., SME
President and Chief Operating Officer
International Tower Hill Mines Ltd.

Exhibit 99.12

CONSENT OF EXPERT

August 26, 2011

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Russell Myers, CPG, do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated August 26, 2011.

I also consent to the use of my name in the Company's Form 40-F Annual Report, and any amendments thereto, and Annual Information Form dated August 26, 2011.

By: /s/ Russell Myers
Russell Myers, CPG
President
Corvus Gold Inc.

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Exhibit 99.13

CONSENT OF EXPERT

August 26, 2011

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Chris Puchner, CPG, do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated August 26, 2011.

I also consent to the use of my name in the Company's Form 40-F Annual Report, and any amendments thereto, and Annual Information Form dated August 26, 2011.

By: /s/ Chris Puchner
Chris Puchner, CPG
Chief Geologist
International Tower Hill Mines Ltd.

Exhibit 99.14

CONSENT OF EXPERT

August 26, 2011

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Scott Wilson, CPG, do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated August 26, 2011.

I also consent to the use of my name in the Company's Form 40-F Annual Report, and any amendments thereto, and Annual Information Form dated August 26, 2011.

By: /s/ Scott Wilson
Scott Wilson, CPG
Scott E. Wilson Consulting, Inc.