UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

o **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, 2009

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.)

#1920 - 1188 West Georgia Street

Vancouver, British Columbia, V6E 4A2

(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:
Kenneth G. Sam
Dorsey & Whitney LLP
Republic Plaza Building, Suite 4700
370 Seventeenth Street
Denver, Colorado 80202
(303) 629-3445

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**

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, 2009, **56,457,973** 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 **x** No

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). o Yes o 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.

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.

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:

- risks relating to the Company's ability to finance the exploration and development of its mineral properties;
- permitting risks relating to the Company's exploration and development of its mineral properties and business activities;
- risks and uncertainties relating to the interpretation of exploration results, geology, grade and continuity of the Company's mineral deposits;
- commodity price fluctuations (particularly gold and silver commodities);
- currency fluctuations;
- risks related to governmental regulations, including environmental regulations;
- risks related to possible reclamation activities on the Company's properties;
- the Company's ability to attract and retain qualified management and the Company's dependence upon such management in the development of its mineral properties;
- increased competition in the exploration industry;
- the Company's lack of infrastructure;
- the Company's history of losses and expectation of future losses.

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 ("AIF") of the Company filed as Exhibit 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 prepares its financial statements, which are filed as Exhibit 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. Significant measurement differences between Canadian GAAP and United States GAAP are described in Note 11 of the audited consolidated financial statements of the Company.

RESOURCE AND RESERVE ESTIMATES

The Company's AIF filed as Exhibit 1 to this annual report on Form 40-F has 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. These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1993, as amended (the "Securities Act"). Under SEC Ind ustry 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; 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 b asis 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 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.

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, on May 29, 2009, based upon the noon rate of exchange as quoted by the Bank of Canada was Cdn.$1.00 = US$0.9123.

ANNUAL INFORMATION FORM

The Company’s AIF for the fiscal year ended May 31, 2009 is filed as Exhibit 1 and incorporated by reference in this annual report on Form 40-F.

AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the years ended May 31, 2009, 2008 and 2007, including the report of the independent auditor with respect thereto, are filed as Exhibit 2 and incorporated by reference in this annual report on Form 40-F. For a reconciliation of material measurement differences between Canadian and United States GAAP, see Note 11 to the Company’s audited consolidated financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Company’s management’s discussion and analysis (“MD&A”) is filed as Exhibit 3 and incorporated by reference in this annual report on Form 40-F.

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.

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, 2009, an evaluation was carried out under the supervision of, and the 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 effective 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 communicate d 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 Rules 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 prov ide 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, 2009. 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, 2009, 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.

Auditor's Attestation Report

This annual report on Form 40-F does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during its fiscal year ended May 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CORPORATE GOVERNANCE

The Company has a Compensation Committee, and a Corporate Governance and Nominating Committee each comprised of independent directors, as determined by the Company's Board of Directors based on the requirements for independence and unrelatedness set forth in section 803 of the NYSE Amex Company Guide.

AUDIT COMMITTEE

Audit Committee

The Company has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The Company's Audit Committee is composed of Michael Bartlett, Rowland Perkins and Ronald Sheardown, all of whom, in the opinion of the directors, are independent (as determined under Rule 10A-3 of the Exchange Act and section 803 of the NYSE Amex Company Guide) and are financially literate. The Audit Committee meets the composition requirements set forth by section 803(B)(2) of NYSE Amex Company Guide. Please refer to the Company's AIF attached as Exhibit 1 to this annual report for details in connection with each of the members of the Company's Audit Committee and their qualifications.

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

The Audit Committee meets with the President and 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 the MD&A, 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.

The full text of the Audit Committee Charter is attached as Schedule A to the Company's AIF, attached hereto asExhibit 1, and is incorporated by reference in this annual report on Form 40-F.

Audit Committee Financial Expert

The Company's Board of Directors has determined that Michael Bartlett qualifies as a financial expert (as defined in Item 407 of Regulation S-K under the Exchange Act) and is independent (as determined under Exchange Act Rule 10A-3 and section 803 of the NYSE Amex Company Guide).

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

	2009	2008
Audit	$35,000	$35,000
Audit Related	$5,100	$8,000
Tax	$6,000	$5,080
All Other Fees	$Nil	$Nil
Total	$46,100	$48,080

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

The Audit Committee nominates, for election by the Company's shareholders at the Company's annual general meeting, the Company's independent auditors to audit the Company's financial statements. The Audit Committee is authorized by the Company's Board of Directors to review the performance of the Company's external auditors, to approve in advance the provisions of services by the independent auditors other that auditing and to consider the independence of the external auditors. Such pre-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.

OFF-BALANCE SHEET TRANSACTIONS

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

CODE OF ETHICS

The Company adopted a Code of Business Conduct and Ethics (the "Code") effective September 22, 2006, for all its directors, executive officers and employees. The Code was filed with the SEC as Exhibit 99.5 to the Company's Form 20-F for its fiscal year ended May 31, 2006, filed on December 29, 2006. A copy of the Code is also posted on the Company's website at www.ithmines.com.

All 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 web site, furnished to the SEC under a Current Report on Form 6-K, 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, 2009.

Any person may obtain without charge, upon written request, a copy of the Code by contacting the Vice-President and General Counsel at Suite 1920, 1188 West Georgia Street, Vancouver, BC, V6E 4A2 or by visiting the Company's website at www.ithmines.com.

CONTRACTUAL OBLIGATIONS

The following table discloses 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 properties and completes its currently proposed property purchase:

Contractual Obligations	**Payments Due by Period**[4]			
	Total	***Prior to May 31, 2010 (9 months)***	***June 1, 2010 to May 31, 2013 (36 months)***	***June 1, 2013 to May 31, 2016 (36 months)***
Mineral Property Leases[1][2][5]	10,286,375	1,315,245	4,285,565	4,685,565
Option Agreements[5]	Nil	Nil	Nil	Nil
Mineral Property Purchase Agreements[5]	250,000	250,000	Nil	Nil
Mining Claim Government Fees	4,648,035	666,265	1,990,885	1,990,885
Office and Equipment Lease Obligations[3]	1,058,720	127,400	465,660	465,660
Total Contractual Obligations	16,243,130	2,358,910	6,742,110	7,142,110

Notes:

1. Does not include value of common shares required to be issued by the Company, but does include work expenditures required to be incurred under underlying mineral property leases.
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.
5. Assumes completion of buyout of the interest of Redstar Gold Corp. in the North Bullfrog project, Nevada.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended May 31, 2009 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

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 company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. 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 Articles. A quorum for a meeting of shareholders of the Company is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued common 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 the Company's home country law, in which case the Company is required to make the disclosure of such transactions available on its website at wwwithmines.com. Information contained on the Company's website is not part of this annual report.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC 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

Concurrently with the filing of this annual on Form 40-F, the Company has filed an Appointment of Agent for Service of Process and Undertaking on Form F-X 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.

EXHIBIT INDEX

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

Exhibit	Description
Annual Information	
1	Annual Information Form of the Company for the year ended May 31, 2009
2	Audited consolidated financial statements of the Company and notes thereto for the years ended May 31, 2009, 2008 and 2007 together with the report of the auditors thereon
3	Management's Discussion and Analysis for the years ended May 31, 2009, 2008 and 2007

Certifications

4 Certificate of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

5 Certificate of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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

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

8 Consent of MacKay LLP

9 Consent of Paul Klipfel of Mineral Resource Services Inc.

10 Consent of Tracy Barnes of Barnes Engineering Services Inc.

11 Consent of William Pennstrom Jr. of Pennstrom Consulting Inc.

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/ Jeffrey Pontius
Name: Jeffrey Pontius
Title: President and Chief Executive Officer

Date: August 28, 2009

Exhibit 4

CERTIFICATION

I, Jeffrey Pontius, 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 28, 2009

By: /s/ Jeffrey Pontius
Name: Jeffrey Pontius
Title: President and Chief Executive Officer

Exhibit 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 28, 2009

By: /s/ Michael Kinley
Name: Michael Kinley
Title: Chief Financial Officer

Exhibit 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, 2009 to be filed with the Securities and Exchange Commission on August 31, 2009 (the "Report"), I, Jeffrey Pontius, 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.

August 28, 2009 /s/ Jeffrey Pontius

Name: Jeffrey Pontius
Title: President and 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 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, 2009 to be filed with the Securities and Exchange Commission on August 31, 2009 (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.

August 28, 2009 /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.

Exhibit 8

CHARTERED ACCOUNTANTS
MacKay LLP

1100 – 1177 West Hastings Street
Vancouver, BC V6E 4T5
Tel: (604) 687-4511
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mackay.ca

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 6, 2009 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, 2009 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 28, 2009

Exhibit 9

CONSENT OF EXPERT

August 28, 2009

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Paul Klipfel, Ph.D, do hereby consent to the filing of the written disclosure regarding the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009 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 28, 2009.

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 28, 2009.

By: */s/ Paul Klipfel*
Paul Klipfel, Ph.D
Economic Geologist
Mineral Resource Services Inc.

Exhibit 10

CONSENT OF EXPERT

August 28, 2009

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Tracy Barnes, P.E., do hereby consent to the filing of the written disclosure regarding the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009 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 28, 2009.

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 28, 2009.

By: */s/ Tracy Barnes*
Tracy Barnes, P.E.
Mining Engineer
Barnes Engineering Services Inc.

Exhibit 11

CONSENT OF EXPERT

August 28, 2009

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, William Pennstrom Jr., M.A., do hereby consent to the filing of the written disclosure regarding the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009 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 28, 2009.

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 28, 2009.

By: */s/ William Pennstrom Jr.*

William Pennstrom Jr., M.A.
Metallurgical Engineer
Pennstrom Consulting Inc.

ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED
MAY 31, 2009



Suite 1920
1188 West Georgia Street
Vancouver, BC
Canada V6E 4A2

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August 25, 2009

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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 year ended May 31, 2009 (“Financial Statements”);

(b) Management Discussion and Analysis of the Company for the year ended May 31, 2009 dated August 20, 2009 (“MD&A”);

(c) Management Information Circular dated September 16, 2008 in respect of the 2008 Annual General Meeting (“Information Circular”); and

(d) Technical report dated July 31, 2009 entitled “July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska” by Paul Klipfel, Ph.D., CPG#10821, Tracy Barnes, P.E. and William Pennstrom Jr. M.A. (the “Livengood Report”)

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

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, 2009 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	**2009**	**2008**	**2007**
Rate at end of period	1.0961	1.0058	0.9347
Average rate for period	1.1562	0.9860	0.8800
High for period	1.3000	1.0905	0.9347

Low for period	0.9987	0.9298	0.8437

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

Certain of the statements made and information contained or incorporated by reference in this AIF and in the documents incorporated by reference herein may contain forward-looking statements within the meaning of the United States *Private Securities Litigation Reform Act of 1995*, including, without limitation, statements concerning the existence and size of potential deposits on mineral properties, the potential acquisition of properties, plans regarding share ownership in other companies, the Company’s plans for evaluation, exploration and work programs at its various mineral properties, the anticipated content, commencement and cost of exploration programs, anticipated exploration program results, the discovery and delineation of mineral deposits/resources/reserves, the anticipated preparation and timing of resource estimates, the potential for expansio n of currently identified estimated resources or the upgrading of such resources from inferred to indicated or measured status, and business and financing plans. 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, assume, intend, plan, project, estimate, postulate, strategy, goals, objective, potential, may, could, would, might, will and similar expressions, or which by their nature refer to future events. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including without limitation, risks and uncertainties relating to the interpretation of drill results, the geology, grade and cont inuity of any mineral deposits that may be located, the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations, variations in mining dilution and metal recoveries, accidents, equipment breakdowns, title matters, labour disputes or other unanticipated difficulties with or interruptions in production, the potential for delays in exploration or development activities or the completion of a feasibility study, the inherent uncertainty of exploration program, production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain required financing on a timely basis and other risks and uncertainties, including those described under Risk Factors in this AIF as well as in the MD&A. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in fo rward-looking statements. Although the Company believes that such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company does not expect to update forward-looking statements continually as conditions change and the reader is referred to the full discussion of the Company’s business contained in the Company’s disclosure filed with the Canadian securities regulatory authorities. Readers are advised not to 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 strictly prohibit information of this type in documents filed with the SEC. As a foreign private issuer preparing this AIF pursuant to the Canada-U.S. Multi-Jurisdictional Disclosure System, the Company is exempt from the requirements of 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

National Instrument 43-101 Standards of Disclosure of Mineral Projects (“NI 43-101”) is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in or incorporated by reference in this AIF have been prepared in accordance with NI 43-101 and the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Standards on Mineral Resource and Mineral Reserves, adopted by the CIM Council on November 14, 2004 (the “CIM Standards”) as they may be amended from time to time by the CIM.

United States shareholders are cautioned that the requirements and terminology of NI 43-101 and the CIM Standards differ significantly from the requirements and terminology of the SEC set forth Industry Guide 7. Accordingly, the Company’s

disclosures regarding mineralization may not be comparable to similar information disclosed by companies subject to the SEC's Industry Guide 7. Without limiting the foregoing, while the terms "mineral resources", "inferred mineral resources", "indicated mineral resources" and "measured mineral resources" are recognized and required by NI 43-101 and the CIM Standards, they are not recognized by the SEC and are not permitted to be used in documents filed with the SEC by companies subject to the SEC's Industry Guide 7. Mineral resources which are not mineral reser ves do not have demonstrated economic viability, and United States shareholders are cautioned not to assume that all or any part of a mineral resource will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or prefeasibility study, except in rare cases. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant "reserves" as in-place tonnage and grade without reference to unit amounts. The term "contained ounces" is not permitted under the rules of Industry Guide 7. In addition, the NI 43-101 and CIM Standards definition of a "reserve" ; differs from the definition adopted by the SEC in Industry Guide 7. In the United States, a mineral reserve is defined as a part of a mineral deposit which could be economically and legally extracted or produced at the time the mineral reserve determination is made. See "Glossary of Terms".

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
"Cu"	Copper
"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 econo mic 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 LLC (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
"Talon Alaska"	Talon Gold Alaska, Inc., a wholly owned subsidiary of ITH subsisting under the laws of Alaska
"Talon Gold"	Talon Gold (US) LLC, a wholly owned subsidiary of Talon Alaska subsisting under the laws of Colorado
"Talon Nevada"	Talon Gold Nevada Inc., a wholly owned subsidiary of ITH subsisting under the laws of Nevada
"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
"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
"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 shareholde rs 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 1920 – 1188 West Georgia Street, Vancouver, British Columbia, CANADA V6E 4A23, 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

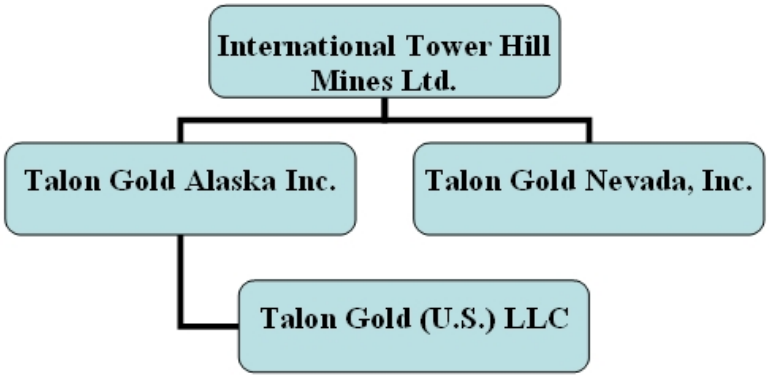
ITH has three material subsidiaries:

(a) Talon 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;

(b) Talon Gold, 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 Talon Alaska; and

(c) Talon Nevada, a corporation incorporated in Nevada on April 9, 2007, which holds all of the Company's properties in Nevada and is 100% owned by ITH.

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, Talon Alaska, Talon Gold and Talon Nevada. 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 a number of mineral properties in Alaska and Nevada, USA. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties is beyond the preliminary exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization. **Other than on the Livengood, Terra, LMS and Mayflower (North Bullfrog) properties, there are currently no identified mineral resources, and there are no mineral reserves, on any of the Company's mineral properties**.

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, more recently, in Nevada. During the financial years ended May 31, 2007, 2008 and 2009, 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 have, in light of disappointing exploration results, since been 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. The Company intends to seek partners to advance the majority of its other projects.

All of the Company's currently proposed exploration is under the jurisdiction of the States of Alaska or Nevada.

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 delay s 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.

In Nevada, as in Alaska, initial stage surface exploration does not require any permits. Notice-level exploration permits (less than 5 acres of disturbance) are required, and in place (through the U.S. Bureau of Land Management) for the North Bullfrog Projects to allow for drilling. In general, exploration activities in Nevada can be carried out on a year-round basis, although some such activities may be adversely affected by the winter climate. Mining is conducted in Nevada on a year round basis, both open pit and underground.

Currently, there are no environmental regulations in either Alaska or Nevada 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.

During the year ended, or subsequent to, May 31, 2009 the Company did not acquire any additional properties. However, pursuant to an agreement dated July 30, 2009 among Talon Nevada, as purchaser, Redstar Gold Corp. ("Redstar") and its wholly owned subsidiary, Redstar Gold U.S.A. Inc. ("Redstar US"), as vendors, and ITH, as guarantor, Talon Nevada has agreed to acquire all of the vendors' interest in the North Bullfrog project (including the underlying leases of an aggregate of 33 patented claims, all data, and 213 unpatented mining claims). The key points of the agreement include the following:

- Payment by Talon Nevada to Redstar US of $250,000, and the delivery by Talon Nevada of 200,000 Common Shares to Redstar for the vendors' full interest in the North Bullfrog project.
- The vendors will make available the services of Redstar's US Exploration Manager until December 31, 2009 to assist Talon Nevada in fully assuming the operational control of the North Bullfrog Project, including completing the orderly transfer of all leases, exploration data and exploration permits to Talon Nevada.

The completion of the acquisition will eliminate the Company's current vesting requirements to earn a 60% interest under the existing March 15, 2007 option agreement, which included a remaining approximately $1,400,000 expenditure requirement plus the issuance of 10,000 Common Shares, as well as the requirement to produce a feasibility study to earn an additional 10% interest (for a total of 70%) in the North Bullfrog Project. Closing of the acquisition is subject to the acceptance for filing thereof by the TSXV on behalf of each of Redstar and ITH (received for both), the approval thereof by the NYSE-A on behalf of ITH (pending) and the satisfaction of the usual conditions precedent, including the accuracy of representations and warranties, and the performance of covenants, as at closing. Closing of the acquisition is to occur 5 business days after all regulatory acceptances and approvals have been received.

Since June 1, 2008, 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, interests (ranging from 70% to 100%) in several mineral properties (subject, in certain cases, to NSR royalties payable to the original property vendors/lessors) in Alaska and Nevada (Figures 1 and 2). The Company is in the process of evaluating such properties through exploration programs. In all cases, the objective is to evaluate the potential of the subject property and to determine if spending additional funds is warranted (in which case, an appropriate program to advance the property to the next decision point will be formulated and, depending upon available funds, implemented) or not (in which case the property may be offered for option/joint venture or returned to the optionor/lessor). At the present time, the Company is primarily interested in properties that are prospective for gold, s ilver and copper.

The Company considers that the Livengood Project, located approximately 115 kilometres north of Fairbanks, Alaska is its only material mineral property at the present time. However, ongoing work on other properties may produce results that would cause the Company to consider them as material mineral properties in the future. The progress on, and results of, work programs on the Company's material 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, nor do any of its current properties (with the exception of the Terra and LMS properties in Alaska which have inferred resources and the Livengood property in Alaska and the Mayflower (North Bullfrog) property in Nevada, which have indicated and inferred resources) have any known or identified mineral resources or mineral reserves. The Company does not propose any method of production at this time.

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs and accounting. Since commencing its current operations in mid 2006, the Company has found that it can locate and retain such 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 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 its mineral projects is 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 25, 2009, ITH had one part-time employee and Talon Gold had four full-time employees. The Company also relies upon consultants and contractors to carry on many of its activities and, in particular, to supervise work programs on its mineral properties. 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.

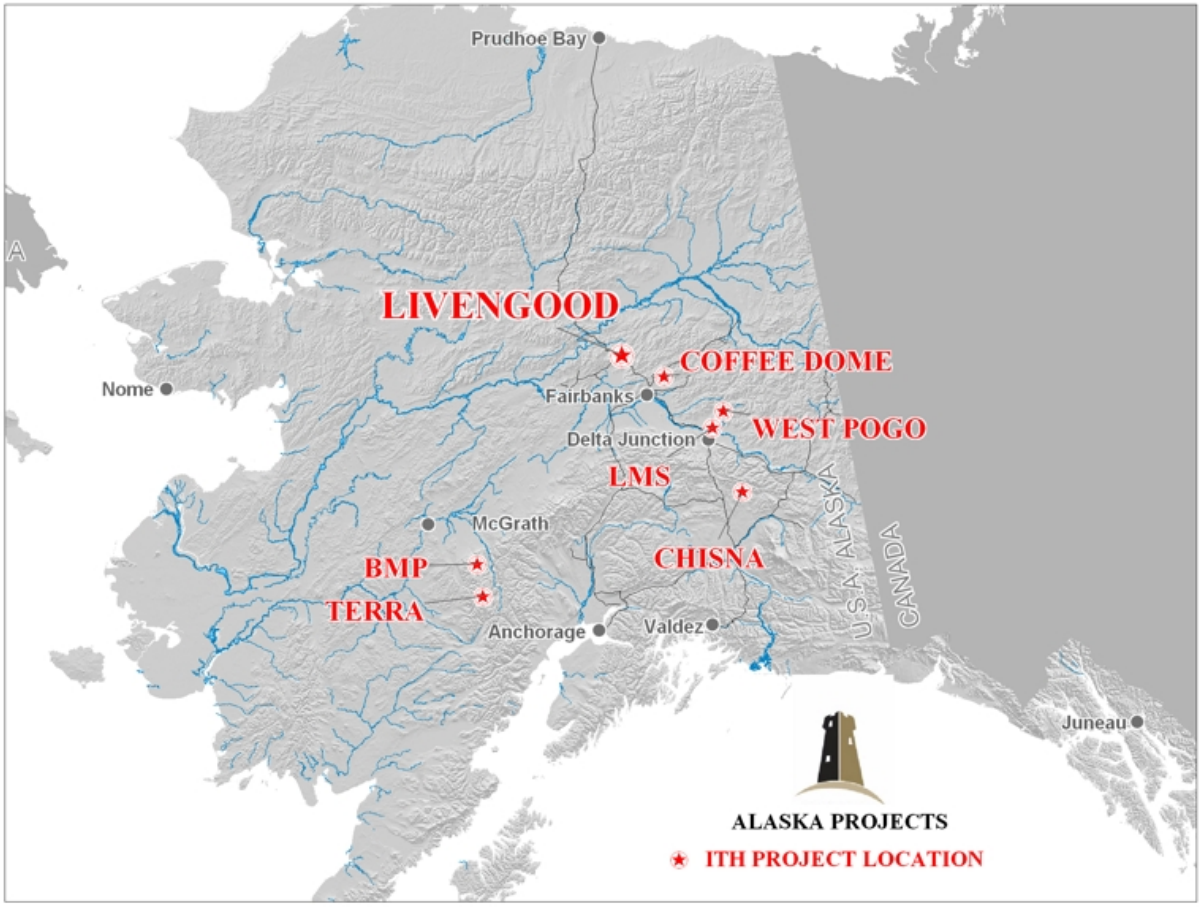


Figure 1: Location of the Company's Alaska Projects

Reorganizations

There have been no reorganizations of or involving ITH within the three most recently completed financial years or completed or currently proposed for the current financial year.

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, safe ty, 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

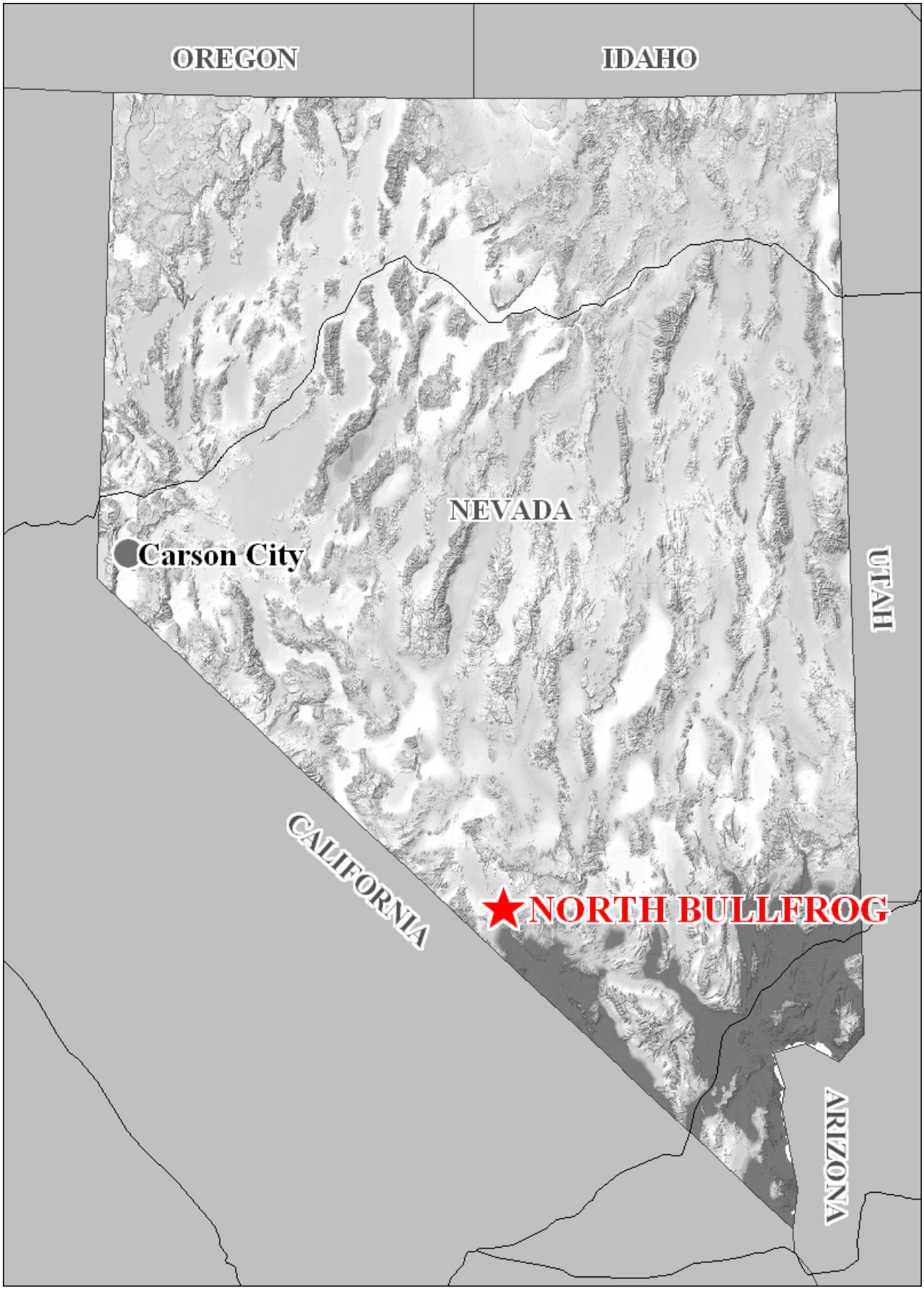


Figure 2: Location of the Company's Nevada Project

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

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 envi ronmental 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.

Other than the Livengood, Terra, LMS and Mayflower (North Bullfrog) properties, which have estimated inferred and/or indicated resources identified, there are no known resources, and 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 pro duction 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 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, 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 provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to make all payments and complete all expenditure obligations under its various property acquisition agreements. Failure by the Company to make such payments, issue such shares 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 reso urces 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: Many of the Company's mineral properties comprise federal unpatented mining claims in the United States. There is a risk that a portion of the Company's 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 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 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-cos t 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: In 2007, 2008 and into 2009, the U.S. credit markets began to experience 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 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 continued and worsened in 2008 and early 2009, causing 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.

These unprecedented disruptions in the current 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 r ates 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 acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. 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 losing, 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 its projects 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 its projects with the possible loss of such properties.

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, land slides 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 v iability 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, installatio n 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 its resource properties 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 ac tual 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 economi c 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.< /P>

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 th e 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 is the fifth in a series of technical reports and the fourth update for resource estimation at Livengood. 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.

Summary

The Livengood property is the focus of ongoing exploration by the Company. To date, 189 holes have been drilled on the property, and provide the basis for reporting a gold resource estimated at approximately 4.04Moz indicated and approximately 3.6Moz inferred.

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 a local high point named Money Knob. This feature and the adjoining ridge lines have been considered by many to be the lode gold source for the Livengood placer deposits which lie in the adjacent valley to the north where they have been actively mined since 1914 with production of more than 500,000 ounces of gold.

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 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 2 km to the northeast and 1.6 km to the southwest. Eight reverse circulation holes were drilled by AngloGold 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 3 years, exploration by the Company has been aimed at assessing this area of mineralization through drilling diamond core and reverse circ ulation holes.

The Company controls 100% of its 44 square kilometre Livengood land package, which is primarily made up of fee land leased from the Alaska Mental Health Trust and a number of smaller private mineral leases.

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, which is a sequence of latest Proterozoic and early Paleozoic basalt, mudstone, chert, dolomite, and limestone. In thrust contact above the Amy Creek Assemblage lies an early Cambrian ophiolite sequence of mafic and ultramafic sea floor rocks. Structurally above these rocks lies 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 is overthrust by more Cambrian ophiolite rocks. All of these rocks are intruded by Cretaceous multiphase monzonite, diorite, and syenite stoc ks, dikes, and sills. Gold mineralization is believed to be related to this intrusive event.

Gold mineralization occurs in two styles: as multistage fine quartz veins occurring in all lithologies (commonly near intrusive dikes and sills), and as diffuse mineralization within volcanic, intrusive, sedimentary, and mafic-ultramafic rocks without a clear quartz vein association. Four principal stages of alteration are currently recognized. These are an early biotite

stage followed by albite-black quartz, followed by a sericite-quartz, and finally a carbonate stage. Arsenopyrite apparently has been introduced during all stages, and gold correlates strongly with arsenopyrite, but it is not clear whether gold was introduced during all four stages or preferentially during one or more stages.

Mineralization is interpreted to be intrusion-related, consistent with other gold deposits of the Tintina Gold Belt, and has a similar As-Sb geochemical association. Thrust-fold architecture is apparently key to providing pathways for magma (dikes and sills) and hydrothermal fluid.

Drill results have been used to estimate a gold Mineral Resource for the Money Knob area. Economic assumptions have been applied to the resource model to provide an estimate of the Mineral Resource that has reasonable prospects for economic extraction. The base case resource assumed a USD 850 per troy ounce gold price. The cutoff grade was variable by rock type because the metallurgical recoveries and costs were variable, but averaged 0.23 g/t gold for the base case. The base case assumed that the resource would be exploited exclusively by open pit mining methods and approximately half of the mined material would be processed by milling and half by heap leaching. The base case resource consists of 190 million tonnes of Indicated mineralization and an additional 140 million tonnes of Inferred mineralization, both at an average grade of 0.67 g/t gold. The average metallurgical recovery is projected to be 72%. The resource tonnes are fully diluted. The anticipated open pit strip ratio is 1:1. This results in a projection of 5.1 million recoverable troy ounces for the base case. This analysis should not be considered a “preliminary economic analysis” or “preliminary feasibility” as the depth of analysis necessary has not been performed. It is believed that reasonable assumptions have been made sufficient to demonstrate reasonable prospects for economic extraction. These results are preliminary in nature, they include inferred mineral resource that are considered too speculative geologically to have the economic considerations applied to them, and there is no certainty that this preliminary assessment will be realized.

Mineralization has not been closed off in any direction. The summer 2009 program is currently in progress, but results from those holes are not included in the Livengood Report.

Initial metallurgical test work has been completed on the main Livengood mineralization types and indicates that these materials respond well to simple cyanidation. Most of the mineralization also displays good results when subjected to gravity separation techniques. A more extensive metallurgical test work program for the Livengood mineralization is currently underway to more completely identify the mineral processing parameters required to treat the various Livengood mineralization types.

Preliminary test work suggests that a process facility which combines a mill and CIP circuit for the higher grade mineralization, and a heap leach circuit for the lower grade mineralization is most appropriate. The process is based on feeding 25,000 tpd to the mill and 25,000 tpd to the heap for a combined total processed per day of 50,000 tonnes.

The Livengood Report concludes that the Company has identified a significant gold resource and notes that the Company proposes exploration expenditures of approximately USD 10 million for the second half of 2009. This program is anticipated to include approximately 40,000m of drilling to further evaluate the Livengood property. The Livengood Report recommends that exploration of the Money Knob area continue with systematic drilling at evenly spaced centers along regularly spaced lines, fill in key locations to verify continuity of resource, and drill ‘step-out’ locations to identify the limits of mineralization. It also recommends that a preliminary economic assessment should be completed to determine economic parameters for a potential mining operation. The 40,000m of drilling proposed is a significant, but appropriate amount of drilli ng to help identify the limits of mineralization and improve geologic confidence in current interpretations.

Planned Activities

The 2009 summer drilling program at Livengood is ongoing (commenced June 1, 2009), and the Company anticipates completing the planned drilling program, utilizing three reverse circulation (approximately 35,000 metres planned) and core (approximately 3,000 metres planned) drills. This current program tests large areas within and adjacent to the existing estimated resource area as well as deep testing of higher-grade feeder zone targets. These areas have a number of higher grade holes in close proximity to them. As of August 1, 2009, the Company has completed 25,000 metres of RC drilling in 85 holes, 2000 metres of HQ diamond drilling in 6 holes, and 2 trenches totalling 50 metres. In addition, further surface sampling and trenching is planned to provide surface data to correlate with drill data at depth. Structural analysis will continue and , in particular, the use of 3D modeling software to understand structure in 3D space. The Company believes that this will help predict and identify the lateral and depth extent of mineralization.

In addition to the ongoing resource expansion program, a detailed metallurgical study of the milling and heap leach potential of the Livengood deposit is underway as well as baseline environmental studies needed for future mine permitting.

The Company anticipates expenditures of approximately an additional $12 million at Livengood to May 31, 2010.

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 56,457,973 were issued as at May 31, 2009 and 57,676,257 were issued as at August 25, 2009. 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.

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.

A copy of the SRP was provided to the TSXV on August 19, 2009. On August 21, 2009 the TSXV indicated that it had no objection to the adoption of the SRP subject to evidence of shareholder approval of the SRP on or before February 26, 2010, and public disclosure of the adoption of the SRP. The Company will seek shareholder approval of the SRP at the annual general meeting of shareholders scheduled to be held on October 15, 2009. A copy of the Shareholder Rights Plan agreement will be available on SEDAR after August 26, 2009.

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 TSXV (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 TSXV 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:

TSX Venture Exchange

Month	*High ($)*	*Low ($)*	*Volume*
August 1 to 25, 2009	3.83	3.20	2,958,112
July, 2009	3.72	2.81	3,324,460
June, 2009	4.00	3.25	2,857,098
May, 2009	3.74	3.05	5,575,758
April, 2009	3.20	2.65	3,308,857
March, 2009	3.30	2.59	1,258,827
February, 2009	3.19	2.49	1,388,346
January, 2009	2.95	1.57	3,349,613
December, 2008	1.75	1.07	1,375,173
November, 2008	1.90	1.21	1,476,884
October, 2008	2.11	1.10	2,072,697
September, 2008	2.34	1.30	3,381,967
August, 2008	1.55	1.29	448,141
July, 2008	1.62	1.36	686,022
June, 2008	1.71	1.19	463,871

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]
Jeffrey A. Pontius[7] President and Chief Executive Officer Colorado, USA	Geologist; President and CEO of the Company since September, 2006; previously North American Exploration Manager and also a Director of Anglo American (USA) Exploration Inc., 1999 to 2006.	President and CEO since September 22, 2006
Hendrik van Alphen[5][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[5][6][8] 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, President of Dorato Resources Inc. (public natural resource company), 1996 – 2008, Director of Trevali Resources Corp. (public natural resources company) since 2007.	Director since August, 1991 President, 1991 – September 22, 2006
Rowland Perkins[3][4][6][8] Director Alberta, Canada	Businessman; President and director of e-Backup Inc. (private company providing public online backup services) since 2001; director, USA Video Interactive Corporation (public company providing electronic anti-piracy systems) since 2005.	Director since June, 1999
Ronald Sheardown[4][8] Director Alaska, USA	Geologist; President Greatland Exploration, Inc. (private geological consulting/mineral exploration company) over past 5 years.	Director since May 23, 2007
Michael Bartlett[3][8] Director Florida, USA	Businessman; President, Leisure Capital & Management Inc. (private business consulting company) since 1989; director, Wealth Minerals Ltd. (public natural resource company), since January 31, 2000.	Director since May 23, 2007
Steve Aaker[4][7][8] Director Colorado, USA	Geologist; Chief of U.S. Operations, Franco-Nevada Corporation (public natural resources royalty company) since 2007; previously, 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

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 British Columbia, 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
Russell B. Myers Vice-President, Exploration Colorado, USA	Geologist; Vice-President, Exploration of the Company since September, 2006, previously, senior geologist, AngloGold Ashanti (USA) Exploration Inc. since 2000.	Vice-President, Exploration since September 22, 2006
Quentin Mai Vice-President, Corporate Communications British Columbia, Canada	Businessman; Manager, Corporate Communications, of Cardero Resource Corp. (public natural resource company) since 2004; President, Quatloo Investment Management Inc. (private investor relations firm) since 2004, previously, Vice-President, Business Development, Capital Alliance Group, 2001 - 2004.	Vice-President, Corporate Communications since September 22, 2006

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 is scheduled to be held on October 15, 2009). 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 Sustainable Development Committee.
6. Denotes member of the Corporate Governance and Nominating Committee.
7. Denotes member of the Mergers and Acquisitions Committee.
8. Denotes member of the Special Committee.

ITH does not currently have any committees other than the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Sustainable Development Committee, the Mergers and Acquisitions Committee and the Special Committee.

As at August 25, 2009, ITH's Directors and executive officers, as a group, beneficially hold a total of 2,734,317 Common Shares, directly or indirectly, representing 4.74% of the 57,676,257 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) 2,165,000 Common Shares exercisable at $1.75 per Common Share until July 16, 2010;

(b) 100,000 Common Shares exercisable at $1.52 per Common Share until January 16, 2010;

(c) 625,000 Common Shares exercisable at $2.66 per Common Share until March 12, 2011; and

(d) 740,000 Common Shares exercisable at $3.15 per Common Share until May 20, 2011.

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, 2008 (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, 2008 (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, 2009;

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, 2009.

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, 2007, 2008 or 2009, 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 Talon 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, Talon Alaska granted to AngloGold a 90-day right of first offer with respect to the Sale Properties and any additional mineral properties in which Talon 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 responsi bility 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 have 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 2,000,00 0 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 Talon 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, Talon 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 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. 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. The "top-up" provision, contained in the June 30, 2006 purchase agreement among AngloGold, ITH and Talon 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.

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, 2008 (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.

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, 2009, 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 6, 2008 in respect of the Company's financial statements for the years ended May 31, 2008 and 2007, and

(ii) provided an auditor's report dated August 6, 2009 in respect of the Company's financial statements for the years ended May 31, 2009 and 2008 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 August 19, 2008, other than section 17 thereof, filed on SEDAR on August 29, 2008,

(ii) the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated August 19, 2008, other than section 17 thereof, filed on SEDAR on August 29, 2008,

(iii) the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 1, 2008, other than section 17 thereof, and filed on SEDAR on August 29, 2008,

(iv) the technical report entitled "October 2008 Summary Report on the Livengood Project, Tolovana District, Alaska" dated October 28, 2008, other than section 17 thereof, filed on SEDAR on November 21, 2008,

(v) the technical report entitled "January 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated January 28, 2009, other than section 17 thereof, filed on SEDAR on March 31, 2009, and

(vi) the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009, other than sections 16 and 17 thereof, incorporated by reference into this AIF.

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 August 19, 2008, filed on SEDAR on August 29, 2008,

(ii) section 17 of the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated August 19, 2008, filed on SEDAR on August 29, 2008,

(iii) section 17 of the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 1, 2008, filed on SEDAR on August 29, 2008,

(iv) 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 August 25, 2008, filed on SEDAR on August 29, 2008,

(v) section 17 of the technical report entitled "October 2008 Summary Report on the Livengood Project, Tolovana District, Alaska" dated October 28, 2008, other than section 17 thereof, filed on SEDAR on November 21, 2008, and

(vi) section 17 of the technical report entitled "January 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated January 28, 2009, filed on SEDAR on March 31, 2009.

Mr. Giroux does not hold any securities of ITH;

(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 August 25, 2008, except section 17 thereof, and filed on SEDAR on August 29, 2008. Mr. Steininger does not hold any securities of ITH;

(e) Chris Puchner, 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 August 19, 2008, other than section 17 thereof, filed on SEDAR on August 29, 2008, and

(ii) the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 1, 2008, other than section 17 thereof, filed on SEDAR on August 29, 2008.

Mr. Puchner is the Chief Geologist and an employee of ITH, and holds Common Shares plus incentive stock options to acquire additional Common Shares, cumulatively representing less than 1% of the outstanding Common Shares;

(f) Tracy E. Barnes, P.E., a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of section 17 of the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009, incorporated by reference into this AIF. Mr. Barnes does not hold any securities of ITH; and

(g) William Pennstrom, Jr. a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of section 16 of the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009, incorporated by reference into this AIF. Mr. Pennstrom does not hold any securities of ITH.

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, 2008.

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).

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 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.

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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.

[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.

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
Michael Bartlett (Chair)	Independent	Financially Literate
Rowland Perkins	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:

Michael Bartlett: Mr. Bartlett is the President of Leisure Capital & Management Inc., a company which specializes in pre-development start-ups and innovative strategic, conceptual, economic and financial solutions. He is also a director of Wealth Minerals Ltd., a public natural resource company listed on the TSXV. Mr. Bartlett has extensive experience with emerging companies in the public sector. 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, including companies comparable to ITH.

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 e xperience with the review and understanding of the accounting principles relevant to the financial statements of public natural resource companies.

Rowland Perkins: Mr. Perkins has been the President and a director of eBackup Inc. from 2001 to present. Previously, he was the Marketing Manager of Intellisave Datavaults Inc. (Securinet Inc.) from 1999 to 2000. Mr. Perkins has also served as a director of USA Video Interactive Corporation since January 2005. In connection with these activities, Mr. Perkins 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, 2008 (being the commencement of its most recently completed financial year) has ITH relied on the exemptions 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, 2008, 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, 2009	$35,000	$5,100	$6,000	$Nil
May 31, 2008	$35,000	$8,000	$5,080	$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 2008 related to consideration of the accounting treatment in the financial statements of the sale of the South Estelle interest and intercorporate issues. The work performed in 2009 consisted of the review of public filings and responding to due diligence questions from the applicable underwriters in connection with the Company's 2009 bought deal 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, 2009, 2008 and 2007

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

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. 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 financial statements.

The consolidated financial statements have been audited by MacKay LLP, Chartered Accountants, who were appointed by the shareholders. The auditors' 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 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 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, 2009.

"Jeffery Pontius"
Jeffery Pontius,
President & Chief Executive Officer

"Michael Kinley"
Michael Kinley,
Chief Financial Officer

August 20, 2009
Vancouver, Canada

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

May 31, 2009

Auditors' Report

Comments by Auditors for U.S. Readers on Canada – United States Reporting Differences

Consolidated Balance Sheets

Consolidated Statements of Operations, Comprehensive Loss and Deficit

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

CHARTERED ACCOUNTANTS
MacKay LLP

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Auditors' Report

To the Shareholders of
International Tower Hill Mines Ltd.

We have audited the consolidated balance sheets of International Tower Hill Mines Ltd. as at May 31, 2009, 2008 and 2007 and the consolidated

statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at May 31, 2009, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
August 6, 2009

"MacKay LLP"
Chartered Accountants

CHARTERED ACCOUNTANTS
MacKay LLP

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Comments by Auditors for U.S. Readers on Canada – United States Reporting Differences

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the company's ability to continue as a going concern, such as those described in note 1 to the consolidated financial statements. Our report to the shareholders dated August 6, 2009, is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements. Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of th e years in the three year period ended May 31, 2009 and shareholders' equity as at May 31, 2009, 2008 and 2007 to the extent summarized in note 11 to the consolidated financial statements.

Vancouver, Canada
August 6, 2009

"MacKay LLP"
Chartered Accountants

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Balance Sheets

As at May 31

(Expressed in Canadian dollars)

		2009		2008	2007
ASSETS					
Current					
Cash and cash equivalents (note 2b)	**$**	**32,489,341**	$	10,859,942	$ 21,908,273
Marketable securities (note 4)		**113,750**		247,000	-
Accounts receivable		**76,634**		24,833	113,870
Prepaid expenses		**166,264**		193,426	97,104

		32,845,989	11,325,201	22,119,247
Term deposit (note 6a)		**-**	-	2,500
Property and equipment (note 5)		**69,915**	104,547	115,920
Mineral properties (note 6)		**33,417,566**	23,151,228	13,387,113
	$	**66,333,470**	$ 34,580,976	$ 35,624,780
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**386,673**	$ 724,798	$ 955,363
SHARE CAPITAL AND DEFICIT				
Share capital (note 7)		**79,256,633**	40,586,229	39,351,328
Contributed surplus (note 7)		**10,218,728**	7,024,590	6,652,640
Deficit		**(23,528,564)**	(13,754,641)	(11,334,551)
		65,946,797	33,856,178	34,669,417
	$	**66,333,470**	$ 34,580,976	$ 35,624,780

Nature and continuance of operations (note 1)
Commitments (note 6)
Subsequent events (note 13)

Approved on behalf of the Directors:

"Hendrik Van Alphen" **Director**

"Anton Drescher" **Director**

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Statements of Operations, Comprehensive Loss and Deficit

For the Year ended May 31

(Expressed in Canadian dollars)

	2009	**2008**	**2007**
Administrative expenses			
Administration (note 9)	$ 43,921	$ 46,425	$ 103,746
Amortization	54,597	46,008	33,652
Charitable donations	30,068	31,513	48,650
Consulting (notes 7 and 9)	1,847,672	293,270	3,465,383
Insurance	119,396	82,537	42,799
Investor relations (notes 7 and 9)	774,680	782,650	734,593
Office	140,652	119,107	105,668
Professional fees (note 7)	442,891	203,428	187,663
Property investigation	120,194	110,809	128,535
Regulatory	90,333	110,087	93,303
Rent (note 9)	120,189	86,168	68,071
Telephone	23,744	25,143	22,548

Travel	272,764	205,025	162,155
Wages and benefits (notes 7 and 9)	3,239,448	1,087,172	2,253,540
	(7,320,549)	(3,229,342)	(7,450,306)
Other items			
Gain on sale of mineral property (Note 6(d))	-	89,246	-
Interest income	126,402	603,094	248,591
Gain on foreign exchange	181,558	116,912	9,193
Loss on sale of equipment	(7,861)	-	-
Unrealized loss on marketable securities	(133,250)	-	-
Write-off of mineral properties ((Note 6(a), (c), (e)(iii), (vi)and (vii) and (g))	(2,620,223)	-	(1,473,499)
	(2,453,374)	809,252	(1,215,715)
Loss and comprehensive loss for the year	(9,773,923)	(2,420,090)	(8,666,021)
Deficit, beginning of the year	(13,754,641)	(11,334,551)	(2,668,530)
Deficit, end of the year	$ (23,528,564)	$ (13,754,641)	$ (11,334,551)
Basic and fully diluted loss per share	$ (0.22)	$ (0.06)	$ (0.32)
Weighted average number of shares outstanding	45,089,555	39,193,360	27,101,104

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Year ended May 31

(Expressed in Canadian dollars)

	2009	2008	2007
Operating Activities			
Loss for the year	$(9,773,923)	$ (2,420,090)	$ (8,666,021)
Add items not affecting cash			
Amortization	54,597	46,008	33,652
Stock-based compensation	4,101,404	381,975	5,737,178
Write-off of mineral properties	2,620,223	-	1,473,499
Gain on sale of property	-	(89,246)	-
Loss on sale of equipment	7,861	-	-
Unrealized loss on marketable securities	133,250	-	-
Gain on foreign exchange	(181,558)	(116,912)	(9,193)
Changes in non-cash items:			
Accounts receivable	(51,801)	89,037	(112,202)
Accounts payable and accrued liabilities	82,154	(10,756)	131,291
Prepaid expenses	27,162	(96,322)	(95,052)
Cash used in operating activities	(2,980,631)	(2,216,306)	(1,506,848)
Financing Activities			
Issuance of share capital	37,913,974	1,209,275	29,978,674
Share issuance costs	(977,586)	15,601	(924,167)
Cash provided by financing activities	36,936,388	1,224,876	29,054,507
Investing Activities			

Expenditures on mineral properties	(12,502,764)	(10,088,718)	(5,515,702)
Investment in Ravencrest	-	-	10,000
Expenditures on equipment	(27,826)	(34,635)	(149,572)
Cash used in investing activities	(12,530,590)	(10,123,353)	(5,655,274)
Effect of foreign exchange on cash	204,232	66,452	9,193
Increase (decrease) in cash	21,629,399	(11,048,331)	21,901,578
Cash and cash equivalents, beginning of year	10,859,942	21,908,273	6,695
Cash and cash equivalents, end of year	$32,489,341	$ 10,859,942	$ 21,908,273
Supplemental cash flow information			
Interest paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
Non-cash financing and investing transactions			
Shares issued to acquire mineral properties	$ 826,750	$ -	$ 7,496,619
Shares issued as agent commission	$ -	$ -	$ 945,785
Issuance of agents warrants for share issue costs	$ 286,805	$ -	$ 2,108,874
Accounts payable included in mineral property expenditures	$ 170,639	$ 598,165	$ 817,975

See accompany notes to consolidated financial statements

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended May 31, 2008, 2007 and 2006

1. NATURE AND CONTINUANCE OF OPERATIONS

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, 2009, the Company was in the exploration stage and had interests in properties in Alaska and Nevada, U.S.A.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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 has been dependent upon achieving profitable operations and/or obtaining additional financing. During the current year the Company has raised $37,913,974 (2008 – $1,209,275; 2007 - $29,978,674) through the issuance of share capital and has working capital at May 31, 2009 of $32,459,316 (2008 - $10,600,403; 2007 - $21,163,884) 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 asse ts 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 value of the Company's mineral property interests does not reflect current or future values.

2. 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 generally accepted accounting principles.

a) Basis of consolidation

These consolidated financial statements include the accounts of International Tower Hill Mines Ltd. and its wholly owned subsidiaries Talon Gold Alaska, Inc. (an Alaska corporation), Talon Gold (US) LLC (a Colorado limited liability company), Talon Gold Nevada Inc. (a Nevada corporation) 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.

At May 31, 2009, the Company held a total of $10,004,000 short term investments which consist of $3,002,000 of Government of Canada Treasury Bills due June 11, 2009 bearing interest at 0.222% per annum, $2,002,000 of Bank of Nova Scotia Bankers Acceptance due July 06, 2009 bearing interest at 0.163% per annum, $2,500,000 of Montreal Trust GIC due March 12, 2010 bearing interest at 0.90% per annum and $2,500,000 TD Mortgage Corp GIC due March 12, 2010 bearing interest at 0.80% per annum (2008 - $8,721,062 of Bank of Nova Scotia bank discount note due June 26, 2008 bearing interest at 3.08% per annum; 2007 - $5,002,500).

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 included in the consolidated statements of 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 period. 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.

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

f) Mineral properties

Mineral properties consist of mining claims, leases and options. Acquisition options, 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.

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 obligation

The Company has adopted the CICA Handbook Section 3110 "asset retirement obligations" which establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. The standards apply to legal obligations associated with the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. The standards require that a liability for an asset retirement obligation be recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. Furthermore, a corresponding asset retirement cost is recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a ratio nal 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 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 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 issue costs incurred on the issue of the Company's shares are charged directly to share capital.

i) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The weighted average number of shares outstanding during the year was 45,089,555 (2008 – 39,193,360; 2007 – 27,101,104). Diluted loss per share has not been presented separately as the outstanding options and warrants are anti-dilutive for each of the periods 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 that are more likely than not to be realized. Future income taxes 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 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, determined using the Black-Scholes option pricing model, 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 th e 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.

l) 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.

m) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 relate to the determination of impairment of mineral properties and determination of the fair value of asset retirement obligations. By their nature, these estimates and related future cash flows are subject to measurement uncertainty, and the impact on the financial statements of future periods could be material.

n) Capital disclosures

In February 2007, the Canadian Institute of Chartered Accountants' ("CICA") issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for years beginning on or after October 1, 2007 and was adopted June 1, 2008. Other than the additional disclosure in Note 12, the adoption of this Section has had no impact on the Company's consolidated financial statements.

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

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations or comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to June 1, 2007 were recognized by adjusting opening deficit or opening accumulated other comprehensive income.

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. 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 have been classified as other liabilities

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. These new standards were adopted on June 1, 2008.

p) Comprehensive Income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of the net earnings to be presented in other "comprehensive income" until they are 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.

q) Assessing Going Concern

The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. This section relates to disclosures and did not have an impact on the Company's financial results, when adopted by the Company on June 1, 2008.

r) Future accounting changes

i) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". These sections establish standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new sections are effective for years beginning on or after October 1, 2008. The Company believes the adoption of these new sections will have no impact on its consolidated financial statements, when adopted June 1, 2009.

ii) International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted

accounting principles ("GAAP") with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of June 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the years ended May 31, 2011 and earlier where applicable. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the tra nsition to IFRS cannot be reasonably estimated at this time.

iii) Business combinations

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

iv) Consolidated financial statements

In January 2009, the CICA issued Handbook Section 1601, consolidated financial statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

v) Non controlling interests

In January 2009, the CICA issued Handbook Section 1602, Non-controlling interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011.

3. RISK MANAGEMENT AND 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:

(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 major Canadian financial institutions in accordance with the Company's investment policy. The credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency. 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:

	2009	2008	2007
Cash and cash equivalents	$ 32,489,341	10,859,94	$ 21,908,27
Accounts receivable	$ 76,634	$ 24,833	113,87

The Company's cash at May 31, 2009 consists of $32,409,242 in Canada and $80,099 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 major Canadian financial institutions. Credit risk with regard to cash held in United State 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, 2009, the Company is not exposed to significant credit risk as the majority are from governmental and regulatory agencies or related parties.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall 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 from 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, 2009, the Company had accounts payable and accrued liabilities of $386,673 (2008 - $724,798; 2007 - $955,363), which are all payable within six months.

(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 four types of risk: interest rate risk, foreign currency risk, commodity price 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 several major Canadian financial institutions that earn interest at varying 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, 2009. 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 1% change in interest rates would affect interest income by approximately $100,000.

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. The Company's sensitivity analysis suggests that a consistent 5% 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 $315,000.

As at May 31, 2009, the Company had the following financial instruments in US$:

	CAD$ equivalent	US$
Cash	**$** 295,418	**$** 270,604
Accounts payables and accrued liabilities	$ 250,793	$ 229,727

As at May 31, 2009, US$ amounts were converted at a rate of US$ to $1.0917 Canadian dollars.

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 or commodity price risk. The Company has no financial instruments exposed to such risk.

4. MARKETABLE SECURITIES

	May 31, 2009	May 31, 2008	May 31, 2007
Millrock Resources Inc.	$ 113,750	$ 247,000	$ -

On April 4, 2008 the Company sold its South Estelle, Alaska property to Millrock Resources Inc. for 650,000 Millrock shares or $247,000 based upon their market value on that date of $0.38 per share. Fair value adjustment for the year ended May 31, 2009, amounted to an unrealized loss of $133,250.

5. PROPERTY AND EQUIPMENT

	May 31, 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

	May 31, 2008			May 31, 2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	$ 6,671	$ 1,380	$ 5,291	$ 3,903
Computer equipment	88,060	26,192	61,868	47,395
Computer software	89,476	52,088	37,388	64,622
	$ 184,207	$ 79,660	$ 104,547	$ 115,920

6. 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 6(a))	BMP (note 6(b))	West Tanana (note 6(c))	South Estelle (note 6(d))	Properties Acquired From Anglo	Nevada Properties: Painted Hills (note 6(g))	Nevada Properties: North Bullfrog (note 6(g))	Optioned Properties: LMS (note 6(f))	Optioned Properties: Terra (note 6(f))	**Total CDN$**
Balance May 31, 2007	$ 1	$ 40,059	$ 406,837	$ 1,336	$ 9,358,000	$ 55,778	$ 894,217	$ 1,482,126	$ 1,148,759	**$ 13,387,113**
Acquisition costs:										
Cash payments	-	-	-	95,505	-	20,084	7,693	-	-	**123,282**
Common shares issued	-	-	-	-	-	-	-	-	-	-
	-	-	-	95,505	-	20,084	7,693	-	-	**123,282**
Deferred exploration costs:										
Advance to contractors	-	-	-	-	813,870	-	-	-	-	**813,870**
Contract services	-	222,012	265,260	48,699	1,058,744	112,647	186,263	142,462	721,540	**2,757,627**
Assay	-	10,389	46,868	12,691	287,959	63,688	364,259	43,708	100,789	**930,351**
Drilling	-	-	219,099	-	765,826	519,547	463,291	-	620,404	**2,588,167**
Field costs	-	5,508	29,688	2,622	392,542	49,949	112,893	23,714	311,373	**928,289**
Equipment rental	-	3,264	44,149	2,992	202,940	8,504	19,962	55,789	76,316	**413,916**
Land maintenance & tenure	-	42,354	62,286	-	384,292	59,709	112,600	10,010	103,894	**775,145**
Transportation	-	-	24,809	-	169,929	9,418	10,256	31,109	196,845	**442,366**
Travel	-	3,212	3,468	-	89,397	24,925	27,213	255	6,477	**154,947**
	-	286,739	695,627	67,004	4,165,499	848,387	1,296,737	307,047	2,137,638	**9,804,678**
Total expenditures for the year	-	286,739	695,627	162,509	4,165,499	868,471	1,304,430	307,047	2,137,638	**9,927,960**
Property sale	-	-	-	(163,845)	-	-	-	-	-	**(163,845)**
Balance May 31, 2008	1	326,798	1,102,464	-	13,523,499	924,249	2,198,647	1,789,173	3,286,397	**23,151,228**
Acquisition costs:										
Cash payments	-	-	-	-	-	-	-	-	-	-
Common shares issued	-	-	-	-	-	-	84,250	371,250	371,250	826,750
	-	-	-	-	-	-	84,250	371,250	371,250	826,750

Deferred exploration costs:										
Advance to contractors	-	-	-	-	(214,075)	-	-	-	-	**(214,075)**
Contract services	-	140,867	35,069	-	2,283,596	4,235	67,150	18,510	143,118	**2,692,545**
Assay	-	7,390	8,313	-	1,151,113	-	15,328	23,085	-	**1,205,229**
Drilling	-	-	-	-	5,498,364	-	(702)	-	-	**5,497,662**
Field costs	-	26,763	783	-	1,348,753	202	9,123	85	(22,296)	**1,363,413**
Equipment rental	-	2,951	694	-	348,416	-	-	690	2,293	**355,044**
Land maintenance & tenure	-	47,072	37	-	461,612	73,491	219,045	16,587	144,679	**962,523**
Transportation	-	-	17,963	-	96,129	-	-	1,828	-	**115,920**
Travel	-	21,298	3,207	-	54,605	261	1,739	-	440	**81,550**
	-	246,341	66,066	-	11,028,513	78,189	311,683	60,785	268,234	**12,059,811**
Total expenditures for the year	-	246,341	66,066	-	11,028,513	78,189	395,933	432,035	639,484	**12,886,561**
Property write off	-	-	(1,168,530)	-	(449,255)	(1,002,438)	-	-	-	(2,620,223)
Balance May 31, 2009	**$ 1**	**$ 573,139**	**$ -**	**$ -**	**$ 24,102,757**	**$ -**	**$ 2,594,580**	**$ 2,221,208**	**$ 3,925,881**	**$ 33,417,566**

	Properties Acquired From Anglo							
	Livengood (note 6(e))	West Pogo (note 6(e))	Coffee Dome (note 6(e))	Gilles (note 6(e))	Caribou (note 6(e))	Chisna (note 6(e))	Blackshell (note 6(e))	**sub-total**
Balance May 31, 2007	$ 6,777,292	$ 432,119	$ 784,607	$ 440,127	$ -	$ 923,855	$ -	**$ 9,358,000**
Acquisition costs:								
Cash payments	-	-	-	-	-	-	-	**-**
Common shares issued	-	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	-	**-**
Deferred exploration costs:								
Advance to contractors	813,870	-	-	-	-	-	-	**813,870**
Contract services	686,148	156	61,657	35	-	310,748	-	**1,058,744**
Assay	227,895	-	13,588	-	-	46,476	-	**287,959**
Drilling	765,826	-	-	-	-	-	-	**765,826**
Field costs	350,372	-	7,999	-	-	34,171	-	**392,542**
Equipment rental	192,201	-	3,322	-	-	7,417	-	**202,940**
Land maintenance & tenure	207,310	9,564	79,235	9,093	-	79,090	-	**384,292**
Transportation	141,594	-	11,221	-	-	17,114	-	**169,929**
Travel	35,346	-	7,899	-	-	46,152	-	**89,397**
Total expenditures for the year	3,420,562	9,720	184,921	9,128	-	541,168	-	**4,165,499**
Balance May 31, 2008	10,197,854	441,839	969,528	449,255	-	1,465,023	-	13,523,499
Acquisition costs:								
Cash payments								
Common shares issued	-	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	-	**-**
Deferred exploration costs:								
Advance to contractors	(214,075)	-	-	-	-	-	-	**(214,075)**
Contract services	2,026,372	12,646	5,459	-	-	239,119	-	**2,283,596**
Assay	1,116,226	3,962	5,014	-	-	25,911	-	**1,151,113**
Drilling	5,498,364	-	-	-	-	-	-	**5,498,364**
Field costs	1,316,711	4,661	635	-	-	26,746	-	**1,348,753**
Equipment rental	332,393	-	-	-	-	16,023	-	**348,416**
Land maintenance & tenure	329,113	23	91,649	-	-	40,827	-	**461,612**
Transportation	92,040	-	1,054	-	-	3,035	-	**96,129**
Travel	20,818	-	858	-	-	32,929	-	**54,605**
	10,517,962	21,292	104,669	-		384,590		**11,028,513**
Total expenditures for the year	10,517,962	21,292	104,669	-	-	384,590	-	**11,028,513**
Property write off	-	-	-	(449,255)	-	-	-	**(449,255)**
Balance May 31, 2009	**$ 20,715,816**	**$ 463,131**	**$ 1,074,197**	**$ -**	**$ -**	**$ 1,849,613**	**$ -**	**$ 24,102,757**

(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 ninety-seven mineral claims and one lot in exchange for the Company retaining a 5% net smelter returns 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.

The Company had pledged a $2,500 term deposit as reclamation security for work on Siwash property as required by the Province of British Columbia. During the fiscal year ended May 31, 2008, the deposit was returned to the Company.

(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.

ITH 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 year initial term with automatic 3 year 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 payback and 20% after).
- 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.

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.

(c) West Tanana Project, Alaska

On August 14, 2006, the Company acquired an interest in the West Tanana Project from Doyon Limited ("Doyon"), an Alaska Native Regional Corporation, by way of a mining exploration agreement with the option to lease. The agreement with Doyon is a two stage Exploration Option/Mining Lease, whereby the Company has the option to enter into one or more mining leases over some or all of the Doyon conveyed lands (25,920 acres) and up to three leases totalling 8,000 acres over the Doyon selected lands (25,872 acres) subject to the exploration option agreement.

In order to maintain the option to lease in good standing, the Company is required to pay Doyon USD 350,000 over six years (five years plus one year extension, USD 50,000 first year), make annual scholarship donations of USD 10,000 per year (paid USD 100,000 in lease payment and USD 20,000 in scholarship donations); and incur exploration expenditures totalling USD 2,625,000, subject to reduction to USD 2,125,000 if the lands subject to the option are reduced by 50% or more (USD 75,000 commitment for the first 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.

At any time during the option period, the Company may enter into a mining lease with Doyon with respect to any one or more area(s) of the lands in respect of which it has expended at least USD 600,000, carried out at least 10,000 feet of core drilling, and submitted a pre-feasibility study. Each mining lease will have a term of 15 years and for so long thereafter as commercial production continues and requires advance minimum royalty payments of USD 250,000 per year during the first five years of the term. The Company is also required to incur minimum mandatory exploration expenditures equal to the greater of USD 25/acre or USD 250,000 for each of the first five years and USD 50/acre or USD 500,000 in the sixth and each succeeding year. If, on or before the 5th year of the term, the Company has not produced a feasibility study and made a production decision, the annual advan ce minimum royalty payments increase to USD 500,000. Advance royalty payments are credited against 50% of production royalties. Upon commencement of commercial production, the Company is required to pay a production royalty on precious metals, calculated as the greater of 2% of net smelter returns pre-payout and 4% of net smelter returns post-payout or 10% of net profits pre-payout and 20% of net profits post payout, and on base metals, calculated as the greater of 1% of net smelter returns pre-payout and 3% of net smelter return post-payout or 10% of net profits pre-payout and 20% of net profits post payout. Payout occurs when the Company has recouped cumulative gross revenues from production equal to its cumulative expenditures since the effective date of the lease. Upon the Company having made a production decision with respect to any leased area, Doyon will also have the right to acquire a minimum of 5%, and a maximum of 10%, participating interest in the Company's interest i n that leased area by contributing an amount equal to 2.25 times Doyon's elected percentage of the Company's cumulative project expenditures to the joint venture to be formed upon Doyon's election to participate. Such contribution will be applied to fund 100% of joint venture expenditures until exhausted following which each party will be required to contribute its pro rata share of further expenditures.

As a consequence of the Company's determination to focus on its Livengood Project, on October 1, 2008 the Company terminated the agreement with Doyon and wrote off the $1,168,530 in associated costs.

(d) South Estelle Project, Alaska

On June 15, 2007, the Company signed a binding letter of intent ("LOI") with Hidefield Gold Plc. of London England. (AIM: HIF) and its partner, Mines Trust Ltd. (a private Alaskan company) pursuant to which the Company can earn up to a 80% interest in the South Estelle project located in southwest Alaska. The project consists of 168 State of Alaska unpatented lode mining claims.

Under the LOI the Company can earn up to an aggregate 80% interest in the project as follows:

- the Company can earn an initial 51% interest by making payments of USD 42,000 upon TSX Venture Exchange ("TSXV") acceptance of the transaction (paid) and an additional USD 50,000 on or before January 8, 2008 (paid), and incurring aggregate exploration expenditures of USD 2,000,000 prior to December 31, 2009;

- the Company can earn an additional 19% interest (aggregate of 70%) by incurring an additional USD 3,000,000 in exploration expenditures before December 31, 2011; and,

- the Company can earn an additional 10% interest (aggregate of 80%) by funding all expenditures required to prepare and deliver a positive bankable feasibility study. There is no time limit for the delivery of such feasibility study.

At any time after the Company earns its initial 51% interest, Hidefield/Mines Trust can convert their interest into a 1.5% net smelter return royalty. Following the Company having earned its interest, if Hidefield/Mines Trust do not elect to convert to an NSR, the parties will enter into a joint venture, in which each will be responsible for its pro rata share of further expenditures. If the interest of either the Company or Hidefield/Mines Trust in such joint venture is reduced to 10% or less, such interest will be converted to a 1.5% NSR royalty.

On April 2, 2008, the Company sold its interest in the property to Millrock Resources Inc., a public company listed on the TSXV, in consideration of the issuance of 650,000 common shares of Millrock to the Company and the grant to the Company of a 1% net smelter return royalty on Millrock's interest in the property. The Company recognized a gain of $89,246 on the sale.

(e) Properties acquired from AngloGold, Alaska

Pursuant to an Asset Purchase and Sale and Indemnity Agreement dated June 30, 2006, as amended on July 26, 2006, (the "AngloGold Agreement") among the Company, AngloGold Ashanti (U.S.A.) Exploration Inc. ("AngloGold") and Talon Gold Alaska, Inc. (the Company's wholly owned Alaskan subsidiary), 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 Sale Properties are as follows:

(i) Livengood Property

The Livengood property is located in the Tintina gold belt approximately 110 kilometres north of Fairbanks, Alaska. Subsequent to the acquisition of the original property from AngloGold, the Company acquired additional property interests in the area, and the Livengood property now consists of approximately 1,466.5 hectares of mineral rights leased from the State of Alaska, 169 State of Alaska mining claims (2,675 hectares) leased from two individuals, 20 federal unpatented lode mining claims (177 hectares) leased from two individuals, three federal patented lode mining claims (20.25 hectares) leased from a group of individuals and two unpatented federal lode mining and four federal unpatented placer mining claims (47.7 hectares) leased from an individual.

Details of the leases are as follows:

- the lease of the Alaska State mineral rights is for an initial term of 3 years, commencing July 1, 2004 (subject to extension for 2 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.

- the lease of the 169 State of Alaska mining claims is for an initial 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 and USD 100,000 in each of years 6 -10 and work expenditures of USD 100,000 in year 1, USD 200,000 in each of years 2 – 5 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.

- the lease of the 20 Federal unpatented claims is for 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 USD100,000). 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.

- the lease of the patented federal claims is for 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 15,000 on or before January 18, 2010 and an additional USD 20,000 on or before each of January 18, 2011 through January 18, 2016 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 produc tion royalties paid to the date of purchase), of which USD 500,000 is payable in cash over 4 years following the closing of the purchase and the balance of USD 500,000 is payable by way of the 3% NSR production royalty.

- the mining lease of the two unpatented federal lode mining and four federal unpatented placer claims has 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, USD 10,000 on or before March 28, 2010 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). 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 59 State of Alaska mining claims (2,600 hectares) owned 100% by the Company, 6 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 lease of the 6 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 100,000). 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 betwee n 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 of Alaska is a two stage Exploration Agreement with Option to Lease. The Exploration Agreement has an effective date of January 1, 2007 and covers approximately 1,166 hectares of land. The key terms of the Exploration Agreement (and any resulting mining lease) are as follows:

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 57,500) and incur exploration expenditures totalling USD 400,000 over five years (USD 25,000 commitment for the first year, $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 net smelter return royalty of from 3% (USD 300 and below gold) up to 5% (USD 50 0 and up gold). The Company will also pay a sliding scale net smelter return 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).

(iii) Blackshell Creek Property

The Blackshell Creek property is located approximately 80 kilometres east of Fairbanks, Alaska, and consists of 35 State of Alaska mining claims owned 100% by the Company. As of May 31, 2007 the Company decided to terminate further work on the project and has written off its investment in the property totalling $316,233.

(iv) West Pogo Property

The West Pogo property is located approximately 50 kilometres north of Delta Junction, Alaska, and consists of 96 State of Alaska mining claims (1,944 hectares) owned 100% by the Company.

(v) Chisna Property

The Chisna property is located in the eastern Alaska Range, Alaska, and consists of 608 State of Alaska mining claims divided into 5 blocks (approximately 32,935 hectares total) owned 100% by the Company.

(vi) Gilles Property

The Gilles property is located approximately 30 kilometres north of Delta Junction, Alaska, and consists of 86 State of Alaska mining claims owned 100% by the Company. Due to disappointing exploration results and the Company's desire to focus on its Livengood Project, effective September 1, 2008 the Company abandoned the claims and wrote off the associated costs of $449,255.

(vii) Caribou Property

The Caribou property is located approximately 75 kilometres north of Delta Junction, Alaska, and consists of 1,895 acres of mineral rights leased from the State of Alaska.

The lease of the Alaska State Lands is for an initial term of 3 years, commencing July 1, 2004 (subject to extension for 2 extensions of three years each) and requires work expenditures of USD$10/acre/year in years 1 – 3, USD20/acre/year in years 4 – 6 and USD30/acre/year in years 7 – 9 and advance royalty payments of USD5/acre/year in years 1 - 3, USD15/acre/year in years 4 – 6 and USD25/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.

During the year ended May 31, 2007, the Company determined that results to date on the Caribou property did not warrant further work, and the lease was terminated and the property returned to the lessor. Accordingly, the related mineral property costs of $126,950 were written off.

(f) Properties optioned from AngloGold, Alaska

In conjunction with the closing of the acquisition of the Sale Properties, the Company entered into an option/joint venture with AngloGold with respect to two additional mineral projects in Alaska, referred to as the LMS and the Terra properties (the "Optioned Properties").

The Terra Property now consists of 235 State of Alaska unpatented lode mining claims (15,552 hectares) held by or on behalf of AngloGold and 5 State of Alaska unpatented lode mining claims (324 hectares) leased from an individual. The lease requires a payment on execution of USD 25,000 (paid), and advance minimum royalties of USD 25,000 on or before March 22, 2006 (paid), USD 50,000 on or before March 22, 2007 (paid), USD 75,000 on or before March 22, 2008 (paid), USD 100,000 on or before March 22, 2009 (paid) and each subsequent March 22 until March 22, 2015, and thereafter USD 125,000 until the expiry of the lease (all of which are recoverable from production royalties). The lessor is entitled to receive a net smelter returns production royalty on gold equal to 3.0% if the gold price is less than USD 450/ounce and 4% if the gold price is USD 450/ounce or higher, plus a net smelt er returns royalty of 4% on all other mineral products other than gold. 1% of the royalty may be purchased for USD 1,000,000 and a further 1% for USD 3,000,000.

The LMS property consists of 92 State of Alaska unpatented lode mining claims (5,691 hectares) owned by AngloGold.

(i) With respect to the LMS property, the Company will have the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3.0 million by January 30, 2010 (incurred), of which the Company has committed to incur minimum exploration expenditures of USD 1.0 million during the 2006 calendar year and 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.

(ii) With respect to the Terra property, the Company will have the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3.0 million by January 30, 2010, of which the Company has committed to incur minimum exploration expenditures of USD 500,000 during the 2006 calendar year and 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.

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 exploration expenditures or be diluted. A party that is diluted to 10% or less will have its interest converted to a 2% net smelter return royalty.

On November 5, 2007 the Company provided notice to AngloGold that it has incurred sufficient expenditures to vest its 60% ownership in the Terra project. AngloGold had 90 days to decide whether or not to exercise its right to earn back an additional 20% interest in the Terra project by incurring USD 4,000,000 in expenditures over the next two years, and elected not to do so. As AngloGold elected not to exercise its back-in right, each party is therefore responsible for contribution its share of ongoing joint venture expenditures.

On June 10, 2008, the Company entered into an agreement to acquire all of the interest of AngloGold in the Terra and LMS projects, plus certain other AngloGold rights on the Gilles and West Pogo properties, for the purchase price of $751,500 to be satisfied by the issuance of 450,000 shares of the Company to AngloGold (issued November 24, 2008). The transaction was approved by NYSE Alternext-US Stock Exchange on July 31, 2008 and by the TSXV on September 10, 2008.

(g) Properties optioned from Redstar Gold Corp., Nevada

On March 15, 2007, the Company signed two binding letters of intent with Redstar Gold Corp. of Vancouver, B.C. ("Redstar"), pursuant to which the Company can earn up to a 70% interest in two gold projects, referred to as North Bullfrog and Painted Hills, located in Nevada. The Company can earn an initial 60% interest in each project by making payments and exploration expenditures and has the option to earn an additional 10% interest (aggregate 70%) by funding all expenditures to take a project to feasibility. There is no time limit by which a feasibility study is required to be delivered.

North Bullfrog: To earn its initial 60% interest, the Company must make total payments of USD 190,000 and incur total expenditures of USD 4,000,000 over 4 years to March 15, 2011. The first year requirement is a payment of USD 20,000 on TSXV acceptance (paid) plus exploration expenditures of USD 500,000 (incurred). The second payment of USD 30,000 is due by September 15, 2008 (paid). The third payment of USD 40,000 is due by March 15, 2009 (paid). The fourth payment of USD 50,000 is due by March 15, 2010 and the fifth payment of USD 50,000

is due by March 15, 2011.

The Company is also required to pay the advance minimum royalty payments to the owners of certain patented mining claims which are fully recoupable against production royalties. The advance minimum royalty in year 1 to 3 is USD 32,300 per year and year 4 onwards is USD 37,700. Production royalties range from 2% to 4%. All production royalties may be bought out at a price of USD 1,000,000 per 1%, except for one 3% royalty that may be bought out for USD 850,000 per 1%.

Painted Hills: To earn its initial 60% interest, the Company must make total payments of USD 170,000 and incur total expenditures of USD 2,500,000 over 4 years to March 15, 2011. The first year requirement is a payment of USD 20,000 on TSXV acceptance (paid) plus exploration expenditures of USD 250,000 (incurred). The second payment of USD 20,000 is due by September 15, 2008 (paid).

Due to disappointing results, the Company decided not to do any further work on Painted Hills, and the lease was terminated and the property returned to Redstar. Accordingly, the related mineral property costs of $ 1,002,438 were written off during the year ended May 31, 2009.

The Company is also required to issue an aggregate of 20,000 common shares to Redstar, as to 5,000 shares on each on September 15, 2008 (issued December 17, 2008), March 15, 2009 (issued March 11, 2009), March 15, 2010 and March 15, 2011, so long as the Company is earning into at least one of the North Bullfrog or Painted Hills projects.

Subsequent to May 31, 2009, the Company entered into an agreement to purchase all of Redstar's interest in the North Bullfrog project, including its interest in the Mayflower property (note 6(h)) and the Connection property (note 6(i)) - see Note 13(b).

(h) Mayflower Property, Nevada

Pursuant to a mining lease and option to purchase agreement made effective December 1, 2007 between the Company and a group of arm's length limited partnerships, the Company has leased (and has the option to purchase) eleven patented mining claims (approximately 76 hectares) located adjacent to its North Bullfrog project in south-western Nevada. The terms of the lease/option are as follows:

- Terms: Initial term of 5 years, commencing December 1, 2007, with the option to extend the lease for an additional 5 years. The lease will continue for so long thereafter as the property is in commercial production or, alternatively, for an additional three years if the Company makes advance minimum royalty payments of USD 100,000/year (which are recoupable against actual production royalties).
- Lease Payments: USD 5,000 (paid) and 25,000 common shares of the Company (issued September 8, 2008) following regulatory acceptance of the transaction; and an additional USD 5,000 (2008 paid) and 20,000 common shares (2008 - issued January 31, 2009) on each of the first through fifth lease anniversaries. If the Company elects to extend the lease for a second 5 year term, it will pay USD 10,000 and issue 50,000 common shares upon election being made, and an additional USDD 10,000 and 50,000 common shares on each of the sixth through tenth anniversaries.
- Work Commitments: USD 100,000 per year for the first three years, USD 200,000 per year for the years 4-6 and USD 300,000 for the years 7-10. Excess expenditures in any year may be carried forward. If the Company does not incur the required expenditures in year 1, the deficiency is required to be paid to the lessors.
- Retained Royalty: The Company will pay the lessors a net smelter returns royalty of 2% if the average gold price is USD 400/ounce or less, 3% if the average gold price is between USD 401 and USD 500/ounce and 4% if the average gold price is greater than USD 500/ounce.
- Purchase Option: The Company has the right to purchase all the interest of the lessors in the property during the first 10 years for USD 7,500,000 plus a 0.5% net smelter royalty if the gold price is under USD 500/ounce and 1% if the gold price is USD 500/ounce or above. After the initial 10 year period, the cash portion of the purchase price will be escalated annually based on the US annual Consumer Price Index increase for that year

The Mayflower property, and the associated acquisition costs, has been added to the North Bullfrog Redstar Joint Venture property in which the Company has the right to earn a 70 % interest (note 6(g)).

(i) Connection Property, Nevada

Pursuant to a mining lease and option to purchase agreement made effective October 27, 2008 between Redstar and an arm's length limited liability company, Redstar has leased (and has the option to purchase) twelve patented mining claims located adjacent to the North Bullfrog project and referred to as the "Connection" property. The 10 year, renewable mining lease requires payments of USD 10,800 (paid) on signing and annual payments for the first three anniversaries of USD 10,800 and USD 16,200 for every year thereafter. Redstar has an option to purchase is the property for USD 1,000,000 at any time during the life of the lease. Production is subject to a 4% NSR royalty, which may be purchased for USD 5,000,000.

The Connection property, and the associated acquisition costs, has been added to the North Bullfrog Redstar Joint Venture property in which the Company has the right to earn a 70 % interest (note 6(g)).

7. SHARE CAPITAL

Authorized
500,000,000 common shares without par value.

Issued

	Number of shares	Share Capital	Contributed Surplus
Balance, May 31, 2006	10,012,183	$ 3,715,664	$ -
Private placement (brokered)	11,704,105	21,650,306	-
Private placement (non-brokered)	9,199,718	7,359,842	-
Agent's commission	561,365	945,785	-
Agent's compensation options	-	-	1,163,089
Shares issued for property acquisition	5,997,295	7,496,619	-
Exercise of warrants	420,751	515,070	-
Exercise of options	348,812	453,456	-
Stock-based compensation	-	-	5,737,178
Reallocation from contributed surplus	-	247,627	(247,627)
Share issue costs	-	(3,033,041)	-
Balance, May 31, 2007	38,244,229	39,351,328	6,652,640
Exercise of warrants	1,685,542	1,190,918	-
Exercise of options	14,121	18,357	-
Stock-based compensation	-	-	381,975
Reallocation from contributed surplus	-	10,025	(10,025)
Share issue costs	-	15,601	-
Balance, May 31, 2008	39,943,892	40,586,229	7,024,590
Private placement	4,200,000	10,500,000	-
Exercise of warrants	11,017,044	25,640,916	-
Exercise of options	792,037	1,773,058	-
Stock-based compensation	-	-	4,101,404
Agent's compensation warrants	-	-	286,805
Reallocation from contributed surplus	-	1,194,071	(1,194,071)
Shares issued for property acquisition	505,000	826,750	-
Shares issue cost	-	(1,264,391)	-
Balance, May 31, 2009	56,457,973	$ 79,256,633	$ 10,218,728

Share issuances

On August 4, 2006, the Company completed a brokered private placement consisting of 5,599,605 units at a price of $1.25 per unit for total proceeds of $6,999,506. Each unit consisted of one common share and one-half of a transferable share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share at a price of $1.50 until August 4, 2008.

On August 4, 2006, the Company issued 349,123 commission units at a price of $1.25 per unit for total value of $436,404. Each commission unit consisted of one common share and one-half of a share purchase warrant, each whole warrant entitling the agent to purchase one additional common share at a price of $1.50 until August 4, 2008. In addition, the agent received 498,748 compensation options. Each compensation option entitled the agent to purchase one additional common share at a price of $1.30 until August 4, 2008. The fair value of these options, being $354,070, was charged to share issue costs.

On August 4, 2006, the Company completed a non brokered private placement consisting of 7,999,718 units at a price of $0.56 per unit for total proceeds of $4,479,842. Each unit consisted of one common share and one-half share purchase warrant. Each full warrant entitled the holder to purchase one additional common share at a price of $1.00 until August 4, 2008.

On August 4, 2006, the Company issued 5,997,295 common shares to AngloGold to acquire the Sale Properties (See Note 6 (e)) at a fair value of $1.25 per share, and on November 24, 2008, issued 450,000 common shares at a fair value of $1.65 per share to acquire all of AngloGold's interest in the Terra and LMS Projects and its pre-emptive rights over the Gilles and West Pogo properties, all in Alaska (Note 6(f)).

On May 9, 2007, the Company completed a brokered private placement of 6,104,500 units at a price of $2.40 per unit for total gross proceeds of $14,650,800. Each unit consisted of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one additional share until May 9, 2009 at an exercise price of $3.00. In addition, the agents received a commission of 7% of the gross proceeds of the Offering, payable in a combination of cash ($516,175) and 212,242 commission units. Each commission unit has the same attributes as a unit, except that the warrants are non-transferable. In addition, the Agents received 488,360 compensation options, each compensation option entitling the holder to purchase one share at a price of $2.70 until May 9, 2009. The fair value of these options, being $809,019, was c harged to share issue costs.

On May 9, 2007, the Company completed a non-brokered private placement of 1,200,000 units at a price of $2.40 per unit to raise gross proceeds of $2,880,000. Each unit consisted of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one additional share until May 9, 2009 at an exercise price of $3.00.

On March 4, 2009, the Company closed a bought deal equity financing through a syndicate of underwriters 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 issue costs. Each Broker warrant is exercisable to acquire one common share of the Company at $2.95 until September 4, 2010.

During the current year, 11,017,044 (2008 – 1,685,542; 2007 – 420,751) warrants and 792,037 (2008- 14,121; 2007- 348,812) options were exercised for proceeds of $27,413,974 (2008- $1,209,275; 2007- $968,526).

Warrants

Warrant transactions are summarized as follows:

	Year ended May 31, 2009		**Year ended May 31, 2008**		**Year ended May 31, 2007**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants exercisable, beginning of year	13,384,666	$2.21	15,070,208	$2.04	1,000,000	$0.26
Issued – non-brokered private placement	-	-	-	-	3,999,855	1.00
Issued – brokered private placement	-	-	-	-	2,799,802	1.50
Issued – agent commission	-	-	-	-	174,560	1.50
Issued – non-brokered private placement	-	-	-	-	1,200,000	3.00
Issued – brokered private placement	-	-	-	-	6,104,500	3.00
Issued – agent commission warrants	294,000	2.95	-	-	212,242	3.00
Exercised	(11,017,044)	(2.33)	(1,685,542)	0.71	(420,751)	(1.22)
Expired	(2,367,622)	(1.66)	-	-	-	-
Warrants exercisable, end of year	294,000	$2.95	13,384,666	$2.21	15,070,208	$2.04

Warrants outstanding are as follows:

	Year ended May 31, 2009		**Year ended May 31, 2008**		**Year ended May 31, 2007**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
October 21, 2007	-	-	-	-	950,000	$0.26

August 4, 2008	-	-	3,572,954	$1.00	3,891,743	$1.00
August 4, 2008	-	-	2,247,492	$1.50	2,656,020	$1.50
August 4, 2008 – commission warrants	-	-	47,478	$1.50	55,703	$1.50
May 9, 2009	-	-	7,304,500	$3.00	7,304,500	$3.00
May 9, 2009 – commission warrants	-	-	212,242	$3.00	212,242	$3.00
September 4, 2010 – commission warrants	294,000	$2.95	-	-	-	-
Warrants exercisable, end of year	294,000	$2.95	13,384,666	$2.21	15,070,208	$2.04

Options and stock-based compensation

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 five 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 TSXV policies), or such other price as may be agreed to by the Company and accepted by the TSXV. Options granted under the 2006 Plan vest immediately, except for options granted to consultants conducting investor relation activities which will become vested over time with the right to exercise one-fourth of the option vesting upon the conclusion of each three month period subsequent to the date of the grant of the option, unless otherwise determined by the directors at the date of grant.

Pursuant to the Company's brokered private placement completed on August 4, 2006, the Company granted the agent 498,748 compensation options on July 6, 2006. Each compensation option entitled the agent to purchase one additional common share at a price of $1.30 until August 4, 2008.

Pursuant to its 2006 Incentive Stock Option Plan, on January 26, 2007 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 2,830,000 common shares. The options are exercisable on or before January 26, 2009 at a price of $2.70 per share (extended and re-priced – see below).

Pursuant to the Company's brokered private placement completed on May 9, 2007, the agent received 488,360 compensation options. Each compensation option entitles the agent to purchase one additional common share at a price of $2.70 until May 9, 2009.

Pursuant to its 2006 Incentive Stock Option Plan, on May 23, 2007 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 845,000 common shares in the capital stock of the Company. The options are exercisable on or before May 23, 2009 at a price of $2.95 per share (extended and re-priced – see below).

Pursuant to its 2006 Incentive Stock Option Plan, on January 16, 2008 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 190,000 common shares in the capital stock of the Company. The options are exercisable on or before January 16, 2010 at a price of $1.52 per share.

Pursuant to its 2006 Incentive Stock Option Plan, on February 1, 2008 the Company granted incentive stock options to a consultant of the Company to purchase 100,000 common shares in the capital stock of the Company. The options are exercisable on or before February 1, 2010 at a price of $2.15 per share.

Pursuant to its 2006 Incentive Stock Option Plan, 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.

Pursuant to its 2006 Incentive Stock Option Plan, 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.

A summary of the status of the stock option plan as of May 31, 2009, and changes during the year is presented below:

	Year ended May 31, 2009	**Year ended May 31, 2008**	**Year ended May 31, 2007**

	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, opening:	4,589,175	$ 2.64	4,313,296	$ 2.70	-	$ -
Granted	1,850,000	$ 2.92	290,000	$ 1.52	4,662,108	$ 2.60
Exercised	(792,037)	$ 2.24	(14,121)	$ 1.30	(348,812)	$ 1.30
Expired	(2,138)	$ 2.70	-	$ -	-	$ -
Options outstanding, ending:	5,645,000	$ 2.13	4,589,175	$ 2.64	4,313,296	$ 2.70

Stock options outstanding are as follows:

	Year ended May 31, 2009			Year ended May 31, 2008			Year ended May 31, 2007		
Expiry Date	Exercise Price	Number of Shares	Exercisable at Period End	Exercise Price	Number of Shares	Exercisable at Year End	Exercise Price	Number of Shares	Exercisable at Year End
August 4, 2008	$1.30	-	-	$1.30	135,815	135,815	$1.30	149,936	149,936
July 16, 2010 (below)	$1.75	2,810,000	2,810,000	$2.70	2,830,000	2,830,000	$2.70	2,830,000	2,717,500
May 9, 2009	$2.70	-	-	$2.70	488,360	488,360	$2.70	488,360	488,360
July 16, 2010 (below)	$1.75	755,000	755,000	$2.95	845,000	845,000	$2.95	845,000	845,000
January 16, 2010	$1.52	130,000	130,000	$1.52	190,000	182,500	$ -	-	-
February 1, 2010	$2.15	100,000	100,000	$2.15	100,000	25,000	$ -	-	-
March 12, 2011	$2.66	885,000	801,875	$ -	-	-	$ -	-	-
May 20, 2011	$3.15	965,000	965,000	$ -	-	-	$ -	-	-
		5,645,000	5,561,875		4,589,175	4,506,675		4,313,296	4,200,796

On July 16, 2008, the Company amended the expiry dates and exercise prices of an aggregate of 3,675,000 outstanding incentive stock options to extend the expiry date for up to eighteen months, such that all such options (which were originally granted for a period of two years with expiry dates ranging from January 26, 2009 to May 23, 2009) will now expire on July 16, 2010; and to reduce the exercise prices (which ranged from $2.70 to $2.95, with a weighted average exercise price of $2.75) to $1.75. This amendment was subject to disinterested shareholders' approval with respect to insiders of the Company who hold 2,405,000 of these options (approval received October 21, 2008). Following this approval, additional stock-based compensation charges of $1,688,874 have been included in those charges as detailed below.

The Company uses the fair value method for determining stock-based compensation expense for all options granted during the fiscal periods. The fair value of options granted was $2,386,502 (2008- $325,063; 2007- $7,077,444), determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2009	2008	2007
Expected life (years)	2	2	2
Interest rate	1.05%	3.23%	4.21%

Volatility (average)	82.51%	116.80%	110.37%
Dividend yield	0%	0%	0%
Exercise price	$2.92	$1.74	$2.60
Stock price at grant date	$2.89	$1.82	$2.60

	Weighted average fair value of options granted		
Exercise price	**2009**	**2008**	**2007**
equals	$ 1.13	$ 0.92	$ 1.61
exceeds	$ 1.43	-	$ 0.71
less than	-	$ 1.51	$ 1.66
the market price of the stock on the grant date			

Stock-based compensation charges of $4,101,404 (2008 - $381,975; 2007 - $5,737,178), were allocated as follows:

May 31, 2009	**Before allocation**	**Stock-based compensation**	**After Allocation**
Consulting	$ 296,101	$ 1,551,571	$ 1,847,672
Investor relations	434,150	340,530	774,680
Professional fees	386,208	56,683	442,891
Wages and benefits	1,086,828	2,152,620	3,239,448
		$ 4,101,404	

May 31, 2008	**Before allocation**	**Stock-based compensation**	**After Allocation**
Consulting	$ 238,367	$ 54,903	$ 293,270
Investor relations	565,384	217,266	782,650
Wages and benefits	977,366	109,806	1,087,172
		$ 381,975	

May 31, 2007	**Before allocation**	**Stock-based compensation**	**After Allocation**
Administration	$ 40,750	$ 62,996	$ 103,746
Consulting	94,839	3,370,544	3,465,383
Investor relations	203,065	531,528	734,593
Wages and benefits	481,430	1,772,110	2,253,540
		$ 5,737,178	

8. INCOME TAXES

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

	2009	**2008**	**2007**
Loss before income taxes	$ (9,773,923)	$ (2,420,090)	$ (8,666,021)
Statutory Canadian corporate tax rate	30.38%	33.03%	35.29%

Income tax recovery at statutory rates	$ (2,969,318)	$ (799,356)	$ (3,058,239)
Unrecognized items for tax purposes	1,286,488	97,053	2,018,143
Effect of tax rate change	127,976	300,078	231,268
Difference in tax rates in other jurisdictions	(430,126)	(144,754)	(117,959)
Change in valuation allowance	1,984,980	546,979	926,787
	$ -	**$ -**	**$ -**

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

	2009	2008	2007
Future income tax assets			
Mineral properties	$ 3,548,728	$ 1,944,431	$ 1,454,499
Equipment	55,464	34,535	14,605
Share issue costs	575,185	489,169	752,194
Cumulative eligible capital	-	93	107
Net capital losses available	-	-	-
Non-capital losses available for future periods	1,269,673	673,457	373,300
	5,449,050	3,141,685	2,594,705
Valuation allowance	(5,449,050)	(3,141,685)	(2,594,705)
	$ -	**$ -**	**$ -**

At May 31, 2009 the Company has available non-capital tax losses for Canadian income tax purposes of approximately $4,883,356 available for carry-forward to reduce future years' taxable income, if not utilized, expiring as follows:

2025	$ 81,776
2026	91,537
2027	1,030,880
2028	1,301,227
2029	2,377,936
	$ 4,883,356

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 $40,234,000, 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.

9. RELATED PARTY TRANSACTIONS

During the year, the Company paid $794,916 (2008 - $530,681; 2007 - $419,986) in consulting, investor relations, wages and benefits to officers, directors and companies controlled by directors of the Company and $72,607 (2008 - $62,750; 2007 - $25,110) in rent and administration to a company with common officers and directors. Professional fees of $44,583 (2008 - $Nil, 2007 - $Nil) were paid to a company related to an officer who is also a director of the Company. These figures do not include stock-based compensation (see Note 7).

At May 31, 2009, included in accounts payable and accrued liabilities was $Nil (2008 - $Nil; 2007 - $2,088) in expenses owing to the directors and officer of the Company and $4,667 (2008 - $18,032; 2007 - $Nil)) to companies related by common directors. Professional fees include amounts paid to a law firm of which an officer is a shareholder.

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's purchase of AngloGold's interest in the Terra, LMS, Gilles and West Pogo Projects in Alaska (Note 6(f)) completed on November 24, 2008, and the private placement to AngloGold subsequent to May 31, 2009 (see note 13(a)) are considered related party transactions by virtue of a common directorship and 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 financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. GEOGRAPHIC SEGMENTED INFORMATION

	Canada	United States	Total
2009			
Mineral properties	$ 1	$ 33,417,565	$ 33,417,566
Property and equipment	$ 15,191	$ 54,724	$ 69,915
2008			
Mineral properties	$ 1	$ 23,151,227	$ 23,151,228
Property and equipment	$ 1,308	$ 103,239	$ 104,547
2007			
Mineral properties	$ 1	$ 13,387,112	$ 13,387,113
Property and equipment	$ -	$ 115,920	$ 115,920

	2009	2008	2007
Net loss for the year- Canada	$ (5,759,402)	$ (1,051,353)	$ (7,214,708)
Net loss for the year- United States	(4,014,521)	(1,368,737)	(1,451,313)
Net loss for the year	$ (9,773,923)	$ (2,420,090)	$ (8,666,021)

11. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("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 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 financial statements is summarized below:

Consolidated statements of operations and deficit	2009	2008	2007
Loss for the year under Canadian GAAP	$ (9,773,923)	$ (2,420,090)	$ (8,666,021)
Mineral property expenditures, net	(9,949,572)	(9,736,339)	(5,233,743)
United States GAAP	$ (19,723,495)	$ (12,156,429)	$ (13,899,764)
Loss per share – US GAAP	$ (0.44)	$ (0.31)	$ (0.51)

Consolidated balance sheets	May 31, 2009	May 31, 2008	May 31, 2007
Mineral Properties Canadian GAAP	$ 33,417,566	$ 23,151,228	$ 13,387,113

Mineral property expenditures (cumulative)	(25,763,979)	(15,814,407)	(6,078,068)
United States GAAP	$ 7,653,587	$ 7,336,821	$ 7,309,045
Deficit			
Canadian GAAP	$ (23,528,564)	$ (13,754,641)	$ (11,334,551)
Mineral property expenditures (cumulative)	(25,763,979)	(15,814,407)	(6,078,068)
United States GAAP	$ (49,292,543)	$ (29,569,048)	$ (17,412,619)

Consolidated statements of cash flows	**2009**	**2008**	**2007**
Operating activities			
Cash provided by (used) per Canadian GAAP	$ (2,980,631)	$ (2,216,306)	$ (1,506,848)
Effect of the write-off of exploration expenditures	(9,949,572)	(9,736,339)	(5,233,743)
Cash generated (used) per United States GAAP	$ (12,930,203)	$ (11,952,645)	$ (6,740,591)
Investing activities			
Cash provided by (used) per Canadian GAAP	$ (12,530,590)	$ (10,123,353)	$ (5,655,274)
Effect of the write-off of exploration expenditures	9,949,572	9,736,339	5,233,743
Cash generated (used) per United States GAAP	$ (2,581,018)	$ (387,014)	$ (421,531)

b) Marketable securities

Under United States GAAP, the Company would classify the marketable securities as “Securities available for resale”, which is consistent with the Company’s change in accounting policy described in Note 2(o). The carrying value on the balance sheet at May 31, 2009 would be $113,750 (2008 - $247,000, 2007 - $Nil) and the unrealized loss of $133,250 (2008 - $Nil, 2007 - $Nil) was recognized in the statements of operations and deficits as other loss.

c) Stock-based compensation

The Company has adopted Statement of Financial Accounting Standards No. 123, 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 financial statements.

d) 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 year. 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, 2009, 2008 and 2007 was 45,089,555, 39,193,360 and 27,101,104 respectively.

e) 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. CAPITAL MANAGEMENT

The Company manages its capital structure, 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, 2009. The Company is not subject to externally imposed capital requirements.

13. SUBSEQUENT EVENTS

Subsequent to May 31, 2009, the Company:

a) As a consequence of the election on July 10, 2009 by AngloGold to exercise its right to maintain its 13.2907% equity interest in the Company pursuant to the AngloGold Agreement (note 6(e)), the Company has agreed to sell to AngloGold, on a private placement basis, an aggregate of 1,218,283 common shares at a price of $2.68 per share for a gross proceeds of $3,264,998. AngloGold's equity interest had been diluted by virtue of the Company's issuance of shares since January 1, 2009, principally due to the exercise of 7,753,385 warrants, broker options and broker warrants in May, 2009. The placement is expected to close on August 25, 2009.

b) Pursuant to a purchase agreement dated July 30, 2009 among the Company, Talon Gold Nevada Inc. ("Talon Nevada"), Redstar and Redstar Gold U.S.A. Inc. ("Redstar US"), Talon Nevada has agreed to purchase all of Redstar's and Redstar US's interest in the North Bullfrog Project in Nevada (see notes 6(g), (h) and (i)). The purchase price is $934,000, to be settled by Talon Nevada paying Redstar US $250,000 and delivering to Redstar 200,000 common shares of the Company (valued, for such purposes, at $684,000). The Company has guaranteed Talon Nevada's obligations under the purchase agreement, and will issue the 200,000 common shares to Redstar in consideration of the issuance to it by Talon Nevada of shares in the capital stock of Talon Nevada having a value of $684,000. Closing is subject, among other things, to the receipt by each of Redstar an d the Company of the acceptance for filing of the transaction by the TSXV (both received) and the approval of the transaction by the NYSE-Amex on behalf of the Company. Completion of the acquisition will eliminate the Company's current vesting requirements for expenditures, payments and share issuances in order to earn up to a 70% interest in the North Bullfrog Project (including the Mayflower and Connection properties).

14. COMPARATIVE FIGURES

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

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

FORM 51-102F1
MANAGEMENT DISCUSSION & ANALYSIS

August 20, 2009

Introduction

This Management Discussion & Analysis ("MD&A") for International Tower Hill Mines Ltd. (the "Company" or "ITH") for the year ended May 31, 2009 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of August 20, 2009 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended May 31, 2009, 2008 and 2007. Except where otherwise noted, all dollar amounts are stated in Canadian dollars.

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated property acquisitions, the timing, cost and nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, the potential for various processing methods for mineralized material from the Company's properties, projected metal recovery rates, the anticipated preparation and timing of an updated 43-101 resource estimate and preliminary economic analysis at the Livengood project, the potential for a significant expansion of the estimated Livengood resources and business and financing plans. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that it reflects a prediction of the mine ralization that would be encountered if a mineral deposit were developed and mined. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited 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, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to pr oduce 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". 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".

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 US Securities and Exchange Commission's ("SEC") mining guidelines strictly prohibit information of this type in documents filed with the SEC. 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.

Cautionary Note to US Investors Concerning Reserve and Resource Estimates

National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101") is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in this MD&A or released by the Company in the future, have been or will be prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resource and Mineral Reserves, adopted by the CIM Council on November 14, 2004 (the "CIM Standards") as they may be amended from time to time by the CIM.

The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101. These definitions differ from the definitions in the SEC's Industry Guide 7 ("SEC Industry Guide 7") under the U.S. 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. Under SEC Industry Guide 7 standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be econo mically and legally produced or extracted at the time the reserve determination is made.

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; 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 or that they can be mined economically or legally. "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, estima tes 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 that it can be economically or legally mined. 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 standards as in place tonnage and grade without reference to unit measures. The term "contained ounces" is not permitted under SEC Industry Guide 7.

Accordingly, information contained in this MD&A 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 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 mineral properties.

Overall Performance

During the three months ended May 31, 2009 and to the date of this MD&A, the Company:

- Began its planned 35,000 metre 2009 summer drilling program at the Livengood project on June 1, 2009, utilizing three reverse circulation drills and one diamond drill. This expanded drill program is in response to the encouraging results generated in the winter 2008/09 program.
- Discovered a major new gold zone, called the Sunshine Zone, at the Livengood project. The new zone is located on the northeast extension of the existing deposit, and has returned a number of thick, highly oxidized intervals (starting from surface) with several exceeding 1 g/t gold in grade. The Sunshine Zone has potential to add significantly to the overall resource base and enhance potential mining economics.
- Completed its second quarter 2009 NI 43-101 Livengood resource estimate. As at May 30, 2009, estimated resources at Livengood now total 145.8 million tonnes at 0.86 g/t gold (4.04 million ounces) indicated and 142.6 million tonnes at 0.79 g/t gold (3.60 million ounces) inferred, at a 0.5 g/t gold cut off. The Livengood resource has increased in size, grade and confidence as the Company continues to expand the deposit.
- Completed the exercise of 7,753,385 warrants, broker options and broker warrants on May 9, 2009 for net proceeds of $23,114,288. The current treasury is adequate to fund the Company's exploration and development program for the next 24 months.
- Received notice from AngloGold Ashanti (U.S.A.) Exploration Inc. ("AngloGold") that it wished to exercise its top-up right to maintain its 13.2907% interest in the Company. Accordingly, the Company has agreed to sell to AngloGold, on a private placement basis, 1,218,283 common shares at $2.68 per share for net proceeds to the Company of $3,264,998, which will add additional funds to the Company's treasury. The placement has received all required regulatory acceptances and approvals and is anticipated to close on August 25, 2009.
- Dropped its option to acquire an interest in the Painted Hills project, Nevada, from Redstar Gold Corp. ("Redstar") due to disappointing results.
- Entered into an agreement to acquire all of the interest of Redstar in the North Bullfrog project, Nevada (including Redstar's interest in the Mayflower and Connection properties) for $250,000 and 200,000 shares.

The initial drilling results from the 2009 summer drilling program at Livengood have returned encouraging gold values from the both the Sunshine and East Zones, including hole MK-RC-0162, which returned 15.2 metres @ 1.42g/t gold, 22.9 metres @ 0.98g/t gold, 47.3 metres @1.20g/t gold, 45.7 metres @1.11g/t gold & 10.7 metres @ 1.07g/t gold. The Sunshine Zone has returned thicker and higher grades intervals analogous to the Core Zone, which was discovered in 2008 and hosts the bulk of the existing Livengood resource estimated as at May 30, 2009. In addition, the Sunshine Zone is deeply oxidized (+150 metres) with mineralization outcropping and extending below 200 metres in depth. The East Zone is an extension of the southern end of the Core Zone to the east and has returned a number of higher grade intersections in a similar geologic setting as the Core Zone (such as MK-RC-0154, which return ed 45.7 metres @ 1.62 g/t gold). The results to date from the 2009 summer program have been very encouraging and suggest the potential for a major expansion of the estimated resources in the next resource update (scheduled for September/October, 2009).

The Company is working toward adding the new Sunshine and East Zone drilling into an updated resource model and preparing a preliminary economic assessment of the Livengood project, scheduled for completion in the late third quarter or early fourth quarter of 2009. The new discovery of the shallow, thick, deeply oxidized mineralization in the Sunshine Zone has the potential to enhance the mining economics for the overall deposit.

The Company intends to focus most of its resources on the continued expansion and development of the Livengood deposit. However, the Company does plan an initial drill program for its Coffee Dome project and continued surface exploration on its Chisna project, both in the third quarter of 2009, and a limited drill program at the North Bullfrog project in Nevada during the winter of 2009/10. The Company is also seeking joint venture partners for some of its properties, notably the Terra, LMS, and BMP properties in Alaska. However, there can be no assurance that it will be successful in doing so.

Current Exploration Activities

General

The Company remained focused on the Livengood deposit during the quarter and to date, completing the mid 2009 resource update (as at May 30, 2009) and advancing the 2009 summer drill program and ongoing metallurgical testing for the Livengood deposit. In addition, the Company is advancing its environmental baseline sampling program, wetlands mapping and other related long-term mine permitting projects at Livengood.

On July 30, 2009, the Company entered into an agreement with Redstar to purchase all of its interest in the North Bullfrog

project (including the Connection and Mayflower properties), thereby giving the Company 100% ownership of the project. Consideration for the acquisition is a cash payment of $250,000 and the issuance of 200,000 common shares. The agreement relieves the Company from its remaining approximate $1,400,000 work commitment and 10,000 share payment to complete its vesting of a 60% interest in the project, as well as eliminating the requirement to produce a feasibility study to earn and additional 10% interest (70% total). The Company is presently planning to implement the next phase of exploration on the North Bullfrog project in early 2010.

A surface mapping and sampling program was completed on the Chisna project in August, 2009 and results are pending. The Company also plans an initial phase I drill program at its Coffee Dome project in September, 2009, focussing on the priority "UAF" target.

The Company did not carry out any significant work on any of the Terra, LMS, Coffee Dome, West Pogo or BMP properties in Alaska or the North Bullfrog project in Nevada during the quarter or to date.

Alaska Properties

Livengood Project

June 2009 Resource Estimate Update

In June 2009, the Company announced the results from its independently prepared mineral resource estimate (as at May 30, 2009) for the Money Knob deposit at its Livengood gold project outside of Fairbanks, Alaska (Tables 1-3). The independent 43-101 study incorporates all of the previous resource estimates and the 2009 winter program for an overall total of 189 diamond and reverse circulation holes () which targeted the Core Zone. The expansion of the deposit from the three month long winter 2009 program reaffirms that the grade of the Core Zone is robust and the deposit is open in all directions. In addition, the Company is pleased to have increased the higher confidence, indicated component of the resource, which grew by 20% from the previously estimated indicated resources. Given the deposit's favourable low-strip ratio geometry and positive metallurgical results, the Company has begun work on future development considerations.

The new resource estimate numbers also show rapid expansion of the higher grade component of the deposit, with a 20% increase in total ounces at the 0.70 g/t gold cut off. The Core Zone has a estimated indicated gold resource of 84.9M tonnes at an average grade of 1.06 g/t gold (2.88M ounces) and an estimated inferred gold resource of 68.8M tonnes at an average grade of 0.99 g/t gold (2.2M ounces), based on the 0.70 g/t gold cut off. At a 0.30 g/t gold cut off, which is more typical of large bulk-tonnage heap leach deposits, the average grade of the overall deposit increased approximately 8% as most of the drilling in the winter 2009 program was in the higher grade Core Zone. At a 0.50 g/t gold cut off, the average grade of the overall deposit increased by 5.4%.

Table 1 June 2009 Livengood Resources (at 0.50 g/t gold cut off)

Classification	Gold Cutoff (g/t)	Tonnes (millions)	Gold (g/t)	Gold (Ounces)
Indicated	**0.5**	**145,767,213**	**0.863**	**4,044,471**
Inferred	**0.5**	**142,557,941**	**0.79**	**3,597,925**

Table 2 June 2009 Livengood Resources (at 0.70 gold cut off)

Classification	Gold Cutoff (g/t)	Tonnes (millions)	Gold (g/t)	Gold (Ounces)
Indicated	**0.7**	**84,964,254**	**1.06**	**2,884,637**
Inferred	**0.7**	**68,856,010**	**0.99**	**2,200,489**

Table 3 June 2009 Livengood Resources (at 0.30 g/t gold cut off)

Classification	Gold Cutoff (g/t)	Tonnes (millions)	Gold (g/t)	Gold (Ounces)
Indicated	**0.3**	**234,945,944**	**0.69**	**5,174,276**
Inferred	**0.3**	**280,596,423**	**0.59**	**5,322,617**

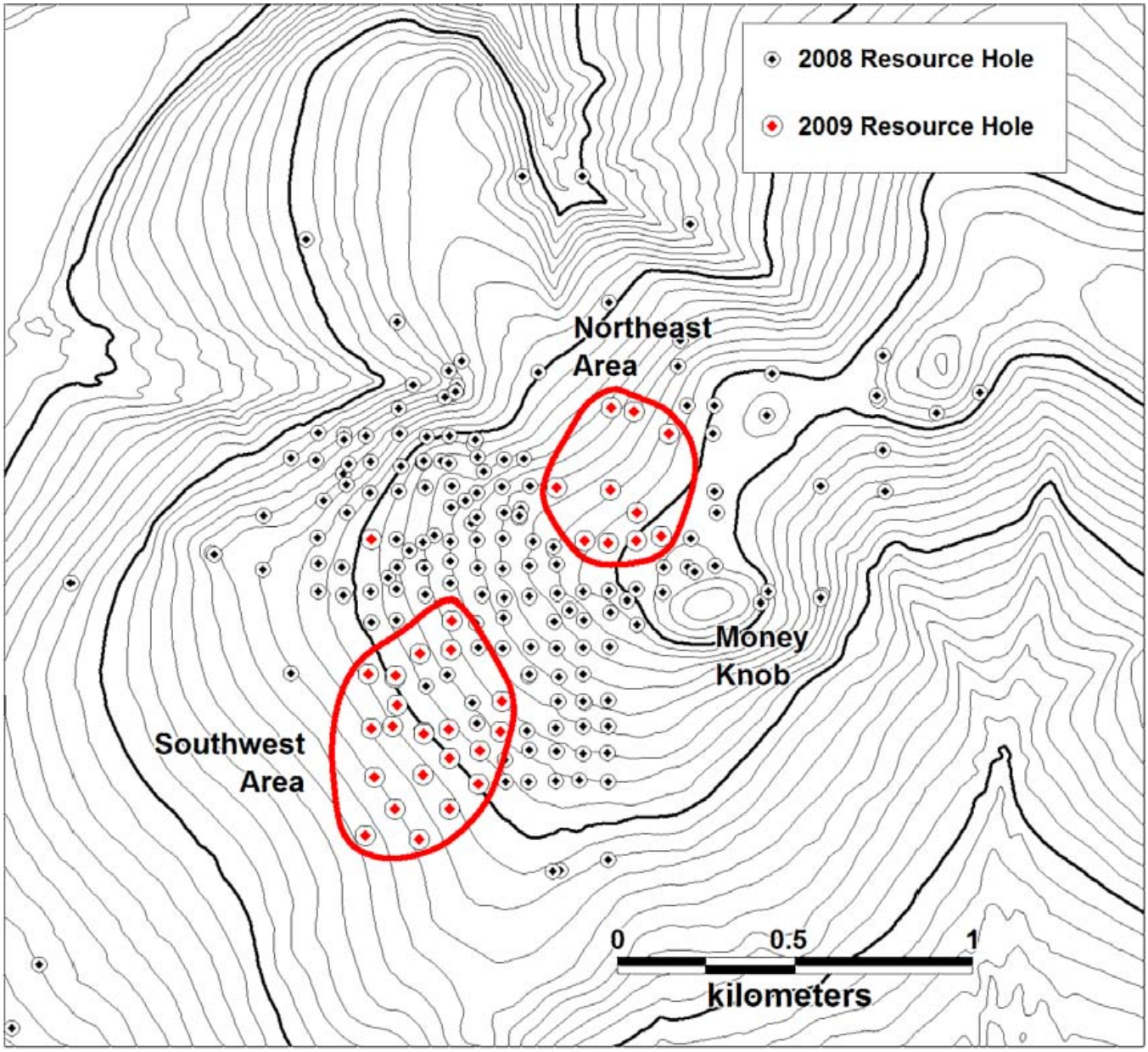


Figure 1 Distribution of 2008 and 2009 drill holes incorporated into the June 2009 mineral resource estimate.

Livengood Project Highlights

- Ongoing drilling at the project continues to expand the deposit at a rapid rate, with the current estimated resource only representing a snapshot in time of what the Company believes is a growing resource base. The latest resource estimate (as at May 30, 2009, released in June 2009) of 145.76 Mt indicated at an average grade of 0.863 g/t gold (4.04 Moz) and 142.55 Mt inferred at an average grade of 0.79 g/t gold (3.6 Moz), both at a 0.5 g/t gold cutoff, makes it one of the largest new gold discoveries in North America.
- The higher grade Core Zone of the deposit (indicated resources of 84.9 Mt at an average grade of 1.06 g/t gold and inferred resources of 68.8 Mt at an average grade of 0.99 g/t gold, based on a cut off grade of 0.70 g/t gold) could form the base for a starter pit component as other higher grade zones are developing in the SW, Sunshine and East zones of the deposit.
- The current drilling at Livengood only covers about 30% of the Main Gold Target, which is approximately 12 square kilometres in area.
- Ongoing metallurgical studies focusing on the mill potential indicate that the mineralization has an unusually high gravity concentration component with an average of 77% of the gold reporting to just 15% of the material. This could offer a significant cost savings opportunity for both capital and operating costs.
- The geometry of the currently defined shallowly dipping, outcropping deposit has a low strip ratio amenable for low cost open pit mining that could support a high production rate and economies of scale.
- No major permitting hurdles have been identified to date.

2009 Summer Drilling Program

The Company began its Phase II summer 2009 drill program in June with a planned 35,000 metres of reverse circulation drilling. This current program tests large areas within and adjacent to the existing estimated resource area as well as deep testing of higher-grade feeder zone targets. These areas have a number of higher grade holes in close proximity to them and are expected to significantly add ounces to the next resource estimate. In addition to the ongoing resource expansion and planned preliminary economic analysis, a detailed metallurgical study of the milling and heap leach potential of the deposit is underway as well as baseline environmental studies needed for future mine permitting.

During the quarter and to date, the Company has received significant drill results from several key areas of the deposit which illustrate its significant expansion potential. These areas are listed below:

The SW Zone lies southwest of the Core Zone (which contains the bulk of the 2008 resource estimate) and has returned a number of encouraging higher grade intercepts from the drilling, such as MK-RC-0119, which returned 57.9 metres at 2.2 g/t gold and MK-RC-0123, which returned 159 metres at 1.0 g/t gold. Mineralization in the SW Zone occurs in all units of the stratigraphy and at depths ranging from the surface to 300 metres (Table 4). Drill results from the SW Zone have produced numerous thick intervals above 1 g/t gold, with many exceeding 2 g/t gold. This is characteristic of the best parts of the Core Zone, located approximately 500 metres to the east. The new high-grade SW Zone area appears to be related to a generalized northeast trend of mineralization that extends over two kilometres to the northeast, as evidenced by holes MK-RC-0130, which returned 96 metres @ 1.1 g/t gold and M K-RC-0112, which returned 41 metres @ 1.69 g/t gold and 101 metres @ 1.13 g/t gold, as well as the new Sunshine Zone results.

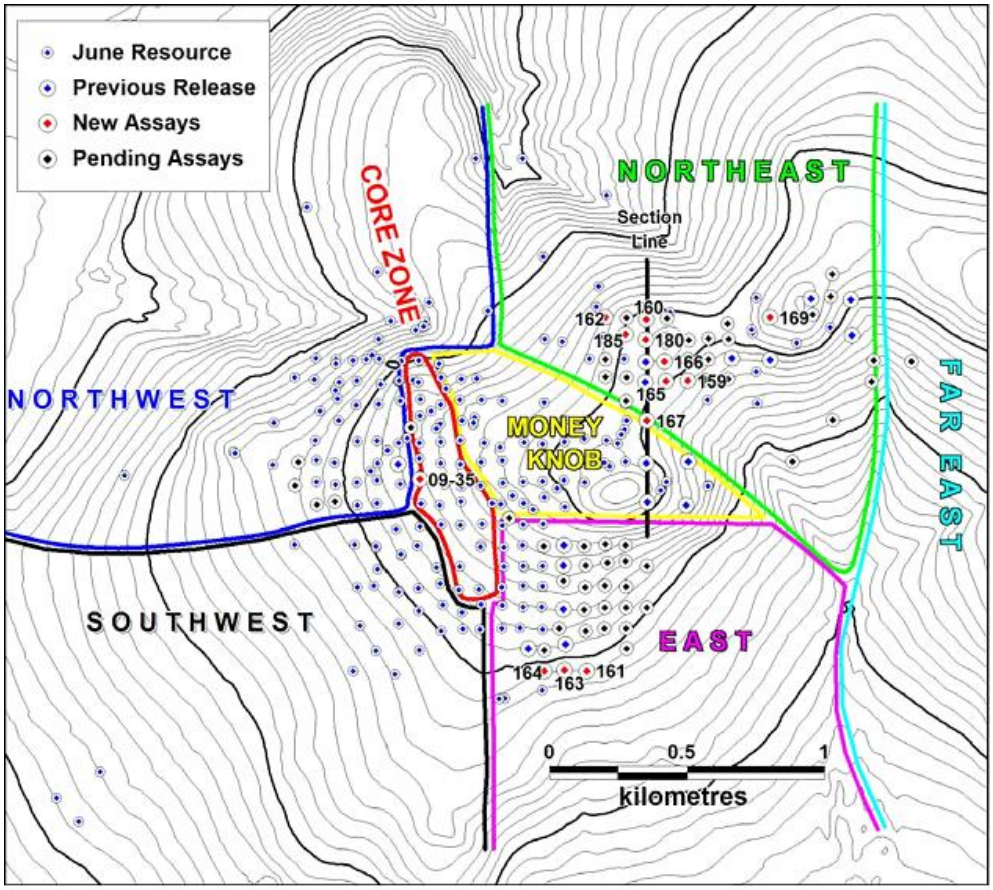


Figure 2 Location and assay status of drill holes with respect to target areas at the Livengood project.

In the northeast part of the deposit, a new "Core Zone type" zone, referred to as the "Sunshine Zone", is emerging from ongoing drilling. This zone exhibits nearly continuous mineralization, extending from surface to in excess of 250 metres (Figure 3). The mineralization is generally hosted in sandstones and siltstones which are oxidized to depth, further enhancing the potential value of this new area of the deposit. On average, each of the holes in the Sunshine Zone released to date have averaged over a 200 metre thickness of mineralization above a 0.25 g/t gold cut off, indicating this new discovery should have a major impact on the overall tonnage of the deposit.

Grid drilling has also continued to expand the East Zone sector of the deposit. This zone is the eastern extension of the south end of the Core Zone and has now been extended for over 300 metres to the east. Mineralization in the East Zone is typical of the Core Zone, with higher grade mineralization primarily hosted in the upper sediment and volcanic units and controlled by shallow dipping structural zones crossing all stratigraphy.

These new results represent the potential for a significant expansion of the Livengood deposit over the last resource estimate in June 2009 and are expected make a significant impact on ongoing mining studies.

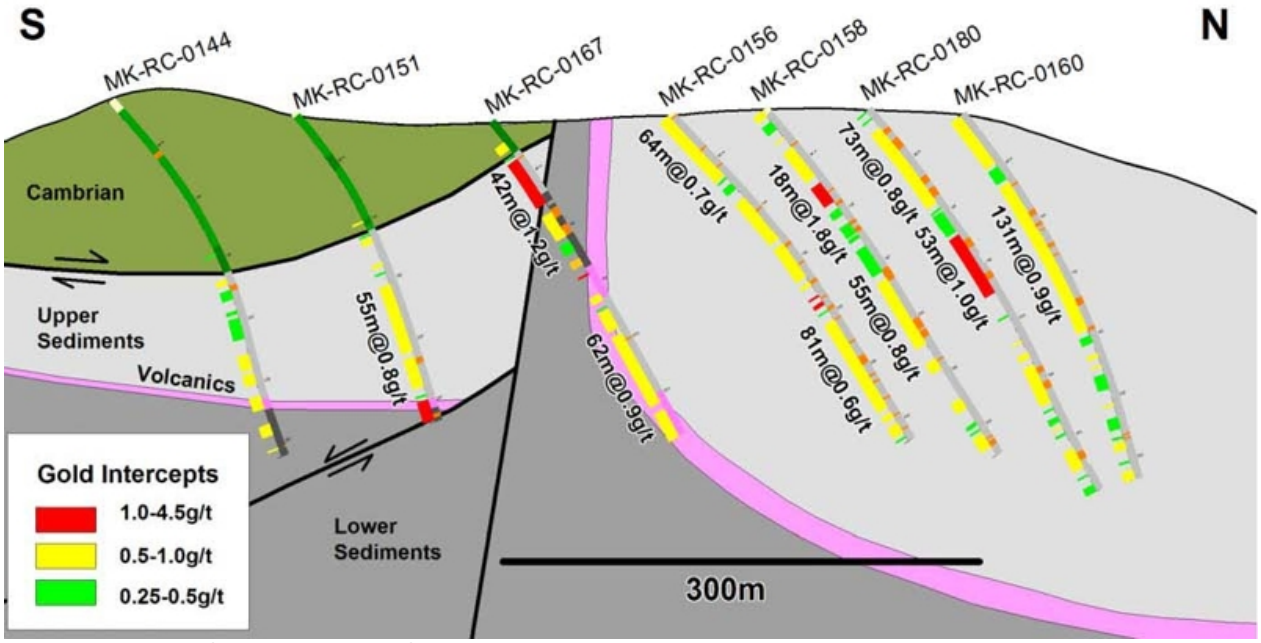


Figure 3 Section through the Sunshine Zone, illustrating the continuity of mineralization in the sediments. Orange intervals on the lithology log indicate Cretaceous dikes.

Table 4 New intercepts from 2009 Summer Drill Program

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Area of the Deposit
MK-RC-0119	12.19	21.34	9.15	8.33	SW Zone
	59.44	117.35	57.91	2.18	
MK-RC-0120	268.22	313.94	45.72	2.11	SW Zone
MK-RC-0121	160.02	175.26	15.24	0.90	SW Zone
	181.36	230.12	48.76	0.89	
MK-RC-0122	211.84	272.80	60.96	0.84	SW Zone
MK-RC-0123	33.53	42.67	9.14	1.46	SW Zone
	47.24	51.82	4.58	1.90	
	156.97	169.16	12.19	1.91	
	173.74	332.84	159.10	1.00	
MK-RC-0124	9.14	16.76	7.62	3.68	SW Zone
	103.63	106.68	3.05	2.12	
	164.59	245.36	80.77	0.72	
	252.98	257.56	4.58	1.03	
	280.42	288.04	7.62	1.01	
MK-RC-0125	22.86	27.43	4.57	5.21	Infill
	124.97	167.64	42.67	0.92	
	185.93	211.84	25.91	0.65	
	237.74	278.89	41.15	0.77	
MK-RC-0126					
	53.34	59.44	6.10	1.78	Infill
	85.34	88.39	3.05	3.00	
	92.96	128.02	35.06	0.82	
	140.21	195.07	54.86	1.34	
	199.64	239.27	39.63	2.37	
MK-RC-0127	0.00	3.05	3.05	3.32	SW Zone
	150.88	166.12	15.24	1.08	
	210.31	249.94	39.63	0.46	
MK-RC-0128	16.76	22.86	6.10	1.00	NE Zone
	67.06	73.15	6.09	2.61	
	109.73	128.02	18.29	0.76	
	135.64	146.30	10.66	0.72	
	236.22	277.37	41.15	0.74	
MK-RC-0129	74.68	83.82	9.14	1.22	SW Zone

	172.21	185.93	13.72	0.76	
	195.07	239.27	44.20	0.77	
MK-RC-0130	1.52	41.15	39.63	0.65	NE Zone
	185.93	281.94	96.01	1.10	
MK-RC-0131	118.87	131.06	12.19	1.68	SW Zone
	161.54	170.69	9.15	2.27	
	178.31	190.50	12.19	1.57	
	195.07	213.36	18.29	0.71	
MK-RC-0132	48.77	51.82	3.05	4.43	SW Zone
	155.45	181.36	25.91	1.35	
MK-RC-0134	53.34	65.53	12.19	1.57	Infill
	105.16	141.73	36.57	1.07	
MK-RC-0159	99.06	126.49	27.43	0.77	NE Zone
MK-RC-0160	0	45.72	45.72	0.62	NE - Sunshine Zone
	64.01	195.07	131.06	0.88	
MK-RC-0161	210.31	219.46	9.15	0.67	E Zone
MK-RC-0162	16.76	32	15.24	1.42	NE - Sunshine Zone
	92.96	115.82	22.86	0.98	
	123.44	170.69	47.25	1.20	
	182.88	228.6	45.72	1.11	
	230.12	240.79	10.67	1.07	
MK-RC-0163	164.59	179.83	15.24	0.59	E Zone
MK-RC-0164	155.45	169.16	13.71	1.33	E Zone
MK-RC-0165	18.29	62.48	44.19	0.70	NE - Sunshine Zone
	79.25	106.68	27.43	0.85	
	114.3	167.64	53.34	0.63	
	172.21	202.69	30.48	0.58	
	210.31	249.94	39.63	0.49	
MK-RC-0166	50.29	91.44	41.15	0.81	NE - Sunshine Zone
	111.25	181.36	70.11	0.70	
MK-RC-0167	35.05	76.2	41.15	1.22	NE - Sunshine Zone
	83.82	106.68	22.86	0.77	
	193.55	256.03	62.48	0.94	
	262.13	286.51	24.38	0.64	
MK-RC-0169	205.74	298.7	92.96	0.77	NE Zone
	316.99	339.85	22.86	0.57	
MK-RC-0180	16.76	89.92	73.16	0.79	NE - Sunshine Zone
	120.4	141.73	21.33	1.33	
	237.74	269.75	32.01	0.63	
MK-RC-0185	24.38	68.58	44.2	0.53	NE - Sunshine Zone
	79.25	144.78	65.53	0.80	
	211.84	231.65	19.81	0.52	
	246.89	262.13	15.24	1.07	
MK-09-35	112.65	127.66	15.01	1.14	Core Zone
	180.21	274.93	94.72	0.81	

Geological Overview

Mineralization in the Money Knob deposit occurs at the surface and forms stratabound and cross-cutting bodies in a large thrust faulted and recumbently folded sedimentary and volcanic sequence. The main body of mineralization lies within a general 2 kilometre wide and 6 kilometre long northeast trending belt of gold anomalous soil geochemistry, with the current Core Zone focused along a northwest trend within the geochemical anomaly that is at least 1.6 kilometres long and 1.2 kilometres wide. This large structural zone has localized a series of 90 million year old (Fort Knox age) dikes, sills and plugs that are believed to be related to the gold mineralization. The configuration and thickness of the mineralized zone suggest a near-surface, low strip, bulk-mining scenario.

Metallurgical Test Results

The most recent metallurgical work, performed by Kappes Cassiday & Associates of Reno, Nevada, focused on testing gold recovery enhancement. The tests followed a proven gold recovery flow-sheet which utilized a combination of grinding, gravity concentration and cyanide leaching of the tails to increase average recoveries by 15% in the oxide/transition rock and by 30% in the un-oxidized rock, resulting in a global average gold recovery of 89%. The significant increase in gold recovery indicates that the economics of the Livengood deposit could be enhanced by a high recovery milling operation for the higher grade ore and a low grade heap leach operation for the lower grade material, similar to that employed by the producing Fort Knox Mine located 60 miles to the south. Additional testwork will seek to further improve and refine these encouraging results.

A summary of the gold recovery profiles for the two major ore types is shown in Table 5 with individual samples detailed in Table 6.

Table 5 Summary of Livengood Metallurgical Results

Mineralization Type	% Gold Recovery (-10 mesh)	% Gold Recovery (-200 mesh)	% Gold Recovery (-200 mesh + Gravity Con)
Oxide-Transitional	**76%**	**82%**	**91%**
Un-Oxidized	**57%**	**71%**	**87%**

The positive metallurgical testwork results confirm earlier indications on recovery optimization through grinding and should open the door to a much more economically robust project at Livengood. This information, linked with the ongoing success the Company is enjoying in developing large, higher grade (+1 g/t gold) zones as well as the significant depth potential of these zones, paints a positive picture for a potential expansion of the existing gold resource and a corresponding increase in the economic potential of the Livengood deposit.

The recent recovery tests were conducted on twenty-four representative samples that had undergone previous minus 10 mesh (-10 mesh) bottle roll tests to determine if recoveries could be enhanced through grinding (milling option). Compared to the -10 mesh leaching tests, the new data indicate that minus 200 mesh (-200 mesh) grinding plus gravity concentration increases average recoveries by 15% in the oxide/transition rock and by 30% in the un-oxidized rock. The average concentration ratio of the gravity concentrates is exceptional, averaging approximately 100 to 1, resulting in a high-grade concentrate that averages 87.87 g/t gold. Cyanide recovery on the tails (after concentrate extraction) is still 60%, resulting in high overall gold recovery for all ore types. Further testing will determine if the gravity concentrate requires additional grinding in order to maximize gold extraction.

	Calculated Head, gms Au/MT	Au Extracted @10 mesh %	Au Extracted @ @ 200 mesh + 200 mesh %	Grav Con Grade gms Au/MT
100112113	0.459	79%	84%	92%	45.9
100588589	1.686	59%	73%		
100772773	0.728	76%	70%		
100829830	1.278	77%	83%	91%	129.12
101024026	0.62	71%	88%		
101273274	0.787	78%	87%	91%	54.8
101291292	1.333	87%	91%	94%	94.37
101548549	2.67	95%	94%	99%	163.8
101604605	0.992	75%	83%	96%	200.24
101774775	1.069	85%	94%	95%	89.78
101827829	2.733	80%	98%	94%	77.32
101847849	1.279	58%	59%	82%	67.34
102070071	0.594	92%	87%		
102096097	1.074	71%	89%	85%	50.58
102575576	0.927	96%	94%	98%	200.09
102642643	0.596	69%	80%	91%	47.59
102886887	0.873	36%	42%	75%	81.92
103110111	0.711	75%	85%	95%	153.51
Average OX & Trans Ore		**76%**	**82%**	**91%**	**104.03**
102536537	0.875	90%	96%	99%	50.58
100123124	0.609	59%	76%	90%	27.08
101896897	1.269	28%	41%	70%	52.68
101925926	1.552	48%	64%	85%	194.67
101618619	1.434	60%	80%	90%	68
101437438	0.819	59%	70%	85%	37.3
Average UN-OX Ore		**57%**	**71%**	**87%**	**71.72**

Table 6 Cyanide extraction results from 72 hour bottle roll tests conducted by Kappes Cassiday & Associates on -200 mesh material and with initial gravity concentration and cyanidation of the tailings material.
(The Hazen Research results on -10 mesh material are included for comparison).

Twenty-four samples were ground to -200 mesh and then split, with one portion undergoing whole ore bottle roll testing and the other portion going to a gravity concentrator. Only 20 samples had sufficient material to do both tests. The whole ore bottle roll tests were conducted on 1 kilogram aliquots with 40% solids in 1 gram/litre cyanide mixture. During the test, samples were extracted at 2, 4, 8, 16, 24, 36, 48 and 72 hours to define an extraction curve. The gravity concentration test involved feeding the sample through a Falcon SB40 Concentrator at 3 psig, 50 Hz and 20% solids three times. Following the first two runs, the

Falcon concentrate was hand panned and the middlings were returned to the tails for further concentration. The final run concentrate was panned and the middlings were separated. The combined panned concentrate and final middlings were subsequently fire assayed while the tails were subjected to 72 hour bottle roll cyanide extraction. The combined assays were used to calculate the total gold recovery.

Project Background

The Company controls 100% of its 44 square kilometre Livengood land package, which is primarily made up of fee land leased from the Alaska Mental Health Land Trust and a number of smaller private leases of patented and unpatented state and federal lode and placer mineral claims. The Livengood project has a very favourable logistical location, being situated 115 road kilometres north of Fairbanks, Alaska along the paved all weather Elliott Highway and the Trans Alaska Pipeline corridor and approximately 55 kilometres north of the state power grid and the proposed natural gas pipeline.

The Company and its predecessor, AngloGold, have been exploring the Livengood area since 2003, with the project's first indicated resource estimate being announced in early 2008. The 2008 drill program marked the first grid drilling resource definition campaign for the project and was the only initial step in what the Company envisions as a major exploration program, presently underway, to define what it anticipates is one of the world's larger new gold deposits.

Qualified Person and Quality Control/Quality Assurance

The work program at Livengood was designed and is supervised by Dr. Russell Myers, Vice President, Exploration, and Chris Puchner, Chief Geologist (CPG 07048), of the Company, who are 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 Vancouver, B.C. for assay. ALS Chemex's quality system complies with the requirements for the International Standards I SO 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.

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 on the Livengood property that forms the basis for some of this MD&A and has approved the disclosure herein. Mr. Pontius is not independent of ITH, as he is the President and CEO and holds common shares and incentive stock options.

Tracy E. Barnes, P.E. of Barnes Engineering Services, Inc., a consulting mining engineer, has acted as the Qualified Person, as defined in NI 43-101, for the preparation of the resource modeling (as at May 30, 2009) for the Livengood deposit. Mr. Barnes is a Professional Engineer in the State of Colorado, US (No. 33381) and has a BS degree in Mining Engineering and more than 34 years of relevant mining engineering experience in operating, corporate and consulting environments. Mr. Barnes is also a SME Founding Registered Member. Both Mr. Barnes and Barnes Engineering Services, Inc. are independent of the Company under NI 43-101.

Dr. Paul D. Klipfel, Ph.D., a consulting economic geologist employed by Mineral Resource Services Inc., has acted as the Qualified Person, as defined in NI 43-101, for the exploration data and has supervised the preparation of the technical exploration information with respect to the Livengood deposit on which some of this MD&A is based. Dr. Klipfel has a PhD in economic geology and more than 30 years of relevant experience as a mineral exploration geologist. He is a Certified Professional Geologist [CPG 10821] by the American Institute of Professional Geologists. Both Dr. Klipfel and Mineral Resource Services Inc. are independent of the Company under NI 43-101.

Nevada Projects

On July 30, 2009, the Company entered into an agreement with Redstar to purchase all of its interest in the North Bullfrog project (including the Connection and Mayflower properties), thereby giving the Company 100% ownership of the project. Consideration for the acquisition is a cash payment of $250,000 and the issuance of 200,000 common shares.

North Bullfrog Project

The North Bullfrog project includes nine highly prospective gold targets (Figure 4), one of which (the Mayflower property) was drilled by the Company in 2008 and contains an initial NI 43-101 indicated resource of 57,086 ounces of gold and an inferred resource of 23,793 ounces of gold (Table 7). The North Bullfrog property covers approximately 24 square kilometres, with approximately 30% of the land being leased patented federal lode mining claims. The property includes the newly acquired (December, 2008) Connection property, which has a number of historic drill intersections that have yet to be followed up (Table 8). The Company is currently targeting a multiple deposit concept for the North Bullfrog project, which could support a central processing facility.

Following the completion of the acquisition from Redstar (anticipated by mid September, 2009), the Company will implement an exploration plan designed not only to expand the Mayflower deposit but also to assess and develop the other District scale targets. The Company anticipates that, given its present commitments on the Livengood project in Alaska, it will commence a follow-up drilling program at the North Bullfrog Project in early 2010.

Table 7 : MAYFLOWER INDICATED & INFERRED RESOURCE
(using a 0.50 g/t gold cut-off grade)

Resource	Tonnes > Cutoff	Grade > Cutoff		Contained Ounces	
Category	(tonnes)	Gold (g/t),	Silver (g/t)	Gold	Silver
INDICATED	**2,020,000**	**0.88**	**0.45**	**57,086**	**29,160**
INFERRED	**950,000**	**0.78**	**0.36**	**23,793**	**10,904**

This initial resource estimate covers only part of the Mayflower gold system, which remains open and indicates the potential for a bulk tonnage deposit. The August 25, 2008 technical report on the North Bullfrog Project (available on SEDAR) also summarizes initial metallurgical data from six bottle tests completed for the Company at Hazen labs at a 10 mesh crush size, which returned an average gold recovery of 76% after 16 hours.

Table 8: Selected Drillhole Assays Results*
Connection Area

Hole	Opt Gold	Interval (Feet)	From (Feet)	To (Feet)	Highest Value Over 5 Feet	g/t Gold	Interval (Metres)	From (Metres)	To (Metres)	Highest Value Over 5 Feet
NB92	0.084	25	60	85	0.184	2.866	7.6	18.3	25.9	6.308
NB99	0.079	30	25	55	0.327	2.691	9.1	7.6	16.8	11.211
NB80	0.051	50	50	100	0.106	1.752	15.2	15.2	30.5	3.634
NB104	0.050	20	100	120	0.120	1.697	6.1	30.5	36.6	4.114
NB101	0.034	30	10	40	0.062	1.171	9.1	3.0	12.2	2.126
NB105	0.031	50	45	95	0.058	1.049	15.2	13.7	29.0	1.989

*Assay data taken from results reported by Cordex Exploration Company and are believed to be representative, although the Company has not yet confirmed these with its own drill data. Until such confirmation has been obtained, readers should not place undue reliance on the information contained herein. Assays in some cases by atomic absorption only; analysis from 1974 to 1982 by Rocky Mountain Geochemical Corp, Monitor Geochemical Laboratory Inc and Hawthorne Analytical Laboratories. The mineralized zone has been defined by 19 historic vertical holes totalling 1396 metres (4580 feet), only 2 of which exceed 90 metres (300 feet) in length (the deepest is 160 metres or 525 feet). All 19 holes have at least 1.5 metres grading 0.45 g/t gold (5 feet grading 0.013 opt gold).

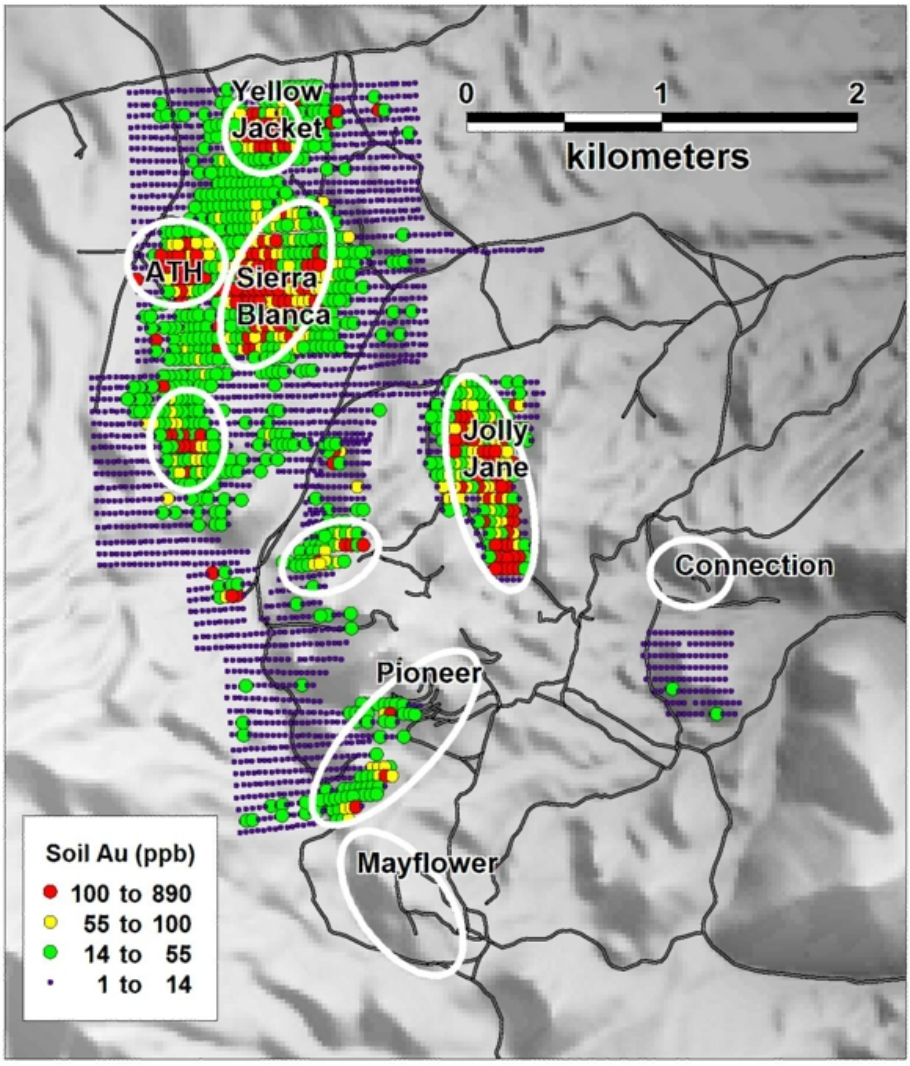


Figure 4: Significant Prospects in the North Bullfrog Project Area where additional deposits might be located.

Redstar Agreement Terms

Pursuant to an agreement made as of July 30, 2009 among Redstar and Redstar Gold U.S.A. Inc. ("Redstar US"), as vendors ("Vendors"), Talon Gold Nevada Inc. ("Talon") (the Company's Nevada subsidiary), as purchaser, and the Company, as guarantor, Talon has agreed to acquire all of the Vendors' interest in the North Bullfrog project (including the underlying leases of an aggregate of 33 patented claims, all data, and 213 unpatented mining claims). The key points of the agreement include the following:

- Payment by Talon of $250,000 to Redstar US, and the delivery of 200,000 common shares to Redstar for their full interest in the North Bullfrog project.
- The Vendors will make available the services of Redstar's US Exploration Manager until December 31, 2009 to assist Talon in fully assuming the operational control of the North Bullfrog Project, including completing the orderly transfer of all leases, exploration data and exploration permits to Talon.

The completion of the acquisition will eliminate the Company's current vesting requirements to earn a 60% interest under the existing March 15, 2007 option agreement, which included a remaining approximately $1,400,000 expenditure requirement plus the issuance of 10,000 common shares, as well as the requirement to produce a feasibility study to earn an additional 10% interest (for a total of 70%) in the North Bullfrog Project.

Closing of the acquisition is subject to the acceptance for filing thereof by the TSX Venture Exchange on behalf of each of Redstar and the Company (both received), the approval thereof by the NYSE-Amex on behalf of the Company (pending) and the satisfaction of the usual conditions precedent, including the accuracy of representations and warranties, and the performance of covenants, as at closing. Closing of the acquisition is to occur 5 business days after all regulatory acceptances and approvals have been received.

Property Summary

The North Bullfrog Property is located near Beatty, Nevada and has excellent access and infrastructure. It is 7 kilometres north of the historic Bullfrog mine operated by Barrick Gold Corporation until the mid 1990's. The results from the 2008 drilling

program and initial resource estimate on the Mayflower target have defined an outcropping, south dipping, broad zone of gold mineralization within favourable volcanoclastic units cored by a high-grade quartz vein system. This high-grade mineralization is currently well exposed in the David Adit, where native gold was observed, and requires further exploration down dip to determine its significance and potential. The Mayflower mineralization is low-sulphide in character with deep pervasive oxidation in the favourable units.

Qualified Person and Quality Control/Quality Assurance

The work program at North Bullfrog was designed and supervised by Dr. Russell Myers, Vice President of Exploration of the Company, and Dr. Jacob Margolis, U.S. Exploration Manager for Redstar, who are responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project log, tag and track each individual borehole sample, which is then sealed and shipped to ALS Chemex 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 labor atory for additional quality control.

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 on the North Bullfrog property that forms the basis for some of this MD&A and has approved the disclosure herein. Mr. Pontius is not independent of ITH, as he is the President and CEO and holds common shares and incentive stock options.

Mr. Gary Giroux, M.Sc., P. Eng (B.C.), a consulting geological engineer employed by Giroux Consultants Ltd., has acted as the Qualified Person, as defined in NI 43-101, for the Giroux Consultants Ltd. mineral resource estimate at the Mayflower property. He has over 30 years of experience in all stages of mineral exploration, development and production. Mr. Giroux specializes in computer applications in ore reserve estimation, and has consulted both nationally and internationally in this field. He has authored many papers on geostatistics and ore reserve estimation and has practiced as a Geological Engineer since 1970 and provided geostatistical services to the industry since 1976. Both Mr. Giroux and Giroux Consultants Ltd. are independent of the Company under NI 43-101.

Financing Activities

During the quarter ended May 31, 2009 and to the date of this MD&A, the Company has carried out the following financing activities:

On March 4, 2009, the Company closed a private placement through a syndicate of underwriters and sold an aggregate of 4,200,000 common shares at a price of $2.50 per share for gross proceeds of $10,500,000 on a bought deal basis in Canada and a concurrent private placement in the United States to accredited investors. The underwriters received a 7% cash commission ($735,000) and 294,000 non-transferrable broker's warrants. Each broker warrant is exercisable to acquire one common share of the Company at $2.95 until September 4, 2010. The Company also paid the underwriters' expenses and costs of the offering.

Effective May 9, 2009, the Company issued an aggregate of 7,753,385 common shares upon the exercise of 7,753,385 warrants, broker options and broker warrants for net proceeds of $23,114,288.

On July 10, 2009, AngloGold exercised its right to maintain its 13.2907% equity interest in the Company. AngloGold's equity interest had been diluted by virtue of the Company's issuance of shares since March 1, 2009, principally due to the exercise of 7,753,385 warrants, broker options and broker warrants in May. The "top-up" provision, contained in the June 30, 2006 purchase agreement among AngloGold, the Company and Talon 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 shares by the Company in connection with property payments or warrant or option exercises. AngloGold also has a separate right to partici pate in any equity financings by the Company up to its then pre-financing percentage equity interest. As a consequence of AngloGold's election to exercise its "top-up" right, the Company will sell 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 Company's common shares on the TSXV on July 9, 2009 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 is anticipated to close on August 25, 2009.

None of the foregoing securities have been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Risk Factors

Due to the nature of the Company's proposed business and the present stage of exploration of its Alaskan and Nevada property interests (which are primarily early stage exploration properties with no known reserves), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The Company's business is the acquisition, exploration and development of mineral properties. The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

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 not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that 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. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

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. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals 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 the minerals that may be contained in any mineral deposit that may be discovered by the Company will be such that such property could 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.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from 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 or through the sale or possible syndication of its properties, there can be 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: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it 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. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Insufficient Financial Resources/Share Price Volatility: While the Company believes that it has sufficient financial resources to carry on all its presently planned activities for the next 24 months, the Company does not have sufficient financial resources to carry on such activities beyond such time. In the future, the Company's ability to continue its exploration, assessment, and development activities depends in part on the Company's ability to commence operations and generate revenues or to obtain financing through joint ventures, debt financing, equity financing, production sharing arrangements or some combination of these or other means. There can be no assurance that any such arrangements will be concluded and the associated funding obtained. There can be no assurance that the Company will commence operations and generate sufficient revenues to meet its obligations as they become due or will obtain necessary financing on acceptable terms, if at all. The failure of the Company to meet its on-going obligations on a timely basis will likely result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its properties. The Company's priority is to maintain its Livengood project, and it would likely relinquish all other property interests in order to maintain its interest in Livengood. In addition, should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts significantly different from those reflected in its current financial statements.

Recent market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the deterioration of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements.

In 2007, 2008 and into 2009, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, subprime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems 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 continued and worsened in 2008 and early 2009, causing 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, inc reased 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.

These unprecedented disruptions in the current 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, particularly junior resource exploration companies such as the Company. 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 the Company or at all.

In recent months, worldwide securities markets, particularly those 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 unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure placees to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, 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.

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 its projects 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 its projects with the possible loss of such properties.

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.

Foreign Countries and Regulatory Requirements: All of the mineral properties held by the Company are located in the United States of America where mineral exploration and mining activities may be affected in varying degrees by political instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

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 to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will b e successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Currency Fluctuations: The Company presently maintains its accounts in Canadian and United States dollars. The Company's operations in the United States of America and its payment commitments and exploration expenditures under the various agreements governing its rights to the Alaskan mineral properties are denominated in U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of its control and may materially adversely affect the Company's financial position and results.

United States General Mining Law of 1872: In recent years, the U.S. Congress has considered a number of proposed amendments to the *United States General Mining Law of 1872* as amended (the "General Mining Law"), which governs mining

claims and related activities on U.S. federal lands (such as in connection with certain areas of the Company's North Bullfrog and Livengood projects). Although no such legislation has been adopted to date, there can be no assurances that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on gold production from currently unpatented mining claims located on U.S. federal lands. If such legislation is ever adopted, it could reduce the amount of future exploration and development activity conducted by the Company on such U.S. federal lands. In addition, in 1992, a holding fee of $100 per claim was imposed upon unpatented mining claims located on U.S. federal lands. In October 1994, a moratorium on the processing of new patent applications was approved. While such moratorium currently remains in effect, its future is unclear.

Uncertainty of Resource Estimates/Reserves: Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The resource estimates contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs th at may prove to be inaccurate. Extended declines in market prices for gold, silver, copper or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition. The Company has not established the presence of any proven and probable reserves at any of its mineral properties. There can be no assurance that subsequent testing or future studies will establish proven and probable reserves at any of the Company's mineral properties. The failure to establish proven and probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

Title to Mineral Properties: Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Selected Financial Information

Selected Annual Information

Description	**May 31, 2009 $** (annual)	**May 31, 2008 $** (annual)	**May 31, 2007 $** (annual)
Interest Income	126,402	603,094	248,591
Consulting (including stock-based compensation)	1,847,672	293,270	3,465,383
Property investigation	120,194	110,809	128,535
Professional fees	442,891	203,428	187,663
Investor relations	774,680	782,650	734,593
Foreign exchange gain	181,558	116,912	9,193
Loss for the year	(9,773,923)	(2,420,090)	(8,666,021)
Per share	(0.22)	(0.06)	(0.32)
Total Current Assets	32,845,989	11,325,201	22,119,247
Mineral Properties	33,417,566	23,151,228	13,387,113
Long term financial liabilities	0	0	0
Cash dividends	N/A	N/A	N/A

The variation seen over such years is primarily dependent upon the success of the Company's ongoing property evaluation and acquisition program and the timing and results of the Company's exploration activities on its current properties, none of which

are possible to predict with any accuracy. The variation in income is related to the interest earned on funds held by the Company which, being dependent upon the success of the Company in raising the required financing for its activities, is also difficult to predict.

Summary of Quarterly Results

Description	May 31, 2009	February 28, 2009	November 30, 2008	August 31, 2008	May 31, 2008	February 29, 2008	November 30, 2007	August 31, 2007
Interest Income	$ 13,697	$ 10,040	$ 32,012	$ 70,653	$107,915	$ 152,319	$ 211,436	$ 131,424
Net loss for period	(3,168,530)	(1,850,180)	(3,919,265)	(835,948)	(372,907)	(1,070,039)	(445,900)	(531,244)
Per share	(0.07)	(0.04)	(0.09)	(0.02)	(0.01)	(0.03)	(0.01)	(0.01)

Results of Operations

For the year ended May 31, 2009, the Company had a net loss of $9,773,923 or $0.22 per share as compared to a net loss of $2,420,090 or $0.06 per share in the prior year. For the three months ended May 31, 2009, the Company had a net loss of $3,168,530 or $0.07 per share as compared to a net loss of $372,907 or $0.01 per share for the equivalent period in the prior year. The following discussion explains the variations in the key components of these numbers but, as with most junior mineral exploration companies, the results of operations 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. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options.

Year ended May 31, 2009 compared with year ended May 31, 2008

For the year ended May 31, 2009, the Company had a net loss of $9,773,923 or $0.22 per share, as compared to a net loss of $2,420,090 or $0.06 per share in the prior year. The increased loss was significantly affected by stock based compensation ("SBC") charges of $4,101,404, which included a charge of $1,688,874 in the second quarter resulting from the amendment (re-pricing and extension) of 3,675,000 stock options approved at the Company's annual general meeting held on October 21, 2008. The allocation of total SBC expense to financial statement categories is detailed in the table below. Another significant factor relates to the Company's decision to abandon its interest in two of its Alaskan mineral properties (West Tanana and Gilles), and the write-off of $1,617,785 in associated costs, during the second quarter and one of the Nevada properties (Painted Hills), and the write- off of $1,002,438 in associated costs, during the third quarter, for a total write-down of $2,620,223 for the year (2008 - $Nil).

General and administrative (operating) expenses for the year totalled $7,320,549 compared to $3,229,342 in 2008. Other than the SBC component of $4,104,404 (2008 - $381,975), the other expense categories which reflected only moderate change period over period (not including SBC) were wages expense of $1,086,828 (2008 - $1,087,172) and professional fees of $386,208 (2008 - $203,428) which were impacted by a new legal retainer agreement with a related party (see below). Insurance costs increased to $119,396 (2008 – $82,537) due to increased coverage for general liability and contractor equipment. Property investigation expense increased to $120,194 compared to $110,809 for the prior year. The increase was due to more exploration activities in Alaska. Regulatory expenses reduced to $90,333 compared to $110,087 in prior year due to the timing of the Company's financings which closed in May, 2007.

Other items amounted to a loss of $2,453,374 compared to an income of $809,252 in prior year. The majority of this loss resulted from the write-off of the West Tanana property of $1,168,530, the Gilles property of $449,255 and the Painted Hill property of $1,002,438. Interest income decreased to $126,402 (2008 - $603,094) due to lower interest rates and decreasing average cash balances during the year, as the Company's significant financing activities during the 2009 fiscal year occurred late in the fourth quarter. The Company also incurred an unrealized loss on held for trading investments of $133,250 (2008 - $Nil).

Three months ended May 31, 2009 compared with three months ended May 31, 2008

For the three months ended May 31, 2009, the Company had a net loss of $3,168,530 or $0.07 per share as compared to a net loss of $372,907 or $0.01 per share in the prior year period. The increased loss was significantly affected by share purchase options granted in the quarter which resulted in SBC expense of $2,292,264 (2008 - $30,938).

General and administrative (operating) expenses for the period totalled $3,179,478 compared to $847,038 in 2008. Besides the SBC expenses of $2,294,264 (2008 - $30,938), the increase was the result of increases in expenses for property investigations of $23,904 (2008 - $6,165), travel expenses of $59,332 (2008 - $40,598), regulatory expenses of $57,992 (2008 - $41,837), wages expenses of $228,808 (2008 – 198,005), office expenses of $48,345 (2008 - $32,087), and consulting fees of $87,781 (2008 - $49,676). Professional fee expenses increased to $180,074 (2008 - $75,179) due to a new legal retainer agreement with a related party (see below) and increased legal activities relating to mineral properties.

Other items amounted to an income of $10,948 compared to an income of $474,131 in the same period of the prior year. The decrease in the current period resulted from a decrease in interest income of $13,698 (2008 - $107,914), foreign exchange loss of $35,490 when compared to a gain of $276,969 in the same period of prior year and the unrealized gain on held for trading investments of $35,750 (2008 - $Nil). The Company also realized a gain on the sale of its interest in the South Estelle property of $89,246 in 2008 and there was no comparable transaction in 2009.

Stock-based compensation

SBC charges for the year ended May 31, 2009 of $4,101,404 (2008 - $381,975) were allocated as follows:

May 31, 2009	Before allocation	Stock-based compensation	After Allocation
Consulting	$ 296,101	$ 1,551,571	$ 1,847,672
Investor relations	434,150	340,530	774,680
Professional fees	386,208	56,683	442,891
Wages and benefits	$ 1,086,828	2,152,620	$ 3,239,448
		$ 4,101,404	

May 31, 2008	Before allocation	Stock-based compensation	After Allocation
Consulting	$ 238,367	$ 54,903	$ 293,270
Investor relations	565,384	217,266	782,650
Wages and benefits	$ 977,366	109,806	$ 1,087,172
		$ 381,975	

SBC charges for the three months ended May 31, 2009 of $2,292,264 (2008 - $30,938) were allocated as follows:

Three months to May 31, 2009	Before allocation	Stock-based compensation	After Allocation
Consulting	$ 87,781	$ 579,607	$ 667,388
Investor relations	97,865	13,463	111,328
Professional fees	180,074	56,683	236,757
Wages	$ 228,808	1,642,511	$ 1,871,319
		$ 2,292,264	

Three months to May 31, 2008	Before allocation	Stock-based compensation	After Allocation
Investor relations	$ 263,585	$ 30,938	$ 294,523
		$ 30,938	

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. In addition, the Company can raise funds through the sale of interests in its mineral properties, although current market conditions have substantially reduced the

number of potential buyers/acqu irors of any such interest(s). This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

At the present time the Company does not contemplate that it will be necessary to institute any specific cost saving measures or reductions in staff or consultants, or drop any additional properties, in response to current conditions in the equity or credit markets. The Company also anticipates that the current slow-down in the junior resource exploration sector may also serve to reduce the cost of external services such as drilling, helicopter support and expediting, as will reduced fuel costs.

As at May 31, 2009, the Company reported cash and cash equivalents of $32,489,341 compared to $3,461,310 and $10,859,942 as at February 28, 2009 and May 31, 2008. The increase in cash was the net result of the issuance of the shares for warrants, broker compensation options and stock purchase options exercised for the total amount of $27,413,974 ($23,397,988 for the 4th quarter) and a bought deal private placement for gross proceeds of $10,500,000 (in the 4th quarter), less mineral property expenditures of $12,502,764 ($3,080,418 for the 4th quarter) and general operating costs of $2,980,631 ($1,011,727 for the 4th quarter) during the year.

As at May 31, 2009, the Company had working capital of $32,459,316, compared to a working capital of $3,298,643 and $10,600,403 as at February 28, 2009 and May 31, 2008 respectively. The Company believes the current cash and cash equivalents will be sufficient for it to complete planned exploration programs on its currently held properties, and its currently anticipated general and administrative costs, for the next 24 months.

During the three months ended May 31, 2009, the Company issued 5,000 common shares for the acquisition of mineral properties at a value of $13,300.

The Company expects that it will operate at a loss for the foreseeable future and that it will require additional financing to fund further exploration of current mineral properties, to acquire additional mineral properties and to continue its operations (including general and administrative expenses) beyond the fourth quarter of fiscal 2011. The Company currently has no funding commitments or arrangements for additional financing at this time (other than the potential exercise of options or warrants) and there is no assurance that the Company will be able to obtain additional financing on acceptable terms, if at all. There is significant uncertainty that the Company will be able to secure any additional financing in the current 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 Nevada, 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, in order 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 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 properties and completes the currently proposed property purchase.

Contractual Obligations	**Payments Due by Period**[4]			
	Total	***Prior to May 31, 2010 (9 months)***	***June 1, 2010 to May 31, 2013 (36 months)***	***June 1, 2013 to May 31, 2016 (36 months)***
Mineral Property Leases[1][2][5]	10,286,375	1,315,245	4,285,565	4,685,565
Option Agreements[5]	Nil	Nil	Nil	Nil
Mineral Property Purchase Agreements[5]	250,000	250,000	Nil	Nil
Mining Claim Government Fees	4,648,035	666,265	1,990,885	1,990,885
Office and Equipment Lease Obligations[3]	1,058,720	127,400	465,660	465,660

Total Contractual Obligations	16,243,130	2,358,910	6,742,110	7,142,110

Notes:

1. Does not include value of common shares required to be issued, but does include work expenditures required to be incurred under underlying leases.
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.
5. Assumes completion of buyout of Redstar North Bullfrog interest.

Transactions with Related Parties

During the year, the Company paid $794,916 (2008 - $530,681; 2007 - $419,986) in consulting, investor relations, wages and benefits to officers, directors and companies controlled by directors of the Company and $72,607 (2008 - $62,750; 2007 - $25,110) in rent and administration to a company with common officers and directors. Professional fees of $44,583 (2008 - $Nil, 2007 - $Nil) were paid to a company related to an officer who is also a director of the Company. These figures do not include SBC.

At May 31, 2009, included in accounts payable and accrued liabilities was $Nil (2008 - $Nil; 2007 - $2,088) in expenses owing to the directors and officer of the Company and $4,667 (2008 - $18,032; 2007 - $Nil)) to companies related by common directors. Professional fees include amounts paid to a law firm of which an officer is a shareholder.

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's purchase of AngloGold's interest in the Terra, LMS, Gilles and West Pogo Projects in Alaska completed on November 24, 2008, and the "top-up" private placement to AngloGold agreed on July 10, 2009, are considered related party transactions by virtue of a common directorship and 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 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.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles 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 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 financial statements include the rates of amortization for equipment, the potential recovery of resource property interests, the assumptions used in the determination of the fair value of SBC and the determination of the valuation allowance for future income tax assets. 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

Convergence with IFRS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter ending August 31, 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. A diagnostic assessment of the Company's current accounting policies, systems and processes to identify the differences between current Canadian GAAP and IFRS has been completed but the impact on the Company's co nsolidated financial position and results of operations has not yet been determined. The Company intends to update the critical accounting policies and procedures to incorporate the changes required by converting to IFRS and the impact of these changes on its financial disclosures.

Financial Instruments and Other Instruments

The carrying values of the Company's financial instruments, which include cash, marketable securities, GST recoverable, Government of Canada Treasury Bills, Banker's Acceptances, accounts payable and accrued liabilities, and due to related parties, 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 at May 31, 2009 was $32,489,341 of which $295,418 was held in US dollars.

The Company's receivables and payables at May 31, 2009 were normal course business items that are settled on a regular basis. The Company's investment in Millrock Resources Inc. is carried at quoted market value, and is classified as "held for trading" for accounting purposes. The Company has no current plans to dispose of any significant portion of its investment in Millrock.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to provide reasonable assurance that all relevant information required to be disclosed in the Company's reports filed or submitted as part of the Company's continuous disclosure requirements is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure and such information can be recorded, processed, summarized and reported within the time periods specified by applicable regulatory authorities.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at May 31, 2009 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer, have concluded that, as of May 31, 2009 the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulat ed and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

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 year ended May 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure of Outstanding Share Data

Shares

The authorized share capital consists of 500,000,000 common shares without par value. As at May 31, 2009 there were 56,457,973 common shares issued and outstanding, and as at the date of this MD&A there were 56,457,973 shares outstanding.

Options

A summary of the status of the stock option plan as of May 31, 2009, and changes during the year ended May 31, 2009 is presented below:

Stock option transactions are summarized as follows:

	May 31, 2009		**May 31, 2008**	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, opening:	4,589,175	$ 2.64	4,313,296	$ 2.70
Granted	1,850,000	$ 2.92	290,000	$ 1.52
Exercised	(792,037)	$ 2.24	(14,121)	$ 1.30
Expired	(2,138)	$ 2.70	-	$ -

Options outstanding, ending:	5,645,000	$ 2.13	4,589,175	$ 2.64

Stock options outstanding are as follows:

	May 31, 2009			May 31, 2008		
Expiry Date	Exercise Price	Number of Shares	Exercisable at Period End	Exercise Price	Number of Shares	Exercisable at Year End
August 4, 2008	$1.30	-	-	$1.30	135,815	135,815
July 16, 2010	$1.75	2,810,000	2,810,000	$2.70	2,830,000	2,830,000
May 9, 2009	$2.70	-	-	$2.70	488,360	488,360
July 16, 2010	$1.75	755,000	755,000	$2.95	845,000	845,000
January 16, 2010	$1.52	130,000	130,000	$1.52	190,000	182,500
February 1, 2010	$2.15	100,000	100,000	$2.15	100,000	25,000
March 12, 2011	$2.66	885,000	801,875	$ -	-	-
May 20, 2011	$3.15	965,000	965,000	$ -	-	-
		5,645,000	5,561,875		4,589,175	4,506,675

During the quarter ended May 31, 2009, 60,000 incentive stock options at $1.52 and 110,000 incentive stock options at $1.75 were exercised for the total proceeds of $283,700 and 885,000 incentive stock options, exercisable $2.66, and 965,000 incentive stock options, exercisable at $3.15, were granted to directors, officers, employees and consultants of the Company. No incentive stock options have been granted, and no incentive stock options have been exercised, since May 31, 2009. Accordingly, as at the date of this MD&A, there were 5,645,000 stock options outstanding.

During the quarter ended May 31, 2009, 486,222 broker options were exercised for the total proceeds of $1,312,799. No broker options have been granted, and no broker options have been exercised, since May 31, 2009. Accordingly, as at the date of this MD&A, there are no broker options outstanding.

Warrants

Warrant transactions during the year ended May 31, 2009 are summarized as follows:

	May 31, 2009		May 31, 2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants exercisable, beginning of year	13,384,666	$2.21	15,070,208	$2.04
Issued – agent commission warrants	294,000	$2.95	-	-
Exercised	(11,017,044)	$2.33	(1,685,542)	$0.71
Expired	(2,367,622)	$1.66	-	-
Warrants exercisable, end of year	294,000	$2.95	13,384,666	$2.21

Warrants outstanding as at May 31, 2009 are as follows:

	May 31, 2009		May 31, 2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price

August 4, 2008	-	-	3,572,954	$1.00
August 4, 2008	-	-	2,247,492	$1.50
August 4, 2008 – commission warrants	-	-	47,478	$1.50
May 9, 2009	-	-	7,304,500	$3.00
May 9, 2009 – commission warrants	-	-	212,242	$3.00
September 4, 2010 – commission warrants	294,000	$2.95	-	-
Warrants exercisable, end of year	294,000	$2.95	13,384,666	$2.21

During the quarter ended May 31, 2009, 7,267,163 share purchase warrants were exercised to acquire 7,267,163 common shares at $3.00 per share for the total proceeds of $21,801,489. No warrants have been granted, and no warrants have been exercised, since May 31, 2009. Accordingly, as at the date of this MD&A, there are 294,000 share purchase warrants outstanding, exercisable at $2.95.

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.