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, 2010

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:
Jason K. Brenkert
Dorsey & Whitney LLP
Republic Plaza Building, Suite 4700
370 Seventeenth Street
Denver, Colorado 80202
(303) 352-1133

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

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

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

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

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

[X] Annual Information Form [ ] 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, 2010, 66,117,922 common shares of the Registrant were issued and outstanding.

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

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

EXPLANATORY NOTE

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

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 Industry Gu ide 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 basis of feasibility or pre - -feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

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

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on May 31, 2010, based upon the noon rate of exchange as quoted by the Bank of Canada was Cdn.$1.00 = US$0.9558.

ANNUAL INFORMATION FORM

The Company's AIF for the fiscal year ended May 31, 2010 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, 2010, 2009 and 2008, 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. Shareholders are solely responsible for determining the tax consequences applicable to their particular circumstances and should consult their own tax advisors concerning an investment in the Company's common shares.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this annual report for the fiscal year ended May 31, 2010, 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 communicated to managemen t, 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, 2010. 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, 2010, the Company's internal control over financial reporting was effective and no material weaknesses in the Company's internal control over financial reporting were discovered.

The Company is required to provide an auditor's attestation report on internal control over financial reporting for the fiscal year ended May 31, 2010. In this annual report, the Company's independent registered auditor, MacKay LLP ("MacKay"), must state its opinion as to the effectiveness of the Company's internal control over financial reporting for the fiscal year ended May 31, 2010. MacKay has audited the Company's financial statements included in this annual report on Form 40-F and issued a report thereon.

Auditor's Attestation Report

MacKay's attestation report on the Company's internal control over financial reporting is included as part of Exhibit 2 and incorporated by reference in this annual report on Form 40-F.

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, 2010 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 Nominating and Corporate Governance 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 Anton J. Drescher, 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, the CEO, the CFO and the Company's independent auditors to review and inquire into matters affecting financial reporting, the system of internal accounting and financial controls, as well as audit procedures and audit plans. The Audit Committee also recommends to the Board of Directors which independent registered public auditing firm should be appointed by the Company. In addition, the Audit Committee reviews and recommends to the Board of Directors for approval the annual financial statements and the MD&A, and undertakes other activities required by stock 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 as Exhibit 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 Anton J. Drescher 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	
	2010	2009
Audit	$49,500	$35,000
Audit Related	$29,500	$5,100
Tax	$9,500	$6,000
All Other Fees	$Nil	$Nil
Total	$88,500	$46,100

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

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

OFF-BALANCE SHEET TRANSACTIONS

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

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, 2010.

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 gives effect to the spin-out of all of its mineral properties, other than the Livengood project in Alaska, to Corvus Gold Inc. under a Plan of Arrangement which became effective August 26, 2010 and assumes that the Company retains the rights to all of its current landholdings in connection with the Livengood Project:

Contractual Obligations	**Payments Due by Period[4]**			
	Total	***Prior to May 31, 2011 (9 months)***	***June 1, 2011 to May 31, 2014 (36 months)***	***June 1, 2014 to May 31, 2017 (36 months)***
Mineral Property Leases[1][2]	12,383,000	53,000	1,165,000	11,165,000
Mining Claim Government Fees	296,940	42,420	127,260	127,260
Office and Equipment Lease Obligations[3]	1,623,290	190,130	716,580	716,580
Total Contractual Obligations	14,303,230	285,550	2,008,840	12,008,840

Notes:

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

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, 2010 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 members of the Company is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the shares entitled to be voted at the meeting.

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

and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

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

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

UNDERTAKING

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

CONSENT TO SERVICE OF PROCESS

The Company has filed an Appointment of Agent for Service of Process and Undertaking on Form F-X 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, 2010
2	Audited consolidated financial statements of the Company and notes thereto for the years ended May 31, 2010, 2009 and 2008 together with the report of the auditors thereon
3	Management's Discussion and Analysis for the years ended May 31, 2010, 2009 and 2008
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 D. Klipfel, Ph.D., of Mineral Resource Services Inc.
10 Consent of Timothy J. Carew, P.Geo., of Reserva International, LLC
11 Consent of William Pennstrom Jr., M.A., of Pennstrom Consulting Inc.

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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 27, 2010

INTERNATIONAL TOWER HILL MINES LTD

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

TEL 604.683.6332
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TSX: ITH | NYSE-A: THM

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED

MAY 31, 2010

August 23, 2010

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SCHEDULE "A" - AUDIT COMMITTEE INFORMATION

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, 2010 ("Financial Statements");

(b) Management Discussion and Analysis of the Company for the year ended May 31, 2010 dated August 23, 2010 ("MD&A");

(c) Management Information Circular dated September 15, 2009 in respect of the 2009 Annual General Meeting ("2009 Information Circular");

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

(e) Technical report dated June 25, 2010 entitled "June 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" by Paul Klipfel, Ph.D., CPG#10821, Tim Carew, P.Geo and William Pennstrom Jr. M.A. (the "Livengood Report")

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

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

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

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

Date of Information

All information in this AIF is as of May 31, 2010 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	**2010**	**2009**	**2008**
Rate at end of period	0.9558	0.9123	1.0058
Average rate for period	0.9405	0.8649	0.9860
High for period	1.0039	0.9987	1.0905
Low for period	0.8580	0.7692	0.9298

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 expansion of current ly identified estimated resources or the upgrading of such resources from inferred to indicated or measured status, the potential for the expansion of the estimated resources at Livengood, the potential for any production at the Livengood project, the potential for higher grade mineralization to form the basis for a starter pit component in any production scenario, the potential low strip ratio of the Livengood deposit being amenable for low cost

open pit mining that could support a high production rate and economies of scale, the potential for cost savings due to the high gravity concentration component of some of the Livengood mineralization, the completion of a Pre-feasibility Study for the Livengood project, and business and financing plans. Information concerning mineral resource estimates and the preliminary economic analysis thereof also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered, and the results of mining it, 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 r efer 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 continuity 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 obta in 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 forward-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 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. As a foreign private issuer preparing this AIF pursuant to Canadian disclosure requirements under the Canada-U.S. Multi-Jurisdictional Disclosure System, this AIF is not subject to the requirements of SEC Industry Guide 7. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company's properties.

Caution Regarding Reference to Resources and Reserves

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 investors are cautioned that the requirements and terminology of NI 43-101 and the CIM Standards differ significantly from the requirements and terminology set forth in SEC Industry

Guide 7. Accordingly, the Company's disclosures regarding mineralization may not be comparable to similar information disclosed by companies subject to SEC 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 SEC Industry Guide 7. Mineral resources which are not mineral reserves do not have demonstrated economic viability, and US investors 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 the y 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 SEC Industry Guide 7. In addition, the NI 43-101 and CIM Standards definition of a "reserve" differs from the definition in SEC Industry Guide 7. In SEC Industry Guide 7, 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, and a "final" or "bankable" feasibility study is required to rep ort reserves, the three-year historical price is used in any reserve or cash flow analysis of designated reserves and the primary environmental analysis or report must be files with the appropriate governmental authority. 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
"Corvus"	Corvus Gold Inc., a wholly owned subsidiary of ITH subsisting under the laws of British Columbia
"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 economic extraction" impl ies a judgement by a qualified person (as that term is defined in NI 43-101) in respect of the technical and economic factors likely to influence the prospect of economic extraction. A mineral resource is an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable

"mineralization" The concentration of metals and their chemical compounds within a body of rock

"National Instrument 43-101"/ "NI 43-101" National Instrument 43-101 of the Canadian Securities Administrators entitled "Standards of Disclosure for Mineral Projects"

"NSR" Net smelter return

"NYSE-A" NYSE Amex Equities (formerly, the American Stock Exchange)

"ophiolite" An assemblage of mafic and ultramafic igneous rocks ranging from spilite and basalt to gabbro and peridotite, and always derived from them by later metamorphism, whose origin is associated with an early phase of the development of a geosyncline

"orogeny" The process of natural mountain building, which may be studied as a tectonic structural event, as a geographical event and a chronological event, in that orogenic events cause distinctive structural phenomena and related tectonic activity, affect certain regions of rocks and crust and happen within a time frame

"outcrop" That portion of a geologic formation or structure that appears at the surface of the earth; also, bedrock that is covered by surficial deposits such as alluvium

"plunge" The inclination of a fold axis or other linear feature, measured in the vertical plane

"PPB" or "ppb" Parts per billion

"PPM or "ppm" Parts per million

"pyroclastic" Pertaining to clastic rock material formed by volcanic explosion or aerial expulsion from a volcanic vent; also, pertaining to rock texture of explosive origin

"quartzite" A granoblastic metamorphic rock consisting mainly of quartz, formed by recrystalization of sandstone by regional or thermal metamorphism

"Raven Gold" Raven Gold Alaska Inc., a wholly owned subsidiary of Corvus subsisting under the laws of Alaska

"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
"TSX"	Toronto Stock Exchange
"TSXV"	TSX Venture Exchange
"ultramafic"	Said of an igneous rock composed chiefly of mafic minerals
"vein'	An epigenetic mineral filling of a fault or other fracture, in tabular or sheetlike form, often with the associated replacement of the host rock; also, a mineral deposit of this form and origin

"volcaniclastic"	Pertaining to a clastic rock containing volcanic material in whatever proportion, and without regard to its origin or environment

ITEM 3: CORPORATE STRUCTURE

Name, Address and Incorporation

ITH was incorporated under the *Company Act* (British Columbia) under the name "Ashnola Mining Company Ltd." on May 26, 1978. ITH's name was changed to "Tower Hill Mines Ltd." on June 1, 1988, and subsequently changed to "International Tower Hill Mines Ltd." on March 15, 1991. ITH has been transitioned under, and is now governed by, the BCBCA. On October 11, 2005, ITH filed a transition application under the BCBCA, reflecting the adoption by the shareholders, on October 29, 2004, of a new form of Articles to govern the affairs of ITH in substitution for the original articles adopted under the old *Company Act* (B.C.) and reflecting the increased flexibility available to companies under the BCBCA. A copy of the new Articles is available on SEDAR at www.sedar.com. On November 15, 2005, the shareholders resolved to amend the Articles t o 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 five 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;

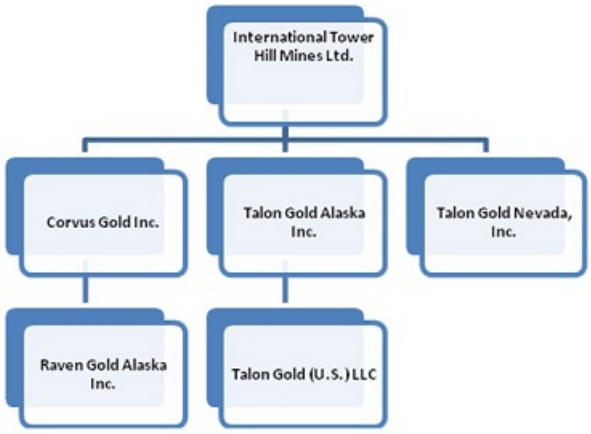
(b) Talon Gold, a limited liability company formed in Colorado on June 27, 2006, which carries on all of the Company's mineral exploration operations and is wholly owned by Talon Alaska;

(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;

(d) Corvus, a company incorporated in British Columbia on April 13, 2010 for the purposes of the proposed corporate spinout transaction described herein and presently 100% owned by ITH; and

(e) Raven Gold, a corporation incorporated in Alaska on July 2, 2009 for the purposes of the proposed corporate spinout transaction described herein and presently 100% owned by Corvus.

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, Talon Nevada, Corvus and Raven Gold. 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 disapp ointing 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. To this end, ITH has undertaken a spin-out arrangement transaction to transfer all of its properties other than Livengood to Corvus and, after such transaction is completed, the sole mineral property held by ITH will be the Livengood Project.

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 delays in permit appro val 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.

On May 14, 2010, the Board unanimously approved a proposal to undertake a spin-out transaction to segregate the Company's assets into two separate and highly focused companies. Under the terms of the transaction, the Company will retain all assets relating to the Livengood gold project in Alaska, together with approximately CAD 41 million in working capital. Corvus, a newly incorporated British Columbia company, will hold all of the Company's other existing Alaska and Nevada assets and have approximately CAD 3.3 million in working capital. The transaction is intended to maximize value for ITH's shareholders by creating a new exploration focused company that will work to advance the Company's current advanced to early stage exploration properties (four in Alaska and one in Nevada). Corvus will also actively seek out and acquire new prospects. & nbsp;The Company will concentrate on moving the flagship Livengood project towards feasibility and a potential production decision.

Corvus will initially hold four advanced to early stage projects in Alaska and the North Bullfrog project in Nevada. The primary focus of Corvus will be to leverage its exploration expertise to discover major new gold deposits. Furthermore, Corvus will seek to build a non-operator gold producer with significant carried interests and royalty exposure. To meet this objective, the Company has joint ventured the four Alaskan projects to be transferred to Corvus and anticipates that these projects will have over CAD 8 million in partner funded work taking place in 2010. Corvus will also receive from ITH a 100% interest in the North Bullfrog project in Nevada, which has a number of high priority, bulk tonnage and high-grade vein targets to be addressed with a 10,000 metre drill program scheduled to be carried out by Corvus in Fall 2010. Corvus anticipates adding quality projects to its portfolio to which it can add significant value through exploration.

The proposed transaction will be implemented through a plan of arrangement under the BCBCA. On August 12, 2010, the ITH shareholders voted 99.85% in favour of approving the plan of arrangement, and on August 20, 2010, the Supreme Court of British Columbia granted the final order approving the plan of arrangement. The transaction is anticipated to become effective on or about August 26, 2010.

Corvus has received the conditional approval of the TSX to list the common shares of Corvus on the TSX. Listing of the common shares is subject to the completion of the arrangement spin-out and compliance with all of the TSX requirements, including receipt by the TSX of all required documentation, by October 26, 2010.

Since June 1, 2009, 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). As discussed herein, the Company will be spinning out all of its mineral properties (other than the Liv engood Project, Alaska) to Corvus. Following the completion of such spin-out, the Company will focus entirely on the Livengood Project, Alaska.

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. 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 23, 2010, ITH had one part-time employee and Talon Gold had eight 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.

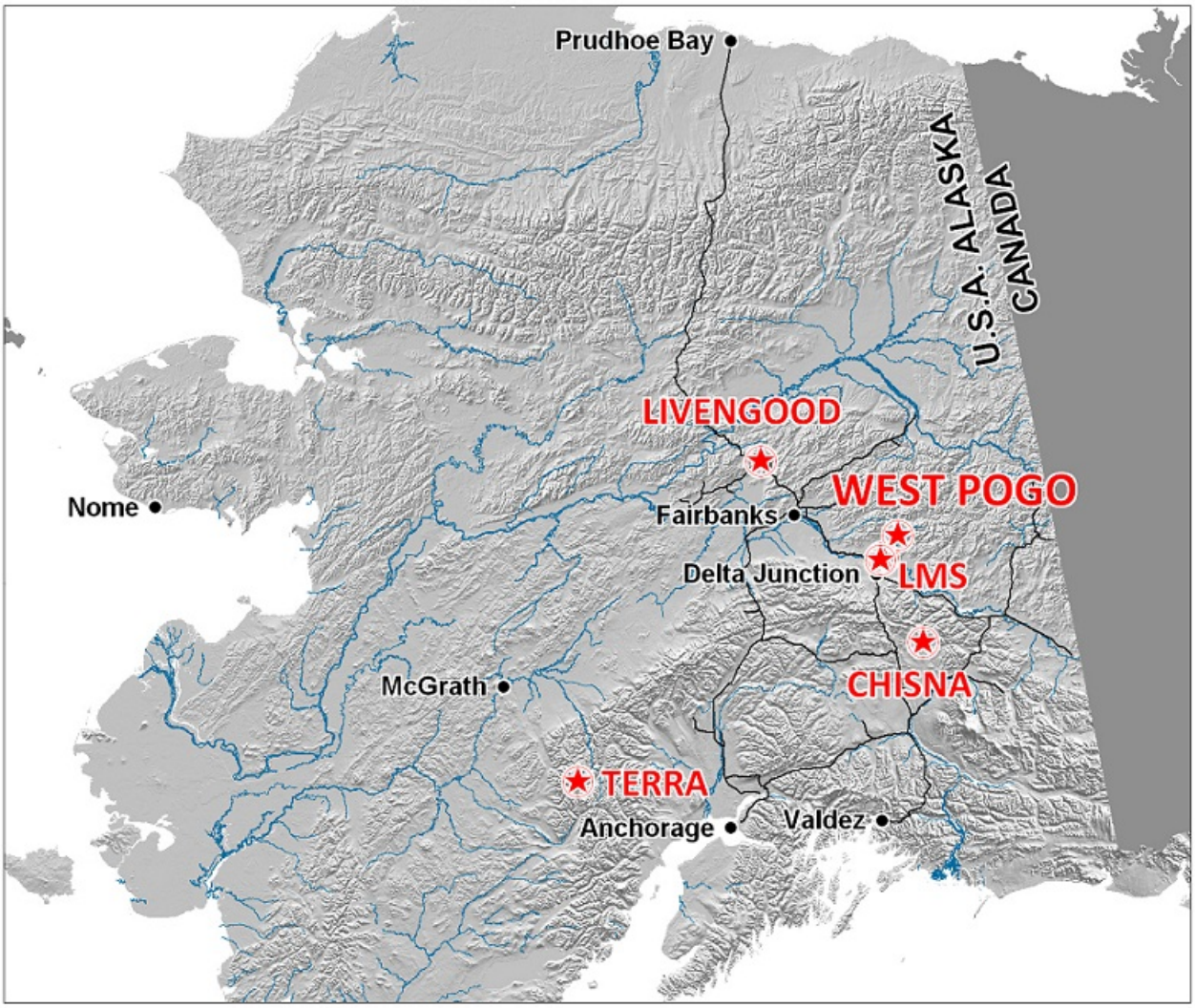


Figure 1: Location of the Company's Alaska Projects

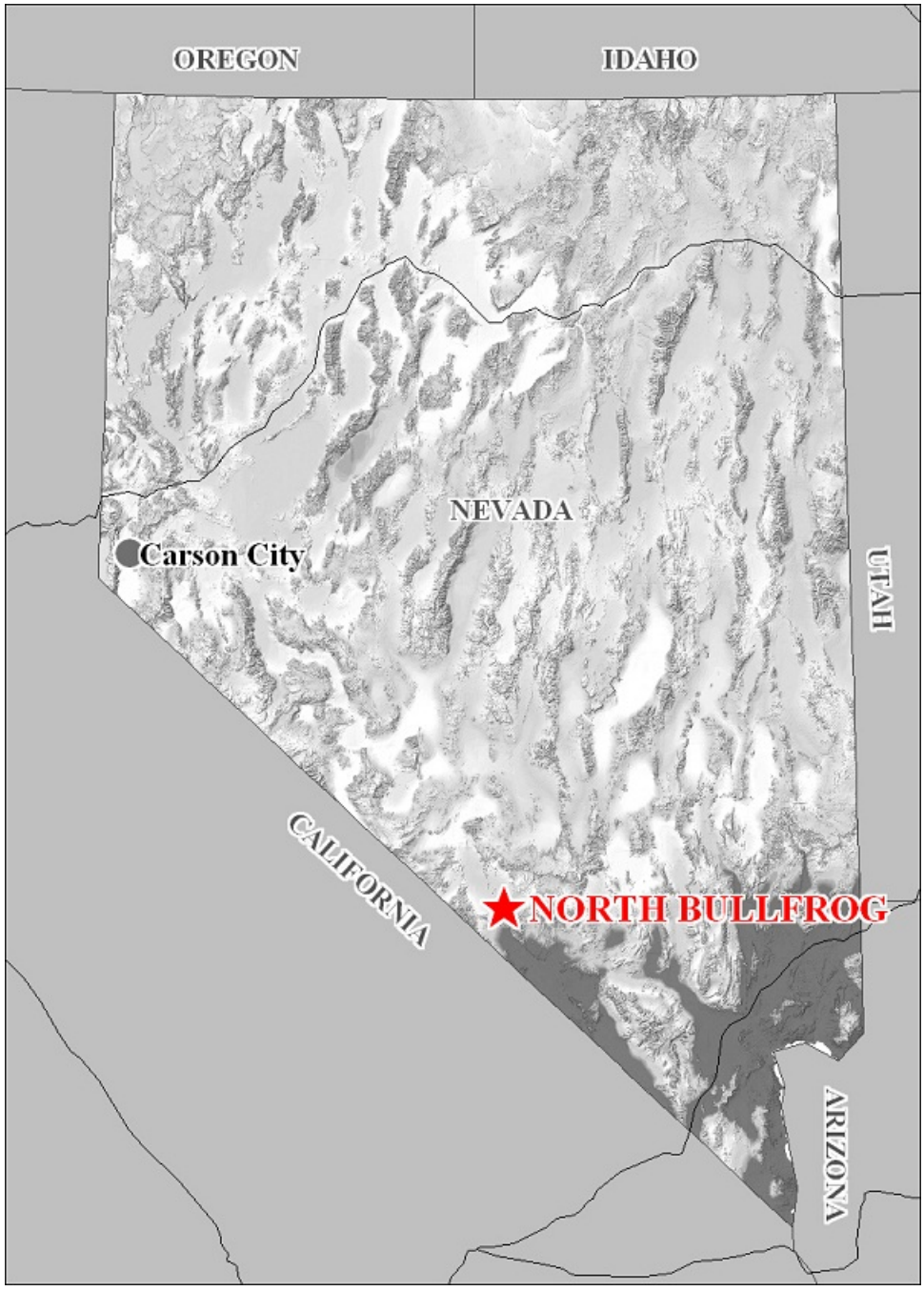


Figure 2: Location of the Company's Nevada Project

Reorganizations

There have been no reorganizations of or involving ITH within the three most recently completed financial years. ITH has proposed a reorganization of its business and assets as described under "Item 4 – General Development of the Business". The 2010 Information Circular, which provides information concerning the proposed spin-out of Corvus by way of corporate arrangement under the BCBCA, is specifically incorporated by reference herein, and readers are referred to the 2010 Information Circular for a complete description of the proposed spin-out transaction and details of each of the Company and Corvus following the completion thereof.

The proposed spin-out transaction was approved by the shareholders of ITH on August 12, 2010, and the final order of the Supreme Court of British Columbia approving the plan of arrangement under the BCBCA to implement the transaction was received on August 20, 2010. The effective date of the spin-out transaction will be August 26, 2010 and that the common shares of Corvus will commence trading on the TSX on August 30, 2010.

Following the completion of the spin-out arrangement, Talon Alaska and Talon Gold will be the only subsidiaries of ITH, and Raven Gold and Talon Nevada will be the only subsidiaries of Corvus.

Social or Environmental Policies

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

achieve the ideals and reflect the following principles of sustainable development:

(a) living within environmental limits,

(b) ensuring a strong, healthy and just society,

(c) achieving a sustainable economy,

(d) using sound science responsibly, and

promoting good governance. The SDC is also responsible for monitoring the activities of the Company in connection with the initial and ongoing interaction between the Company's activities, operations and personnel and the communities in which the Company's projects and related activities are located, with a view to ensuring that management develops and follows appropriate policies and activities to enhance the relationship between the Company and its personnel and the communities in which it operates and reflect the principles of sustainable development in that regard.

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

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

Risk Factors

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

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then

prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

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 producti on 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 cl aims 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-cost borrowin g 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 th e relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

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

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

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

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

conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect our growth and profitability. Specifically:

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

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

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the 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, installation of additional e quipment, 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 economic via bility of projects. The estimated resources described in this AIF should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

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

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

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire su itable 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. taxpay er's holding period for the Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to ITH generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of ITH's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by ITH. U.S. taxpayers should be aware, however, that there can be no assurance that ITH will satisfy record keeping requirements under the QEF rules or that ITH will supply U.S. taxpayers with required information under the QEF rules, in event that ITH is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if ITH is a PFIC and the Common Shares are "marketable stock" (as specifically defi ned). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which ITH is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares

as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the Common Shares.

Material Mineral Projects

Livengood Project, Alaska

Information in this AIF regarding the Livengood project is based on information provided by the Livengood Report. The Livengood Report provides documentation of the geological, operational, and resource estimation procedures that have been undertaken by the Company as it continues to advance the Livengood Project. The following summary is from the Livengood Report and the detailed disclosure in

the Livengood Report is incorporated into this AIF by reference. Readers are encouraged to review the entire Livengood Report, which is filed on SEDAR at www.sedar.com.

1.1 Summary

The Livengood Project is the focus of ongoing exploration by the Company. To date, 434 diamond and reverse circulation holes have been drilled on the property, and provide the basis for reporting a gold resource estimated at approximately 10.9 Moz Indicated and approximately 2.4 Moz Inferred at a 0.50 g/t Au cutoff. The Livengood Technical Report is the ninth in a series of technical reports and the eighth in support of resource estimates regularly updated as new drill information has become available. The Livengood Technical Report also provides documentation of the geological and resource estimation procedures that have been undertaken by the Company as they continue to advance this project toward development. The currently reported estimate includes newly identified resources in the SW Zone and between the Core and Sunshine zones.

The Livengood Report updates the March, 2010 technical report with a new resource estimate through addition of data from 56 drill holes received after completion of the March 2010 resource estimate. This new data and the information provided in the Livengood Report will be used along with data from new metallurgical studies that are currently in progress for a new preliminary economic assessment of the Livengood Project.

1.2 Description and Location

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

1.3 History

The property has been prospected and explored by several companies and private individuals since the 1970's. Geochemical surveys by Cambior in 2000 and AngloGold 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 4 years, exploration by the Company through its wholly owned Alaskan subsidiary, Talon Alaska, has been aimed at assessing this area of mineralization through dr illing diamond core and reverse circulation holes.

1.4 Geology and Mineralization

Rocks at Livengood are part of the Livengood Terrane, an east–west belt, approximately 240 km long, consisting of tectonically interleaved assemblages of various ages. These assemblages include the Amy Creek Assemblage, 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 stocks, 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 in or 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. Mineralization is controlled partly by lithologic units, but thrust-fold architecture is apparently key to providing pathways for magma (dikes and sills) and hydrothermal fluid.

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

1.5 Exploration Drilling and Sampling

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

Nearly all drill holes at Money Knob have been drilled in a northerly direction at an inclination of -50 degrees in order to best intercept the south dipping structures and mineralized zones as close to perpendicular as possible. A few holes have been drilled in other directions to test other features and aspects of mineralization. Most holes have been spaced at 75m along lines 75m apart. A few holes are more closely spaced.

Diamond core holes represent approximately 10% of the total number of holes drilled. Core is recovered using triple tube techniques to ensure good recovery (>95%) and confidence in core orientation. The core is oriented using the ACT system and/or the EZ Mark tool.

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

Drill hole locations are determined by sub-meter differential GPS surveys at the drill collar. Initial azimuth of drill hole collars is measured using a tripod mounted transit compass in conjunction with a laser alignment device mounted on the hole collar.

Down hole surveys of core and reverse circulation drill holes are completed using a Gyro-Shot survey instrument manufactured by Icefield Tools Corporation. Results of surveys and duplicate tests show normal minor deviation in azimuth and inclination for drill holes.

All RC samples are "logged in" on site, analyzed with a field portable XRF (NITON) before being sealed in super sacks, and delivered to ALS Minerals in Fairbanks for preparation. All core samples are initially logged at the drill rig for recovery, oriented features, RQD, and basic geologic features. More thorough logging and core mark-up is done at the Livengood camp. Core is sawed in half and bagged according to geologic intervals up to 1.5m and sealed in super sacks for delivery to ALS Minerals in Fairbanks.

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

1.6 Quality Assurance/Quality Control and Data Verification

The QA/QC program implemented by the Company meets or exceeds industry standards. A QA/QC program includes insertion of blanks and standards (1/10 samples) and duplicates (1/20 samples). Blanks help assess the presence of any contamination that might be introduced by analytical equipment and help calibrate the low end of the assay detection limits. Commercial standards are used to assess the accuracy of the analyses. Duplicates help assess the homogeneity of the sample material and the overall sample variance. The Company has undertaken rigorous protocols to assure accurate and precise results. Among other methods, weights are tracked throughout the various steps performed in the laboratory to minimize and track errors.

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

Data entry and database validation procedures have been checked and found to conform to industry practices. Procedures are in place to minimize data entry errors. These include prenumbered, pretagged, bar-coded bags, and bar-coded data entry methods which relate all information to sample and drill interval information. Likewise, data validation checks are run on all information used in the geologic modeling and resource estimation process.

1.7 Mineral Processing and Metallurgical Testing

The Company envisions a combined heap leach and mill recovery system for optimized gold recovery. Test work undertaken to date is designed to determine optimal processes using combined methods. This work involves studies to determine chemical and physical characteristics of the ore and metallurgical response to process treatment parameters according to ore type. Test work includes assessment of grindability, abrasiveness, optimal particle size for downstream treatment, and

response to leach, flotation, or gravity recoveries as a function of oxidation and lithology. Previous work completed was sufficient to enable an estimate of heap leach recoverable gold for a portion of the ore as reported in the October 2009 technical report. Continued work on gold recovery from gravity, carbon in pulp, carbon in leach, and flotation methods is in progress with initial re sults presented in previous reports and new updated information added to this report.

Key findings to date include the following points:

- Most Livengood ores can be considered moderately soft to moderately hard with an average Bond Ball Work index of 15.8 ranging from 11.1 to 19.1.
- The majority of ores are considered non-abrasive with an average abrasion index of 0.0809 and a range of 0.0023 to 0.2872.
- All Livengood ores respond to cyanide leaching to some degree.
- Some unoxidized ore with organic carbon has "active" or "preg-robbing" carbon.
- Leach times and gravity concentration indicate that some ores contain coarse gold.
- Gold recovery exceeded 90% at 10 mesh for some ores.
- Gold recovery improved for some ores with finer grinding.
- Gold recovery for various leach tests suggests that organic carbon is present in varying degrees in some ores, particularly in unoxidized ore.
- Carbon in Leach bottle roll tests indicate an average 84% recovery for the Sunshine Zone.
- Gold with sulfide is not classified as refractory ore.
- Combined gravity and flotation produced on average 90% recovery of gold.
- Conventional milling using gravity recovery combined with intensive Carbon in Leach (CIL) leaching of gravity recovered gold concentrate achieved gold recoveries averaging 86%.

Continued test work is aimed at optimizing the combination of potential recovery techniques.

1.8 Resource Estimation

The Livengood Report presents a resource estimate updated from the March 2010 estimate by incorporating data from an additional 64 drill holes. The resource model was constructed using Gemcom GEMS® and the Stanford GSLIB (Geostatistical Software Library) MIK post processing routine. The resource was estimated using multiple indicator kriging techniques.

Model parameters include, among others, two oxidation indicators and a single lithology indicator for each lithology. A three-dimensionally defined lithology model, based on interpretations by the Company's geologists, was used to code the rock type block model. A three-dimensionally defined probability grade shell (0.1 g/t) was used to constrain the gold estimation. Gold contained within each block was estimated using nine indicator thresholds. The block model was tagged with the geologic model using a block majority coding method. Because there are significant grade discontinuities at lithologic contacts, hard boundaries were used between each of the lithologic units so that data for each lithology was used only for that unit.

A summary of the estimated mineral resource is presented below for cutoff grades of 0.3, 0.5, and 0.7 g/t gold.

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

Classification	Au Cutoff (g/t)	Tonnes (millions)	Au (g/t)	Million Ounces Au
Indicated	0.30	789	0.62	15.7
Inferred	0.30	229	0.55	4.9
Indicated	0.50	409	0.83	10.9
Inferred	0.50	94	0.79	2.4
Indicated	0.70	202	1.07	6.9
Inferred	0.70	40	1.06	1.4

It is important to note that compared to the March 2010 resource estimate, the tonnage and total ounces estimated have increased in the Indicated category and have decreased in the Inferred category for cutoff grades of 0.30, 0.50, and 0.70 g/t Au. This change is due to addition of newly defined resources in the SW Zone and between the Core and Sunshine Zones.

As part of the Company's quality assurance program, the Company commissioned an independent review of the resource estimation methodology. The review supports the MIK approach to estimation, but suggests that the block panel size and SMU size should be larger for the currently spaced drill grid and that the currently used 10m composite length should be reduced to 3m. In addition, the review also recommends reducing the size of the search neighbourhood selected for the estimation. Using these recommendations, an alternative resource calculation was made. Overall tonnes, grade, and

contained metal compare favourably, but material estimated as projected below current drilling was less. This material is primarily from the Inferred category. The Company believes their understanding of geology and mineralization allows this projection but will continue to te st and verify this assumption with drilling in the remainder of 2010.

1.9 Conclusion

It is concluded that a substantial gold resource has been identified at Money Knob and the surrounding area. Dedicated drilling has continuously enlarged the resource over the past several years. Current metallurgical studies are underway and results indicate that gold is recoverable through heap leach, and combined mill, CIP, CIL, gravity, and flotation techniques. Continuation of planned and in-progress metallurgical and ore processing studies will enable assessment of the best material processing and gold recovery techniques. As results for this work are completed, new cost estimates that incorporate optimized gold recovery techniques will be used for a more comprehensive development plan and economic assessment.

1.10 Recommendations

The Livengood Project is now in transition from an exploration project to a development project. In support of this, the Company has hired a new COO and project engineering manager. Exploration of the Livengood project should continue with the aim of advancing the project toward a prefeasibility status. The Company plans to drill 40,000 metres in 2010 to accomplish this goal. The proposed program is an appropriate amount of drilling for the needs of the project and the time available in the field season. Activities that will help advance the project in this direction include those listed below.

- Continue step out drilling to identify the extent of mineralization.
- Focus infill drilling on areas where Inferred resource blocks can be converted to Indicated resources laterally and at depth.
- Drill close spaced holes to define a variographic cross.
- Drill core holes to gather sample material for advance metallurgical testing.

- Continue and advance metallurgical, ore characterization, and mineral processing studies.
- Assess geotechnical characteristics of the mineralized zone.
- Begin the sterilization process for land that might be covered by facilities.
- Continue and expand environmental base line studies.
- Complete the combined mill/heap leach preliminary economic analysis that is currently in progress. This should evaluate the basic economic, logistic, and processing factors for a mining operation at Livengood.

The Company has proposed expenditure of approximately $28.2 million dollars in 2010 for further evaluation of the Livengood Project. This budget will be allocated to drilling, geological and geotechnical analysis of the deposit, metallurgical and comminution studies, facilities site planning, environmental and social base line studies, and completion of a Preliminary Economic Assessment. The budget is significant, but appropriate for the studies and drilling planned and feasible within the time allocated and the Company has sufficient funds to accomplish this goal. The authors of the Livengood Report recommend implementation of this program in order to accomplish the Company's goal of advancing the Livengood Project.

Preliminary Economic Analysis

On August 3, 2010, the Company announced the results of an independently prepared Preliminary Economic Assessment ("PEA") for the Livengood gold project. The combined milling/heap leach PEA is based the Company's June, 2010 resource estimate and produced a positive economic analysis for the conceptual project. The PEA demonstrated a life of project average annual production of 504,000 recovered ounces of gold for 21 years, at a 1:1.07 strip ratio (ore to waste), indicating a pre-tax NPV(5%) of USD 813M, and an IRR of 15.4% using a USD 950 per ounce gold price (Table 1). The study also shows the deposit has a considerable leverage to gold price, with a pre-tax NPV(5%) of USD 2.3B and an IRR of 32.5% at a USD 1,200 per ounce gold price (Table 2).

Table 1
Livengood Project – Mill - Heap Leach PEA –Summary
(***All values in 2010 USD based on an USD 850 pit shell, mining recoverable in-pit resources above 0.3 g/t gold cut off***)

In-pit resource - Indicated	600 Mt @ 0.65 g/t gold for 12.6M contained ounces gold, 9.8M recoverable ounces gold
In-pit resource – Inferred	48 Mt @ 0.64 g/t gold for 1.0M contained ounces gold, 0.8M recoverable ounces gold
NPV(5%) and IRR at USD 950 per Oz	USD 813M; 15.4%
Over all strip ratio of :	1 to 1.07 (ore to waste)
Average Annual gold production:	504,000 ounces over a 21 year mine life
Average gold recovery:	78% (76% Heap & 81% Mill)

LOM Mining rate:	81,000 ore tonnes per day, 167,000 total tonnes per day
Mining cost per/tonne:	$1.45
Mill Processing cost/tonne:	$7.69
Heap Leach Processing cost/tonne	$2.95
G&A cost per processed tonne:	$0.81
Operating Cost per ounce:	$560
Initial capital cost:	$635 M
Mill deferred capital cost	$750 M
Life of mine sustaining capital costs:	$450 M
Capital Contingency:	25%

The Company will file the final version of a NI 43-101 technical report which will include the results of this Preliminary Economic Analysis (the "Report") on SEDAR within 45 days, and investors are urged to review the Report in its entirety.

Table 2
Base Case Gold Price Sensitivity Analysis
(***all values in constant 2010 USD***)

Gold Price	NPV(5%) ($M)	NPV(7.5%) ($M)	IRR (%)
$950	$813	$495	15.4%
$1,100	$1,708	$1,200	25.8%
$1,200	$2,305	$1,669	32.5%
$1,500	$4,096	$3,079	52.3%

The PEA utilized preliminary estimates of heap leach and mill recovery, assuming a nominal 76% and 81% process recovery, respectively. This estimated mill recovery is consistent with the high average recovery (89%) of gold to concentrate demonstrated in the existing metallurgical testing data and the subsequent total gold recovery by CIL treatment in some of the ore types. Extensive metallurgical testing will be conducted as part of a Pre-feasibility Study to verify the total gold recovery assumptions and to support design of the required mill and heap leach processes.

The Company cautions that this PEA is preliminary in nature, and is based on technical and economic assumptions which will be evaluated in the Pre-feasibility Study. The PEA is based on the Livengood in-situ resource model (June, 2010) which consists of material in both the indicated and inferred classification. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them. The current basis of project information is not sufficient to convert the in-situ mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability. Accordingly, there can be no certainty that the results estimated in this PEA will be realized. The PEA results are only intended as an initial, first-pass review of the potential pro ject economics based on preliminary information.

This initial stage mill and heap leach PEA utilizes the June 2010 in-situ resource estimate, which includes all assays completed through May, 2010 (434 diamond and reverse circulation holes). The mine production estimate was developed by L-G optimization to produce a series of pit shells defined at varying gold prices between USD 300 and USD 1500 per ounce, for the gold recovery and processing cost assumptions. A long term gold price of USD 950 per Au oz has been assumed in this PEA, and the pit shell defined at USD 850 per Au oz was selected for the analysis to assure a minimum margin on process cost of USD 100 per Au ounce. A series of 5 push-backs within the resulting pit shell were chosen within the shell as

the basis of a production schedule that would deliver a nominal 81,000 tonnes/day ore output. Individual in-situ resource blocks within the pit shell were assigned an economic value based on recovery and contained gold above the 0.3 g/t cut-off grade, and the blocks were assigned to one of the heap leach, mill or waste dump destinations based on the economic value. For blocks assigned to the heap leach or mill destination, the individual block grade-tonnage data developed in the Multiple Indicator Kriging in-situ resource model was used to calculate the mining recoverable tonnage above the 0.3 g/t cut-off grade. The mining recoverable resource was scheduled to the appropriate process circuit (mill or heap leach) and the remaining material below the 0.3 g/t mining recovery cut-off was scheduled to the waste dump.

Cash Flow Model Inputs and Assumptions

Resources **-** The analysis included both indicated and inferred resources in the mining and economic study. Indicated resources make up more than 90% of the defined in-pit ore tonnage.

Mining Method **-** A standard open pit drill, blast, load and haul mining plan was used for the study, assuming a 45° pit slope. Preliminary pit designs have been developed and include pit roads and ramps for all stages of the open pit schedule. The assumed nominal mining rate was 167,000 total tonnes per day, with 365 operating days per year.

Processing Method **–** A valley fill heap leach design, operated initially at 100,000 tonnes of ore a day and declining to nominally 35,000 tonnes ore per day after the mill start-up in year 4, was assumed for the PEA. Heap leach ore would be crushed to 1.2 cm and truck stacked on the pad. A process plant using SAG milling, gravity and flotation circuits for concentration and CIL recovery of gold was assumed in the PEA. The process plant was assumed to have a nominal throughput of 53,400 tonnes per day, beginning operation in year 4, after 3 years of heap leach processing.

Gold Recovery Model **-** Process recoveries were estimated for each of 21 different mineralization types (7 rock types, 3 oxidations states) in the deposit based on metallurgical test results published in the June 2010 update of the Livengood technical data. The quantity of mineralization types are then projected into the in-situ resource block model using a 3D geological model of the deposit, and a process recovery factor is calculated for each model block. The calculated process recovery factor is used to determine produced

gold ounces for the portion of mine recoverable material above the 0.3 g/t cut-off grade for each block according to its processing destination (heap leach or mill).

Operating and Capital Cost Estimates **-** Preliminary capital and operating costs were prepared using information available on other Alaskan gold mines, an independent mining and development cost research report commissioned by the Company, all available project technical data and metallurgical/process related test work. Preliminary site infrastructure alternatives (heap leach, waste dump, tailing storage facilities, and mill) have been evaluated by independent study and an arrangement defined as the basis of capital cost estimates. Capital costs were estimated from a review of recent gold projects developed in the region. Capital costs were developed based on a nominal mining rate of 81,000 tonnes of ore per day (nominal total tonnes mined per day of 167,000), processing a total of 650 Mt, and includes sustaining capital and all facilities and equipment need ed for all phases of the project over its projected 21 year life. All costs are in constant USD from Q3 2010. No escalation was applied in the financial model.

Taxes and Royalties **-** Taxes and royalty charges were excluded from this preliminary analysis of the project. Net smelter return royalty rates vary from 0-5% across the project and average approximately 2.5%, assuming exercise by the Company of all available royalty buy-out rights.

Revenue - Revenue was determined in the base case financial model assuming a constant, long term gold price of USD 950 per ounce. All sensitivities to gold price assumptions were assessed using a constant price.

Planned Activities

The Livengood Summer 2010 drill program began June 1st and is scheduled to complete 45,000 metres of resource expansion and development directed drilling. The program is focused on converting resources to the measured and indicated categories through infill drilling, as well as step-out resource expansion and testing of "new deposit" exploration targets within the overall district. Significantly, the project continues to expand as a new area of interest to the southwest of the Core Zone, named the "Olive Zone", has been identified. The Company is currently operating five drills at Livengood (three RC and two core rigs) and anticipates adding a sixth in the near future.

The 2010 infill drilling program is a key component in the Livengood pre-feasibility study, and has three main goals: (1) to convert the bulk of the current estimated resource in the mine plan from the indicated and inferred categories to the measured and indicated categories, respectively, (2) to better define the higher grade areas of the deposit, and (3) to extend the deposit at depth, because many of the existing drill holes have ended in mineralization. This work is being completed with a combination of core and RC drilling (two core rigs and two RC drills).

The Company will be continuing to address a large mine development program directed at advancing the Livengood project towards a production decision and the securing of necessary mining permits. The next step in this process is the initiation of a full scale pre-feasibility/mine development study which the Company has now commenced. 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.

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 66,117,922 were issued as at May 31, 2010 and 67,228,222 were issued as at August 23, 2010. The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders, with each Common Share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares are entitled to dividends if, as and when declared by the Board. The Common Shares are entitled, upon liquidation, dissolution or winding up of ITH, to receive the remaining assets of ITH available for distribution to shareholders.

Shareholders' Rights Plan

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

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

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

Constraints

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

ITEM 8: MARKET FOR SECURITIES

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

Trading Price and Volume

The following table provides information as to the high, low and closing prices of the Common Shares on the TSX from December 1, 2009, and on the TSXV prior to that date, 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/TSX Venture Exchange

Month	*High ($)*	*Low ($)*	*Volume*
August 1 to 23, 2010	6.69	6.05	2,462,036
July, 2010	7.00	6.05	2,146,412
June, 2010	7.65	6.42	2,773,856
May, 2010	7.68	6.55	4,094,587
April, 2010	7.83	5.85	4,958,149
March, 2010	7.30	5.67	7,326,666
February, 2010	7.20	5.88	5,814,805
January, 2010	8.35	6.40	7,289,104
December, 2009	8.15	6.85	13,920,064
November, 2009	8.00	5.00	6,771,702

October, 2009	6.14	4.12	6,443,195
September, 2009	4.88	3.26	2,953,979
August, 2009	3.87	3.12	3,406,262
July, 2009	3.74	2.81	3,324,460
June, 2009	4.00	3.19	2,857,098

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, Director 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 & 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
Daniel A. Carriere[7] Director British Columbia, Canada	Businessman; Previously, Senior Vice President, Corriente Resources Inc. (public natural resources company) 1996 – 2010; Director, ID Biomedical Inc. (public biomedical company) 1995 - 2005	Director since April 14, 2010
Timothy J. Haddon Director Colorado, USA	Mining Engineer; President, International Natural Resource Management Co. (private mining industry consulting service provider); Chair, Anatolia Minerals Development Ltd. (public natural resources company) since 2002; Lead Director, Thompson Creek Metals Company Inc. (a mineral exploration and development company) since 2007; previously, President & CEO, Archangel Diamond Corporation, 1997 – 2002 and CEO, Amax Gold (public natural resource company) 1989-1993.	Director since April 14, 2010

Lawrence W. Talbot[7] Vice-President and General Counsel British Columbia, Canada	Barrister and Solicitor; Owner, Lawrence W. Talbot Law Corporation (law firm) since July 1, 2006, previously Partner, Gowling Lafleur Henderson LLP (law firm), April 2000 to July 2006, director, Cardero Resource Corp. (public mineral exploration company) since April, 2003, director and secretary, Excellon Resources Inc. (public natural resources company) 1993 to April, 2008.	Vice-President & General Counsel since September 22, 2006

Michael W. Kinley, C.A. Chief Financial Officer 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
Carl Brechtel Chief Operating Officer Colorado, USA	Professional Engineer; Chief Operating Officer of the Company since January, 2010; previously, various positions with AngloGold Ashanti Limited over past 12 years.	Chief Operating Officer since January 12, 2010
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 must be held before December 31, 2010). 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 23, 2010, ITH's Directors and executive officers, as a group, beneficially hold a total of 3,521,817 Common Shares, directly or indirectly, representing 5.23% of the 67,228,222 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) 625,000 Common Shares exercisable at $2.66 per Common Share until March 12, 2011;

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

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

(d) 2,300,000 Common Shares exercisable at $7.34 per Common Share until April 14, 2012; and

(e) 1,100,000 Common Shares exercisable at $6.57 per Common Share until August 19, 2012.

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 aff ected 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, 2009 (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, 2009 (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, 2010;

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, 2010.

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, 2008, 2009 or 2010, 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 pla cement 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 responsibility and indemnify AngloGold for all environmental liabilities.

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

With respect to the LMS property, the Company has the right to earn a 60% interest by incurring aggregate exploration

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

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

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

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

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

2. On August 4, 2006, ITH completed a non-brokered private placement of 7,999,718 units (each, a "Unit") at a price of $0.56 per Unit for gross proceeds of $4,479,842 (approximately USD 3.975 million). Each Unit consisted of one Common Share and one-half of a transferable common share purchase warrant. Each whole warrant (each, a "Warrant") entitled the holder, on exercise, to purchase an additional Common Share at a price of $1.00 until August 4, 2008. Cardero Resource Corp., a public company headquartered in Vancouver, B.C., purchased 4,000,000 Units in this placement. As a consequence of participating in this placement, Cardero became an "insider" of ITH pursuant to applicable Canadian securities legislation. On August 4, 2008, Cardero exercised all of its 2,000,000 Warrants and acquired an additional 2,000,000 Common Shares. As a co nsequence 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 "top-up" right to maintain its 13.2907% equity interest in ITH. AngloGold's equity interest had been diluted by virtue of ITH's issuance of Common Shares since January 1, 2009, principally due to the exercise of 7,753,385 warrants, broker options and broker warrants in May, 2009. The "top-up" provision, contained in the June 30, 2006 purchase agreement among AngloGold, ITH and 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.

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

5. On February 10, 2010, AngloGold exercised its "top-up" right to maintain its 13.2907% equity interest in ITH. As a consequence, ITH sold to AngloGold, on a private placement basis, an aggregate of 67,965 common shares at a price of $5.38 per share (reflecting the 5 day volume-weighted average price of the Common Shares on the TSX preceding February 10, 2010 less the

maximum allowable discount (15%), as required by the provisions of the "top-up" right) for gross proceeds of CAD 365,651.17. The private placement closed on March 26, 2010.

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

10. On August 12, 2010, AngloGold exercised its "top-up" right to maintain its 13.2907% equity interest in ITH. As a consequence, ITH will sell to AngloGold, on a private placement basis, an aggregate of 415,041 common shares at a price of $5.26 per share (reflecting the 5 day volume-weighted average price of the Company's common shares on the TSX preceding August 12, 2010 of $6.18 less the maximum allowable discount (15%), as required by the provisions of the "top-up" right) for gross proceeds of $2,183,115.66. The private placement is subject to execution of formal documentation and the acceptance for filing thereof by the TSX and NYSE-Amex on behalf of the Company, and is anticipated to close after August 25, 2010.

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, 2009 (being the commencement of the Company's most recently completed financial year) that are still in effect, other than:

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

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

ITEM 16: NAMES AND INTERESTS OF EXPERTS

Names and Interests of Experts

The following are the persons or companies:

1. who were named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by ITH during, or relating to, the fiscal year ending May 31, 2010, 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, 2009 in respect of the Company's financial statements for the years ended May 31, 2009 and 2008, and

   (ii) provided an auditor's report dated August 13, 2009 in respect of the Company's financial statements for the years ended May 31, 2010 and 2009 and incorporated by reference into this AIF.

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

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

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

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

      (iii) the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009, other than sections 16 and 17 thereof, filed on SEDAR on August 11, 2009;

(iv) the technical report entitled "October 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated October 31, 2009, other than sections 16 and 17 thereof, filed on SEDAR on November 27, 2009;

(v) the technical report entitled "March 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated March 16, 2010, other than sections 16 and 17 thereof, filed on SEDAR on April 23, 2010; and

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

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

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

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

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

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

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

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

(e) 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 holds less than 1% of the outstanding Common Shares;

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

(i) section 16 of the technical report entitled "July 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated July 31, 2009, filed on SEDAR on August 11, 2009;

(ii) section 16 of the technical report entitled "October 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated October 31, 2009, filed on SEDAR on November 27, 2009;

(iii) section 16 of the technical report entitled "March 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated March 16, 2010, filed on SEDAR on April 23, 2010; and

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

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

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

(i) section 17 of the technical report entitled "October 2009 Summary Report on the Livengood Project, Tolovana District, Alaska" dated October 31, 2009, filed on SEDAR on November 27, 2009;

(ii) section 17 of the technical report entitled "March 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated March 16, 2010, filed on SEDAR on April 23, 2010; and

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

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

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

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, 2010.

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

[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

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:

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.

(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.

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

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

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

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

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

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

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

(ii) effective internal control systems, and

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

(b) establish procedures for:

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

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

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

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

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

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

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

(h) assist the Chief Executive Officer and the Chief Financial Officer of the Company in identifying and addressing any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

3.4 The Committee is also charged with the responsibility to:

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

(b) review and approve the financial sections of:

(i) the annual report to shareholders;

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

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

(iv) prospectuses; and

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

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

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

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

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

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

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

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

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

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

(k) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;

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

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

3.5 The Committee shall have the authority to determine:

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

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

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

ARTICLE 4 – GENERAL

4.1 The Committee will:

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

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

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

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

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

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

Composition of the Audit Committee

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

Name	Independent (Y/N)	Status
Anton J. Drescher (Chair)	Independent	Financially Literate
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:

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

Ronald Sheardown: Mr. Sheardown is the president of Greatland Exploration, Ltd. and has been involved in Alaskan and Canadian exploration for over 50 years, with discoveries such as the co-discovery (with Murray Watts) of the Mary River Iron Ore Deposit of Baffinland Iron Mines Limited to his credit. In addition, Mr. Sheardown was part of the team that discovered the Asbestos Hill and Raglan deposits in Quebec and the Black Angel mine in Greenland. More recently, he has served as a technical advisor to Rudnik Matrosova (a division of Norilsk Nickel) on the development of the Natalka deposit in eastern Russia. Mr. Sheardown has also held a number of important positions within the State of Alaska and various mining related organizations. Mr. Sheardown has been a director of a number of public companies similar to ITH and, in such r oles, he has had experience 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, 2009 (being the commencement of its most recently completed financial year) has ITH relied on the exemptions in the following sections of NI 52-110:

1. Section 2.4 (De Minimis Non-audit Services);

2. Section 3.2 (Initial Public Offerings);

3. Section 3.3(2) (Controlled Companies);

4. Section 3.4 (Events Outside Control of Member);

5. Section 3.5 (Death, Disability or Resignation of Audit Committee Member);

6. Section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances);

7. Section 3.8 (Acquisition of Financial Literacy); or

8. an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since June 1, 2009, being the commencement of ITH's most recently completed financial year, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees (By Category)

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

Financial Year Ending	Audit Fees[(1)]	Audit Related Fees[(2)]	Tax Fees[(3)]	All Other Fees[(4)]
May 31, 2010	$49,500	$29,500	$9,500	$Nil
May 31, 2009	$35,000	$5,100	$6,000	$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 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. The work performed in 2010 consisted of procedures with regard to annual and interim financial statements and pro-forma financial statements for the purpose of the Corvus spin-out transaction.

(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, 2010, 2009 and 2008

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 direc tors 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, 2010.

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

"Michael Kinley"
Michael Kinley,
Chief Financial Officer

August 23, 2010
Vancouver, Canada

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Financial Statements

(Expressed in Canadian dollars)

May 31, 2010 **Page**

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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, 2010, 2009 and 2008 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). These 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, 2010, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

We have also audited in accordance with standards of Public Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of May 31, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 23, 2010 expressed an unqualified opinion thereon.

Vancouver, Canada
August 23, 2010

"MacKay LLP"
Chartered Accountants

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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 23, 2010, 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 the year s in the three year period ended May 31, 2010 and shareholders' equity as at May 31, 2010, 2009 and 2008 to the extent summarized in note 11 to the consolidated financial statements.

Vancouver, Canada
August 23, 2010

"MacKay LLP"
Chartered Accountants

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

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

We have audited the internal control over financial reporting of International Tower Hill Mines Ltd. and subsidiaries (the "Company") as of May 31, 2010, based on criteria established *in Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, including in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2010, based on the COSO criteria.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended May 31, 2010 of the Company and our report dated August 23, 2010 expressed an unqualified opinion on those financial statements.

Vancouver, Canada
August 23, 2010

"MacKay LLP"
Chartered Accountants

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Balance Sheets

As at May 31

(Expressed in Canadian dollars)

	2010	2009	2008
ASSETS			

Current				
Cash and cash equivalents (note 3a)	**$ 43,460,324**	$ 32,489,341	$ 10,859,942
Marketable securities (note 4)	**360,000**	113,750	247,000
Accounts receivable	**110,311**	76,634	24,833
Prepaid expenses	**287,812**	166,264	193,426
	44,218,447	32,845,989	11,325,201
Property and Equipment (note 5)	**80,040**	69,915	104,547
Mineral properties (note 6)	**54,095,175**	33,417,566	23,151,228
	$ 98,393,662	$ 66,333,470	$ 34,580,976
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**$ 1,272,959**	$ 386,673	$ 724,798
SHARE CAPITAL AND DEFICIT			
Share capital (note 7)	**124,277,370**	79,256,633	40,586,229
Contributed surplus (note 7)	**14,240,223**	10,218,728	7,024,590
Deficit	**(41, 396,890)**	(23,528,564)	(13,754,641)
	97,120,703	65,946,797	33,856,178
	$ 98,393,662	$ 66,333,470	$ 34,580,976

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)

	2010	**2009**	**2008**
Administrative expenses			
Administration (note 9)	$ 38,484	$ 43,921	$ 46,425
Amortization	28,477	54,597	46,008
Charitable donations	65,459	30,068	31,513
Consulting (notes 7 and 9)	4,811,853	1,847,672	293,270
Insurance	166,240	119,396	82,537
Investor relations (notes 7 and 9)	1,444,927	774,680	782,650
Office	128,738	140,652	119,107
Professional fees (notes 7 and 9)	797,345	442,891	203,428

Property investigation	478	120,194	110,809
Regulatory	290,183	90,333	110,087
Rent (note 9)	115,653	120,189	86,168
Telephone	31,360	23,744	25,143
Travel	166,792	272,764	205,025
Wages and benefits (notes 7 and 9)	7,647,869	3,239,448	1,087,172
	(15,733,858)	(7,320,549)	(3,229,342)
Other items			
Gain on sale of mineral property	-	-	89,246
Interest income	116,936	126,402	603,094
Gain (loss) on foreign exchange	(7,257)	181,558	116,912
Loss on sale of equipment	-	(7,861)	-
Spin-out (cost) recovery (notes 6(d)(iii), (iv), (e)(i) and 13(b))	25,961	-	-
Unrealized gain (loss) on marketable securities	102,250	(133,250)	-
Write-off of mineral properties (notes 6(b), (c), (d)(ii), (v) and (f)(ii))	(2,372,358)	(2,620,223)	-
	(2,134,468)	(2,453,374)	809,252
Loss and comprehensive loss for the year	(17,868,326)	(9,773,923)	(2,420,090)
Deficit, beginning of the year	(23,528,564)	(13,754,641)	(11,334,551)
Deficit, end of the year	$ (41,396,890)	$ (23,528,564)	$ (13,754,641)
Basic and fully diluted loss per share	$ (0.30)	$ (0.22)	$ (0.06)
Weighted average number of shares outstanding	59,603,193	45,089,555	39,193,360

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Year ended May 31

(Expressed in Canadian dollars)

	2010	2009	2008
Operating Activities			
Loss for the year	$ (17,868,326)	$ (9,773,923)	$ (2,420,090)
Add items not affecting cash			
Amortization	28,477	54,597	46,008
Stock-based compensation	9,901,192	4,101,404	381,975
Write-off of mineral properties	2,372,358	2,620,223	-
Gain on sale of property	-	-	(89,246)
Loss on sale of equipment	-	7,861	-
Unrealized (gain) loss on marketable securities	(102,250)	133,250	-
Spin-out recovery (note 6(d)(iv))	(144,000)	-	-
(Gain) loss on foreign exchange	7,257	(181,558)	(116,912)
Changes in non-cash items:			
Accounts receivable	(33,677)	(51,801)	89,037

Accounts payable and accrued liabilities	329,568	82,154	(10,756)
Prepaid expenses	(121,548)	27,162	(96,322)
Cash used in operating activities	(5,630,949)	(2,980,631)	(2,216,306)
Financing Activities			
Issuance of share capital	39,634,008	37,913,974	1,209,275
Share issuance costs	(1,293,968)	(977,586)	15,601
Cash provided by financing activities	38,340,040	36,936,388	1,224,876
Investing Activities			
Expenditures on mineral properties	(21,652,717)	(12,502,764)	(10,088,718)
Expenditures on equipment	(41,248)	(27,826)	(34,635)
Cash used in investing activities	(21,693,965)	(12,530,590)	(10,123,353)
Effect of foreign exchange on cash	(44,143)	204,232	66,452
Increase (decrease) in cash	10,970,983	21,629,399	(11,048,331)
Cash and cash equivalents, beginning of year	32,489,341	10,859,942	21,908,273
Cash and cash equivalents, end of year	$ 43,460,324	$ 32,489,341	$ 10,859,942
Supplemental cash flow information			
Interest paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
Non-cash financing and investing transactions			
Shares issued to acquire mineral properties	$ 801,000	$ 826,750	$ -
Issuance of agents' warrants for share issuance costs	$ -	$ 286,805	$ -
Accounts payable included in mineral property expenditures	$ 733,030	$ 170,639	$ 598,165

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, 2010, 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 ("GAAP") on a going-concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going-concern is dependent upon achieving profitable operations and/or obtaining additional financing. During the current year, the Company has raised $39,634,008 (2009 - $37,913,974; 2008 - $1,209,275) through the issuance of share capital and has working capital at May 31, 2010 of $42,945,488 (2009 - $32,459,316; 2008 - $10,600,403) which is considered sufficient to fund its operations and exploration program for the ensuing year. These consolidated financial

statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

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

c) Marketable securities

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

d) Foreign currency translation

Monetary assets and liabilities are translated at period-end exchange rates; other assets and liabilities have been translated at the rates prevailing at the date of transaction. Revenue and expense items, except for amortization, are translated at the average rate of exchange for the 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
Computer software	-	3 years straight line
Furniture and equipment	-	20% declining balance
Leasehold improvements	-	straight-line over the 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

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

h) Share capital

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

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

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

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

i) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share has not been presented separately as the outstanding options and warrants are anti-dilutive for each of the 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 tax assets and liabilities are measured using tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled. To the extent that future income tax assets are not considered more likely than not to be realized, a valuation allowance is recorded.

k) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or mineral properties, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service perio d. If and when the

stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

l) 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 GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting year. Actual results could differ from those reported.

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

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

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

The Company classified its financial instruments as follows:

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

o) Comprehensive Income

Comprehensive income is the change in shareholders' equity during a 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 it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. There are no material differences between comprehensive income (loss) and net loss for the years reported.

p) 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 adoption of this new section had no impact on its consolidated financial statements, when adopted by the Company on June 1, 2009.

q) Future accounting changes

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

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

(ii) 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 IFRS 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 impa ct of adopting this standard on its consolidated financial statements. This standard is not expected to be adopted prior to the transition to IFRS.

(iii) 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. This standard is not expected to be adopted prior to the transition to IFRS.

(iv) 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 IFRS on consolidated and separate financial statements. This standard 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. This standard is not expected to be adopted prior to the transition to IFRS.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

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

Fair Value Hierarchy

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

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

a) Credit risk

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

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

	2010	2009	2008
Cash and cash equivalents	$ 43,460,324	$ 32,489,341	$ 10,859,942
Accounts receivable	$ 110,311	$ 76,634	$ 24,833

At May 31, 2010, the Company held a total of $26,537,499 (2009 - $10,004,000; 2008 - $8,721,062) cash equivalents which consist of interest saving accounts and Guaranteed Investment Certificates ("GICs"):

	Quantity	Maturity Date	Annual Yield
Renaissance High Interest Saving	$ 2,518,649	-	-
Dundee Investment Saving	3,016,850	-	-
Advisors' Advantage Trust (GIC)	1,500,000	June 10, 2010	0.50%
Advisors' Advantage Trust (GIC)	3,002,000	June 11, 2010	0.50%
TD Mortgage Corp.(GIC)	4,000,000	April 8, 2011	0.65%
Advisors' Advantage Trust (GIC)	5,000,000	May 9, 2011	0.65%
Montreal Trust (GIC)	5,000,000	May 9, 2011	0.65%
National Bank of Canada (GIC)	2,500,000	June 10, 2011	0.55%
	$ 26,537,499		

The Company's cash and cash equivalents at May 31, 2010 consists of $42,597,295 in Canada and $863,029 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 a single major Canadian financial institution. Credit risk with regard to cash held in the United States is mitigated as the amount held in the United States is only sufficient to cover short-term requirements. With respect to receivables at May 31, 2010, the Company is not exposed to significant credit risk as the majority are from governmental agencies and interest accruals.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they 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, 2010, the Company had accounts payable and accrued liabilities of $1,272,959 (2009 - $386,673; 2008 - $724,798), which are all payable within six months and are expected to be settled from available working capital as they come due.

c) Market risk

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

(i) Interest rate risk

The Company's cash and cash equivalents consists of cash held in bank accounts and short term deposit certificates of GIC's with several major Canadian financial institutions that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of May 31, 2010. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 0.5% change in interest rates would affect interest income by approximately $105,000.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in United States funds, nor entered into any hedging arrangements with respect to mineral property expenditure commitments denominated in United States dollars. The Company's sensitivity analysis suggests that a consistent 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 $636,000. As at May 31, 2010, the Company had the following financial instruments in US$:

	CAD$ equivalent	US$
Cash	$ 863,029	$ 827,052
Accounts payables and accrued liabilities	$ 886,713	$ 849,749

As at May 31, 2010, US$ amounts were converted at a rate of US$1 to CAD$1.0435.

(iii) Other price risk

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

4. MARKETABLE SECURITIES

	2010	2009	2008
Millrock Resources Inc.	$ 273,000	$ 113,750	$ 247,000
Ocean Park Ventures Corp.	87,000	-	-
	$ 360,000	$ 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.

On March 15, 2010, the Company received the initial 200,000 common shares of Ocean Park Ventures Corp. ("OPV"), valued on that date of $0.72 per share or $144,000, in consideration for providing the resources for Raven to enter into the joint ventures (note 6(d)(iv) and 13(b)).

Fair value adjustment for the year ended May 31, 2010, amounted to an unrealized gain (loss) of $102,250 (2009 - ($133,250), 2008 - $Nil).

5. PROPERTY AND EQUIPMENT

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

	$ 240,328	$ 160,288	$ 80,040

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

	2008		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 6,671	$ 1,380	$ 5,291
Computer equipment	88,060	26,192	61,868
Computer software	89,476	52,088	37,388
	$ 184,207	$ 79,660	$ 104,547

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))	Coffee Dome (note 6(d)(ii))	Gilles (note 6(d)(v))	Painted Hills (note 6(f)(ii))	Livengood (note 6(d)(i))	Spin-out Properties (note 13(b))	**Total $**
Balance, May 31, 2008	$ 1	$ 326,798	$ 1,102,464	$ 969,528	$ 449,255	$ 924,249	$ 10,197,854	$ 9,181,079	**$ 23,151,228**
Acquisition costs:									
Cash payments	-	-	-	-	-	-	-	-	**-**
Common shares issued	-	-	-	-	-	-	-	826,750	**826,750**
	-	-	-	-	-	-	-	826,750	**826,750**
Deferred exploration costs:									
Advance to contractors	-	-	-	-	-	-	(214,075)	-	**(214,075)**
Contract services	-	140,867	35,069	5,459	-	4,235	2,026,372	480,543	**2,692,545**
Assay	-	7,390	8,313	5,014	-	-	1,116,226	68,286	**1,205,229**
Drilling	-	-	-	-	-	-	5,498,364	(702)	**5,497,662**
Field costs	-	26,763	783	635	-	202	1,316,711	18,319	**1,363,413**
Equipment rental	-	2,951	694	-	-	-	332,393	19,006	**355,044**
Land maintenance & tenure	-	47,072	37	91,649	-	73,491	329,113	421,161	**962,523**
Transportation	-	-	17,963	1,054	-	-	92,040	4,863	**115,920**
Travel	-	21,298	3,207	858	-	261	20,818	35,108	**81,550**
	-	246,341	66,066	104,669	-	78,189	10,517,962	1,046,584	**12,059,811**
Total expenditures for the year	-	246,341	66,066	104,669	-	78,189	10,517,962	1,873,334	**12,886,561**
Property write-off	-	-	(1,168,530)	-	(449,255)	(1,002,438)	-	-	**(2,620,223)**
Balance, May 31, 2009	1	573,139	-	1,074,197	-	-	20,715,816	11,054,413	**33,417,566**
Acquisition costs:									
Cash payments	-	-	-	-	-	-	-	250,000	**250,000**
Common shares issued	-	-	-	-	-	-	-	801,000	**801,000**
	-	-	-	-	-	-	-	1,051,000	**1,051,000**
Deferred exploration costs:									
Advance to contractors	-	-	-	-	-	-	(3,215)	512,115	**508,900**
Contract services	-	1,790	-	140,643	-	-	4,223,621	1,221,650	**5,587,704**

Assay	-	-	-	140,241	-	-	2,977,431	19,674	**3,137,346**
Drilling	-	-	-	268,280	-	-	9,457,688	-	**9,725,968**
Field costs	-	19	-	33,124	-	-	2,559,742	(3,283)	**2,589,602**
Equipment rental	-	-	-	29,085	-	-	511,413	7,222	**547,720**
Land maintenance & tenure	-	1,193	-	97,952	-	-	1,158,079	532,459	**1,789,683**
Transportation	-	-	-	12,695	-	-	128,779	52,278	**193,752**
Travel	-	-	-	-	-	-	120,130	16,014	**136,144**
	-	3,002	-	722,020	-	-	21,133,668	2,358,129	**24,216,819**
Total expenditures for the year	-	3,002	-	722,020	-	-	21,133,668	3,409,129	**25,267,819**
Cost recovery	-	-	-	-	-	-	-	(2,217,852)	**(2,217,852)**
Property write off	-	(576,141)	-	(1,796,217)	-	-	-	-	**(2,372,358)**
Balance, May 31, 2010	**$ 1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 41,849,484**	**$ 12,245,690**	**$ 54,095,175**

Spin-out properties (note 13(b))

	West Pogo (note 6(d)(iii))	Chisna (note 6(d)(iv))	North Bullfrog (note 6(f)(i))	LMS (note 6(e)(i))	Terra (note 6(e)(ii))	**Total $**
Balance, May 31, 2008	$ 441,839	$ 1,465,023	$ 2,198,647	$ 1,789,173	$ 3,286,397	**$ 9,181,079**
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	-	-	-	-	-	**-**
Contract services	12,646	239,119	67,150	18,510	143,118	**480,543**
Assay	3,962	25,911	15,328	23,085	-	**68,286**
Drilling	-	-	(702)	-	-	**(702)**
Field costs	4,661	26,746	9,123	85	(22,296)	**18,319**
Equipment rental	-	16,023	-	690	2,293	**19,006**
Land maintenance & tenure	23	40,827	219,045	16,587	144,679	**421,161**
Transportation	-	3,035	-	1,828	-	**4,863**
Travel	-	32,929	1,739	-	440	**35,108**
	21,292	384,590	311,683	60,785	268,234	**1,046,584**
Total expenditures for the year	21,292	384,590	395,933	432,035	639,484	**1,873,334**
Balance, May 31, 2009	463,131	1,849,613	2,594,580	2,221,208	3,925,881	**11,054,413**
Acquisition costs:						
Cash payments	-	-	250,000	-	-	**250,000**
Common shares issued	-	-	801,000	-	-	**801,000**
	-	-	1,051,000	-	-	**1,051,000**
Deferred exploration costs:						
Advance to contractors	-	512,115	-	-	-	**512,115**
Contract services	5,233	1,073,250	96,155	16,064	30,948	**1,221,650**
Assay	2,680	13,960	3,034	-	-	**19,674**
Drilling	-	-	-	-	-	**-**
Field costs	991	40,896	14,865	830	(60,865)	**(3,283)**
Equipment rental	1,356	2,440	-	3,426	-	**7,222**
Land maintenance & tenure	18,562	232,505	88,612	27,916	164,864	**532,459**
Transportation	8,917	29,255	11,796	2,158	152	**52,278**
Travel	1,798	14,216	-	-	-	**16,014**
	39,537	1,918,637	214,462	50,394	135,099	**2,358,129**
Total expenditures for the year	39,537	1,918,637	1,265,462	50,394	135,099	**3,409,129**
Cost Recovery	-	(2,207,003)	-	-	(10,849)	**(2,217,852)**
Balance, May 31, 2010	**$ 502,668**	**$ 1,561,247**	**$ 3,860,042**	**$ 2,271,602**	**$ 4,050,131**	**$ 12,245,690**

a) Siwash Silver Claims, B.C.

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

2007.

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.

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

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

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

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

- *Advance Minimum Royalty*: Payments of USD 150,000 in years 1 - 3, USD 200,000 in years 4 - 5 and USD 400,000 for year 6 and beyond (unless a feasibility study has been completed). AMR payments are 50% deductible from royalty payments.
- *Sliding Scale Royalty*: An NSR Royalty of between 1% and 2.5% before payback and between 3% and 5% (depending upon the gold price) after payback is payable in respect of precious metals, and an NSR Royalty of 1% before payback and 3% after payback is payable in respect of base metals. In both cases, CIRI will have the option to replace the NSR Royalty with a Net Profits Interest Royalty (10% before and 20% after payback).
- *CIRI Participation Option*: Upon a production decision being made, CIRI will have the right to acquire up to a 15% working interest in the leased area by contributing 2 times its *pro rata* share of the cumulative project expenditures by the Company (other than AMR payments) to the date of the exercise of CIRI's participation option.

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

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

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 50,000 in lease payment and USD 10,000 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 becomes 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 ad vance 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 NSR pre-payout and 4% of NSR 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 NSR pre-payout and 3% of NSR 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 in 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) Properties acquired from AngloGold, Alaska

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

As further consideration for the transfer of the Sale Properties, the Company granted to AngloGold a 90 day right of first offer with respect to the Sale Properties and any additional mineral properties in Alaska in which the Company acquires an interest and which interest the Company proposes to farm out or otherwise dispose of. If AngloGold's equity interest in the Company is reduced to less than 10%, then this right of first offer will terminate. Details of the 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 4,034 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 and 115 State of Alaska mining claims staked by the Company in 2010 (approximately 1,860 hectares).

Details of the leases are as follows:

- the lease of the Alaska State mineral rights is for an initial term of three years, commencing July 1, 2004 (subject to extension for two extensions of three years each) and requires work expenditures of USD

10/acre/year in years 1 - 3, USD 20/acre/year in years 4 - 6 and USD 30/acre/year in years 7 - 9 and advance royalty payments of USD 5/acre/year in years 1 - 3, USD 15/acre/year in years 4 - 6 and USD 25/acre/year in years 7 - 9. An NSR production royalty of between 2.5% and 5.0% (depending upon the price of gold) is payable to the lessor with respect to the lands subject to this lease. In addition, an NSR production royalty of 1% is payable to the lessor with respect to the unpatented federal mining claims subject to the lease below.

- the lease of the 169 State of Alaska mining claims is for a term of ten years, commencing on September 11, 2006. The lease requires payments of USD 75,000 on execution (paid), USD 50,000 in each of years 2 - 5 (incurred) and USD 100,000 in each of years 6 - 10 and work expenditures of USD 100,000 in year one, 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 USD 150,000). 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 10,000 on or before January 18, 2010 (paid) and an additional USD 20,000 on or before each of January 18, 2011 through January 18, 2016 and an additional USD 25,000 on each subsequent January 18 thereafter during the term (all of which minimum royalties are recoverable from production royalties). An NSR production royalty of 3% is payable to the lessors. The Company may purchase all interest of the lessors in the leased property (including the production royalty) for USD 1,000,000 (less all minimum and production royalties paid to the date of pur chase), of which USD 500,000 is payable in cash over four years following the closing of the purchase and the balance of USD 500,000 is payable by way of the 3% NSR production royalty.
- 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 (paid), USD 10,000 on or before March 28, 2010 (paid) and an additional USD 15,000 on or before each subsequent March 28 thereafter during the initial term (all of which minimum royalties are recoverable from production royalties). 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, six State of Alaska mining claims (388.8 hectares) leased from an individual and 1,166.2 hectares of fee lands leased from the University of Alaska (the "University").

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

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

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

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

During the year ended May 31, 2010, the Company decided to terminate the leases due to disappointing results and wrote-off $1,796,217 in associated costs. The balance of the Alaska State mining claims held by the Company will be dropped in September 2010.

(iii) 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.

On March 24, 2010, the Company entered into a binding letter of intent with First Star Resources Inc. ("First Star") in connection with the West Pogo Property (the "WP LOI"). Under the terms of the WP LOI, First Star has the ability to earn an initial 55% interest, and a second option to earn a further 45%, for a total of 100% interest. To earn the 55% interest, First Star will pay USD 250,000 (received USD 10,000) and expend USD 2,800,000 in exploration expenditures. To acquire a 100% ownership, First star will fund the project through to an advanced exploration stage by spending a further USD 2,000,000 prior to December 31, 2015, or by producing, filing and having accepted by the TSXV a NI 43-101 compliant inferred resources of 1,000,000 ounces of gold using a 0.3g/t cut-off grade, whichever costs less. An NSR royalty of 3% or 4% on gold/silver and 1% on all other producers will be payable to Raven. The royalty can be reduced by 1% by paying Raven USD 3,000,000.

(iv) Chisna Property

The Chisna property is located in the eastern Alaska Range, Alaska, and consists of 646 State of Alaska mining claims divided into five blocks (approximately 32,935 hectares total) owned 100% by the Company.

On November 2, 2009, the Company entered into a joint venture agreement (as amended) with OPV. Pursuant to the agreement, an Alaskan subsidiary of OPV ("Subco") and Raven, will form a joint venture (the "OPV/Raven JV") for the purpose of exploring and developing the property.

The initial interests of Subco and Raven in the OPV/Raven JV will be 51% and 49% respectively. Raven's initial contribution to the OPV/Raven JV will be its interest in the Chisna Project. Subco's contribution to the OPV/Raven JV will be funding for the OPV/Raven JV totalling USD 20,000,000 over five years; of which USD 5,000,000 must be provided during the first year. The first year amount is reduced to USD 2,000,000 if, at any time during such year, the London PM gold fix price and the LME closing copper price are each below USD 700/oz and USD 1.70/lb, respectively, for a period of ten consecutive trading days. If Subco fails to fund any portion of the initial USD 5,000,000 (or USD 2,000,000 as applicable) in the first year, Raven will be entitled to terminate the OPV/Raven JV and OPV and Subco will be jointly indebted to Raven for the difference between USD 5,000,0 00 (or USD 2,000,000 as applicable) and the amount actually funded.

Raven will be the operator of the OPV/Raven JV during the first two years. After two years, Subco will be entitled to assume the operatorship of the OPV/Raven JV and to maintain operatorship until and unless it ceases to hold a majority interest in the OPV/Raven JV. Any work program proposed by the operator will be

subject to approval by the five member OPV/Raven JV management committee. After Subco has completed its USD 20,000,000 initial contribution, the OPV/Raven JV participant with the greatest interest in the OPV/Raven JV will be entitled to nominate three members of the management committee.

If Subco funds the entire USD 20,000,000 within five year period, it will have the option to acquire a further 19% interest in the OPV/Raven JV by producing a positive bankable feasibility study in respect of the Chisna Project within five years after electing to exercise such option, and by funding and additional exploration required to produce such a study. The feasibility study must support a mining operation at a minimum level of 300,000 ounces per year of gold equivalent production.

In consideration for the Company providing the resources for Raven to enter into the OPV/Raven JV, OPV will issue 200,000 common shares (received on March 15, 2010) to the Company following satisfaction of the conditions precedent to the formation of the OPV/Raven JV and an additional 200,000 shares each anniversary thereafter, to a total of 1,000,000 shares, provided the OPV/Raven JV is in good standing.

The formation of the OPV/Raven JV, and the rights of OPV/Subco under the OPV/Raven JV Agreement, were subject to a pre-emptive right in favour of AngloGold under the AngloGold Agreement (note 6(d)), which was waived by AngloGold on November 17, 2009. Consequently, Subco and Raven proceeded with the OPV/Raven JV, and will be bound by the existing Indemnity and Pre-emptive Rights Agreement among AngloGold, the Company and TG Alaska, as provided for in the AngloGold Agreement. The principal effect of that agreement on the OPV/Raven JV will be indemnity provisions relating to the Chisna Project, and AngloGold will have no further pre-emptive right in respect of the Chisna Project.

The formation of the OPV/Raven JV was accepted for filing by the TSXV on behalf of OPV on March 15, 2010 and the company had received the initial 200,000 common shares of OPV required under the November 2, 2009 OPV/Raven JV Agreement. As at May 31, 2010, the Company has received USD 2,115,000 (USD 2,605,000 additional funds received subsequently) from OPV toward its initial contribution.

On March 24, 2010, the Company has entered into a Mineral Exploration Agreement with Option to Lease with Ahtna Incorporated ("Ahtna"), an Alaska Native Regional Corporation, concerning approximately 26,516 hectares of fee simple lands in the Athell Area of Alaska surrounding portions of the Company's Chisna project (the "Ahtna Agreement"). Pursuant to the agreement, Ahtna has consented to the transfer of Raven's rights to the OPV/Raven JV. Further consent will be required if Raven ceases to be the operator under the OPV/Raven JV.

The key terms of the Ahtna Agreement include the following:

- exclusive right to explore, and the option to enter into a mining lease to develop and mine, the subject lands for a six-year period.
- annual option payments of USD 1.00 - USD 1.25 per acre.
- minimum exploration expenditures of USD 4 - USD 8 per acre, provided that if the agreement is not terminated at the end of any option year, the exploration expenditures for the next year become a firm commitment.
- at the end of the third year, Raven will release at least 50% of the original lands subject to the agreement.
- preferential contracting, hiring and training practice for Ahtna shareholders or designees.
- scholarship contributions to the Ahtna Heritage Foundation (USD 10,000/year, subject to increase for inflation).
- all surface work subject to Ahtna archaeological and cultural clearance.

Upon Raven having expended an aggregate of USD 1,000,000 (including 2,500 feet of core drilling) and having completed a feasibility study over some or all of the land subject to the exploration agreement within the six year term of the Ahtna Agreement, Raven has the option to enter into a mining lease. The key terms of the mining lease include:

- exclusive mining rights for an initial term of ten years and so long thereafter as commercial production continues.
- minimum exploration expenditures of USD 4.00 - USD 9.00 per acre subject to the lease until commercial production is achieved, escalating over time.
- advance minimum royalty payments of USD 6 - USD 12 per acre escalating over time (50% deductible from production royalties)
- NSR production royalties for gold and silver scaled from 2.5% (gold price USD 550 per ounce or less) to 14% (gold price USD 1,900 per ounce or higher). 2.5% on base metals and 3% on all minerals other than gold, silver or base metals.
- in the event Raven acquires rights to minerals within the area subject to the lease, the acquired minerals

lands are subject to a production royalty in favour of Ahtna of 2% of the gross value of any gold and silver and a NSR of 1% on base metals.

- Ahtna is also entitled to receive an amount by which 20% of the net profits realized by Raven from its mining operations on Ahtna minerals (10% in the case of non-Ahtna minerals) in any year exceed the aggregate royalties paid by Raven to Ahtna in that year.
- Ahtna has the right to acquire a working interest in the lands subject to the lease, which is to be greater than or equal to 10% but not more than 15%, upon Raven having made a production decision, and in consideration, Ahtna will be required to fund ongoing operations after such exercise in an amount equal to 200% of Athna's percentage share of the pre-production expenditures incurred by Raven (not including advance minimum royalty payments to Ahtna). Should Athna exercise such option, it would become a participant in the OPV/Raven JV.

(v) 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.

e) 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").

(i) LMS Property

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

With respect to the LMS Property, the Company will have the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3,000,000 by January 30, 2010 (incurred), of which the Company has committed to incur minimum exploration expenditures of USD 1,000,000 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 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 4,000,000 in exploration expenditures over a further two years.

On June 10, 2008, the Company entered into an agreement to acquire all of the interest of AngloGold in the Terra and LMS Properties, 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). The transaction was approved by NYSE Alternext-US Stock Exchange on July 31, 2008 and by the TSXV on September 10, 2008.

On March 24, 2010, the Company entered into a binding letter of intent (the "LMS LOI") with First Star, in connection with the LMS Property. Under the terms of the LMS LOI, First Star has the ability to earn an initial 55% interest, and a second option to earn a further 45%, for a total 100% interest. To earn the 55% interest, First Star will pay USD 280,000 (received USD 10,000) and expend USD 3,500,000 on exploration. To acquire a 100% ownership, First Star will fund the project through to an advanced exploration stage by spending a further USD 3,000,000 prior to December 31, 2015, or by producing, filing and having accepted by the TSXV a NI 43-101 compliant inferred of 2,000,000 ounces of gold using a 0.3g/t cutoff grade, whichever costs less. An NSR royalty of 3% or 4% on gold/silver and 1% on all other products will be payable to Raven. The royalty can be reduced by 1% by paying Raven USD 3,000,000.

(ii) Terra Property

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 (paid USD 100,000 on February 2, 2010), 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 NSR production royalty on gold equal to 3.0% if the gold price is USD 450 per ounce or lower and 4% if the gold price is USD 450 per o unce or higher, plus a NSR 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.

With respect to the Terra Property, the Company will have the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3,000,000 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 4,000,000 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% NSR 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 Properties, 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). The transaction was approved by NYSE Alternext-US Stock Exchange on July 31, 2008 and by the TSXV on September 10, 2008.

On February 26, 2010, the Company signed a letter of intent ("LOI") to enter into a joint venture with American Mining Corporation ("AMC"), a private Nevada corporation, on the Terra Project. Pursuant to the LOI, an Alaskan subsidiary of AMC ("AMC Subco") and Raven will form a joint venture (the "AMC JV") with the aim of developing the Terra Project to production. It is anticipated that AMC Subco, as operator, will commence a project development program in June 2010.

The initial interests of AMC Subco and Raven in the AMC JV will be 51% and 49% respectively. Raven's initial contribution to the AMC JV will be its interest in the Terra Project, including all related data and property facilities. AMC Subco's initial contribution to the AMC JV will be funding for the AMC JV totalling USD 6,000,000 over three years (USD 1,000,000 in year 1). Of these expenditures, USD 100,000 (USD 10,000 received on February 23, 2010) will be paid to the Company in each of the first and second years to partially reimburse the Company for the cost of constructing the existing camp facility at Terra. As consideration for the Company causing Raven to enter into the AMC JV, AMC will pay the Company USD 300,000 and issue 750,000 common shares of AMC, over the same three-year period (USD 50,000 and 250,000 shares in year 1). If AMC Subco fails to make its full initial contribution, or AMC fails to make all required payments and share issuances to the Company, over such three-year period, then the AMC JV will terminate and AMC Subco will not retain any residual interest in the Terra Project.

In addition, the AMC JV has granted Raven a sliding scale NSR royalty of between 0.5% and 5% (depending upon the gold price) on all precious metal production from the property and a 1% NSR royalty on all base metal production. The royalty to Raven is in addition to the current royalty payable to the underlying lessor.

Upon having completed its initial contribution, AMC Subco will have the option to increase its JV interest by 29% (to 80% total) by providing a subsequent contribution of an additional USD 3,050,000 in funding in the fourth year. In addition, AMC will be required to pay the Company an additional USD 150,000 and issue an additional 150,000 common shares. Should Raven's interest be diluted below 10% as a consequence of it not funding its proportionate share of AMC JV expenditure following AMC Subco's having completed its initial contribution (and subsequent contribution, if applicable), Raven's AMC JV interest will be converted to an additional 1% property wide NSR royalty on all metals produced, for an aggregate NSR royalty to Raven of 1.5% to 6% (depending upon the gold price) on precious metals and 2% on base metals).

Formation of the AMC JV is subject to the settlement and execution of a formal agreement and the completion by AMC of due diligence on the Terra Project, both to be completed on or before May 19, 2010 (extended to July 31, 2010). On May 17, 2010, AMC assigned the Terra Project LOI with the Company to Terra Mining Corporation, a company incorporated under the laws of British Columbia.

f) 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 could 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.

(i) 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 (acquisition completed on October 9, 2009) 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 37,000.

(ii) 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 the lessor. Accordingly, the related mineral property costs of $ 1,002,438 were written-off.

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), March 15, 2009 (issued), March 15, 2010 (acquisition completed on October 9, 2009) and March 15, 2011, so long as the Company is earning into at least one of the North Bullfrog or Painted Hills projects.

On October 9, 2009, the Company completed the acquisition of all of the interests of Redstar and Redstar Gold U.S.A. Inc. in the North Bullfrog project (including the Mayflower (note 6(g)) and Connection (note 6(h)) Properties) under an agreement dated July 30, 2009, thereby giving the Company 100% ownership of the project. Consideration for the acquisition was a cash payment of USD 250,000 and the issuance of 200,000 common shares. Completion of the acquisition eliminated the Company's vesting requirements for expenditures and issuance of shares.

g) 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) 11 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 five years, commencing December 1, 2007, with the option to extend the lease for an additional five 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 per year (which are recoupable against actual production royalties).
- *Lease Payments*: USD 5,000 (paid) and 25,000 common shares of the Company (issued) following regulatory acceptance of the transaction; and an additional USD 5,000 and 20,000 common shares on each of the first through fifth lease anniversaries (USD 5,000 paid on each of December 10, 2008 and October 14, 2009 and 20,000 common shares issued on each of September 8, 2008 and November 25, 2009). If the Company elects to extend the lease for a second five-year term, it will pay USD 10,000 and issue 50,000 common shares upon election being made, and an additional 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 one, the deficiency is required to be paid to the

lessors.

- *Retained Royalty*: The Company will pay the lessors a NSR royalty of 2% if the average gold price is USD 400 per ounce or less, 3% if the average gold price is between USD 401 and USD 500 per ounce and 4% if the average gold price is greater than USD 500 per ounce.
- *Purchase Option*: The Company has the right to purchase all the interest of the lessors in the property during the first ten years for USD 7,500,000 plus a 0.5% NSR if the gold price is under USD 500 per ounce and 1% if the gold price is USD 500 per ounce or above. After the initial ten-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 associated acquisition costs, will be added to the North Bullfrog Redstar Joint Venture property in which the Company has the right to earn a 100 % interest (note 6(f)(i)).

h) 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) 12 patented mining claims located adjacent to the North Bullfrog project and referred to as the "Connection" property. The ten-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 (USD 10,800 paid on September 30, 2009). 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 associated acquisition costs, will be added to the North Bullfrog Redstar Joint Venture property in which the Company has the right to earn a 100 % interest (note 6(f)(i)).

7. SHARE CAPITAL

Authorized

500,000,000 common shares without par value.

Issued

	Number of shares	Share Capital	Contributed Surplus
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)
Shares issuance 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)	286,805
Reallocation from contributed surplus	-	1,194,071	(1,194,071)
Shares issued for property acquisition	505,000	826,750	-
Share issuance costs	-	(977,586)	-
Balance, May 31, 2009	56,457,973	79,256,633	10,218,728
Private placement	6,286,248	33,630,650	-
Exercise of warrants	245,901	725,408	-
Exercise of options	2,907,800	5,277,950	-
Stock-based compensation	-	-	9,901,192

Reallocation from contributed surplus	-	5,879,697	(5,879,697)
Shares issued for property acquisition	220,000	801,000	-
Share issuance costs	-	(1,293,968)	-
Balance, May 31, 2010	66,117,922	$ 124,277,370	$ 14,240,223

Shareholder rights plan

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

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

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

Share issuances

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 issuance costs. Each Broker warrant is exercisable to acquire one common share of the Company at $2.95 until September 4, 2010.

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 January 1, 2009, principally due to the exercise of 7,753,385 warrants, broker options and broker warrants in May 2009. On August 24, 2009, the Company sold to AngloGold, on a private placement basis, an aggregate of 1,218,283 common shares at a price of $2.68 per share for gross proceeds of $3,265,000 and on March 29, 2010, the Company sold another 67,965 common shares at a price of $5.38 per share for a gross proceeds of $365,652.

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

Warrants

Warrant transactions are summarized as follows:

	2010		2009		2008	
	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	294,000	$2.95	13,384,666	$2.21	15,070,208	$2.04
Issued - agent's warrants	-	-	294,000	$2.95	-	-
Exercised	(245,901)	($2.95)	(11,017,044)	($2.33)	(1,685,542)	($0.71)
Expired	-	-	(2,367,622)	($1.66)	-	-

Warrants exercisable, end of year	48,099	$2.95	294,000	$2.95	13,384,666	$2.21

Warrants outstanding are as follows:

	2010		2009		2008	
	Number of Warrants	Weighted Average Exercise Price	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	48,099	$2.95	294,000	$2.95	-	-
Warrants exercisable, end of year	48,099	$2.95	294,000	$2.95	13,384,666	$2.21

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 and amended to ten years when the Company became listed on the Toronto Stock Exchange on November 18, 2009. 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 p ermitted under applicable stock exchange policies), or such other price as may be agreed to by the Company and accepted by the Toronto Stock Exchange. Options granted under the 2006 Plan vest immediately, unless otherwise determined by the directors at the date of grant.

Pursuant to the 2006 Plan, on 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 the 2006 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 the 2006 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.

Pursuant to the 2006 Plan, on January 12, 2010 the Company granted incentive stock options to an officer of the Company to purchase 250,000 common shares in the capital stock of the Company. The options are exercisable on or before January 12, 2012 at a price of $7.95 per share.

Pursuant to the 2006 Plan, on April 14, 2010 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 2,835,000 common shares in the capital stock of the Company. The options are exercisable on or before April 14, 2012 at a price of $7.34 per share.

A summary of the status of the stock option plan as of May 31, 2010, and changes during the year is presented below:

	2010	2009	2008

	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	5,645,000	$2.13	4,589,175	$2.64	4,313,296	$2.70
Granted	3,085,000	$7.39	1,850,000	$2.92	290,000	$1.52
Exercised	(2,907,800)	($1.82)	(792,037)	($2.24)	(14,121)	($1.30)
Expired	-	-	(2,138)	($2.70)	-	-
Repriced (below)	-	-	(3,675,000)	($2.75)	-	-
Repriced (below)	-	-	3,675,000	$1.75	-	-
Options outstanding, end of year	5,822,200	$5.08	5,645,000	$2.13	4,589,175	$2.64

Stock options outstanding are as follows:

Expiry Date	2010			2009			2008		
	Exercise Price	Number of Shares	Exercisable at Year End	Exercise Price	Number of Shares	Exercisable at Year End	Exercise Price	Number of Shares	Exercisable at Year End
August 4, 2008	-	-	-	-	-	-	$1.30	135,815	135,815
July 16, 2010 (below)	$1.75	702,200	702,200	$1.75	2,810,000	2,810,000	$2.70	2,830,000	2,830,000
May 9, 2009	-	-	-	-	-	-	$2.70	488,360	488,360
July 16, 2010 (below)	$1.75	355,000	355,000	$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	765,000	765,000	$2.66	885,000	801,875	-	-	-
May 20, 2011	$3.15	915,000	915,000	$3.15	965,000	965,000	-	-	-
January 12, 2012	$7.95	250,000	250,000	-	-	-	-	-	-
April 14, 2012	$7.34	2,835,000	2,835,000	-	-	-	-	-	-
		5,822,200	5,822,200		5,645,000	5,561,875		4,589,175	4,506,675

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 and which had expiry dates ranging from January 26, 2009 to May 23, 2009) will now expire on July 16, 2010; and reduced 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 were 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 $9,598,410 (2009 - $2,386,502; 2008 - $325,063), determined using the Black-Scholes option pricing model based on the following average assumptions:

	2010	2009	2008
Expected life (years)	2	2	2
Interest rate	1.88%	1.05%	3.23%
Volatility (average)	79.30%	82.51%	116.80%
Dividend yield	0%	0%	0%
Exercise price	$7.39	$2.89	$1.74

	Weighted average fair value of options granted		
Exercise price	2010	2009	2008
equals	-	$1.13	$0.92
exceeds	$3.11	$1.43	-

less than the market price of the stock on the grant date	-	-	$1.51

Stock-based compensation charges of $9,901,192 (2009 - $4,101,404, 2008 - $381,975) were allocated as follows:

2010	Before allocation	Stock-based compensation	After Allocation
Investor relations	$ 527,056	$ 917,871	$ 1,444,927
Consulting	552,358	4,259,495	4,811,853
Wages and benefits	3,000,929	4,646,940	7,647,869
Professional fees	720,459	76,886	797,345
		$ 9,901,192	

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

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	

8. INCOME TAXES

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

	2010	2009	2008
Loss before income taxes	$(17,868,326)	$ (9,773,923)	$ (2,420,090)
Statutory Canadian corporate tax rate	29.38%	30.38%	33.03%
Income tax recovery at statutory rates	$ (5,249,714)	$ (2,969,318)	$ (799,356)
Unrecognized items for tax purposes	2,878,929	1,286,488	97,053
Effect of tax rate change	182,405	127,976	300,078
Difference in tax rates in other jurisdictions	(859,461)	(430,126)	(144,754)
Change in valuation allowance	3,047,841	1,984,980	546,979
	$ -	**$ -**	**$ -**

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

	2010	2009	2008
Future income tax assets			
Mineral properties	$ 6,171,282	$ 3,548,728	$ 1,944,431
Equipment	66,932	55,464	34,535

Share issue costs	597,764	575,185	489,169
Cumulative eligible capital	-	-	93
Non-capital losses available for future periods	1,984,405	1,269,673	673,457
	8,820,383	5,449,050	3,141,685
Valuation allowance	(8,820,383)	(5,449,050)	(3,141,685)
	$ -	$ -	$ -

At May 31, 2010, the Company has available non-capital tax losses for Canadian income tax purposes of approximately $7,937,621 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
2030	3,054,265
	$ 7,937,621

In addition, the Company has available mineral resource related expenditure pools for Canadian income tax purposes totalling approximately $2,630,000 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 $67,010,000, 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 $2,298,463 (2009 - $794,916; 2008 -$530,681), including bonuses of $1,427,531 (2009 - $189,213, 2008 - $120,000), in consulting, investor relations, wages and benefits to officers, directors and companies controlled by directors of the Company and $64,028 (2009 - $72,607; 2008 - $62,750) in rent and administration to a company with common officers and directors. Professional fees of $64,200 (2009 - $44,583, 2008 - $Nil) were paid to a company related to an officer of the Company. These figures do not include stock-based compensation (see Note 7).

At May 31, 2010, included in accounts payable and accrued liabilities was $19,760 (2009 - $Nil, 2008 - $Nil)) in expenses owing to directors and officers of the Company and $8,790 (2009 - $4,667, 2008 - $18,032) to companies related by common directors.

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.

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
2010			
Mineral properties	$ 1	$ 54,095,174	$ 54,095,175
Property and equipment	$ 11,918	$ 68,122	$ 80,040
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

	2010	2009	2008
Net loss for the year- Canada	$ (11,742,708)	$(5,759,402)	$(1,051,353)
Net loss for the year- United States	(6,125,618)	(4,014,521)	(1,368,737)
Net loss for the year	$ (17,868,326)	$(9,773,923)	$(2,420,090)

11. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GAAP

These consolidated financial statements are prepared in accordance with GAAP in Canada, which differs in certain respects from GAAP in the United States. The material differences between Canadian and United States GAAP, in respect of these 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	2010	2009	2008
Loss for the year under Canadian GAAP	$ (17,868,326)	$ (9,773,923)	$ (2,420,090)
Mineral property expenditures, net	(20,311,749)	(9,949,572)	(9,736,339)
Loss for the year under United States GAAP	$ (38,180,075)	$(19,723,495)	$ (12,156,429)
Loss per share under United States GAAP	$ (0.64)	$ (0.44)	$ (0.31)

Consolidated balance sheets	2010	2009	2008
Mineral Properties			
Canadian GAAP	$ 54,095,175	$ 33,417,566	$ 23,151,228
Mineral property expenditures (cumulative)	(46,075,728)	(25,763,979)	(15,814,407)
Mineral Properties under United States GAAP	$ 8,019,447	$ 7,653,587	$ 7,336,821
Deficit			
Canadian GAAP	$ (41,396,890)	$(23,528,564)	$ (13,754,641)
Mineral property expenditures (cumulative)	(46,075,728)	(25,763,979)	(15,814,407)
Deficit under United States GAAP	$ (87,472,618)	$(49,292,543)	$ (29,569,048)

Consolidated statements of cash flows	2010	2009	2008

Operating activities			
Cash used per Canadian GAAP	$ (5,630,949)	$ (2,980,631)	$ (2,216,306)
Effect of the write-off of exploration expenditures	(21,402,718)	(12,502,763)	(9,974,029)
Cash generated used per United States GAAP	$(27,033,667)	$(15,483,394)	$(12,190,335)
Investing activities			
Cash used per Canadian GAAP	$(21,693,965)	$(12,530,590)	$(10,123,353)
Effect of the write-off of exploration expenditures	21,402,718	12,502,763	9,974,029
Cash used per United States GAAP	$ (291,247)	$ (27,827)	$ (149,324)

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 accounting policy described in note 2(n). The carrying value on the balance sheet at May 31, 2010 was $360,000 (2009 - $113,750, 2008 - $247,000) and the unrealized gain (loss) of $102,250 (2009 - ($133,250), 2008 - $Nil) was recognized in the statements of operations, comprehensive loss and deficit as under Other Items.

c) Stock-based compensation

The Company has adopted Statement of Financial Accounting Standards No. 123R (codified under ASC 178 and ASC 505-50), and records compensation cost for stock-based employee compensation plans at fair value. Accordingly, compensation cost for stock options granted is measured as the fair value at the date of grant, and there is no difference in these 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, 2010, 2009 and 2008 was 59,603,193, 45,089,555 and 39,193,360 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.

f) Recent United States Accounting Pronouncements

(i) In May 2009, the FASB issued Accounting Standards Codification ("ASC") 855-10, Subsequent Events ("ASC 855-10") (amended in February 2010) (formerly SFAS Statement No 165), which establishes principles and requirements for subsequent events. In particular, ASC 855-10 sets forth: (a) the period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (b) the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements; and (c) the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. The adoption of this new standard is not expected to have an impact on the Entity's consolidated financial statements.

(ii) In June 2009, the FASB issued new guidance which is now a part of ASC 860-10 (formerly SFAS Statement No 166), to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The FASB undertook this project to address (1) practices that have developed since the issuance of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (which is now a part of ASC 860-10), that are not consistent with the original intent and key requirements of that Statement and (2) concerns of financial statement users that many of the financial asse ts (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This new guidance is effective for fiscal years beginning after November 15, 2009 and is not expected to have a material impact on the Entity's consolidated financial statements.

(iii) In June 2009, the FASB issued new guidance which is now part of ASC 810-10 (formerly SFAS Statement No. 167), to improve financial reporting by enterprises involved with variable interest entities. The FASB undertook this project to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities* (which is now part of ASC 810-10), as a result of the elimination of the qualifying special-purpose entity, and (2) constituent concerns about the application of certain key provisions of ASC 810-10, including those in which the accounting and disclosures under ASC 810-10 do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. This new guidance is effective as of the beginning of each reporting entity's first annual reporting period tha t begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. This new guidance is not expected to have a material impact on the Entity's consolidated financial statements.

(iv) In June 2009, the FASB issued new guidance which is now part of ASC 105-10 (the "Codification") (formerly Statement of Financial Accounting Standards No. 168, The *FASB Accounting Standards Codification*™ *and the Hierarchy of Generally Accepted Accounting Principles*), which will become the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of the Codification, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the Codification only had the effect of amending references to authoritative accounting guidance in the Entity's consolidated financial statements.

(v) In August 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-05, "Measuring Liabilities at Fair Value" ("ASU 2009-05"). This update provides amendments to ASC 820, "Fair Value Measurements and Disclosure", for the fair value measurement of liabilities when a quoted price in an active market is not available. ASU 2009-05 is effective for reporting periods beginning after August 28, 2009. This new guidance is not expected to have a material impact on the Entity's consolidated financial statements.

(vi) In September 2009, the FASB issued Accounting Standards Update No. 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)" ("ASU 2009-12"). This update provides amendments to ASC Topic 820, "Fair Value Measurements and Disclosure", permitting companies to estimate the fair value of investments within ASC 820's scope using the net asset value per share. ASU 2009-05 is effective for reporting periods ending after December 15, 2009.

(vii) In September 2009, the FASB reached a consensus on Accounting Standards Update ("ASU") -2009-13 "Revenue Recognition" ("ASC 605") - "Multiple-Deliverable Revenue Arrangements" ("ASU 2009-13"), and ASU 2009-14 "Software" ("ASC 985") - "Certain Revenue Arrangements That Include Software Elements ("ASU 2009-14"). ASU 2009-13 modifies the requirements that must be met for an entity to recognize revenue from the sale of a delivered item that is part of a multiple-element arrangement when other items have not yet been delivered. ASU 2009-13 eliminates the requirement that all undelivered elements must have either: (i) VSOE or (ii) third-party evidence, or TPE, before an entity can recognize the portion of an overall arrangement consideration that is attributable to items that already have been delivered. In the absence of VSOE or TPE of the standalone selling price for one or more delive red or undelivered elements in a multiple-element arrangement, entities will be required to estimate the selling prices of those elements. Overall arrangement consideration will be allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity's estimated selling price. The residual method of allocating arrangement consideration has been eliminated. ASU 2009-14 modifies the software revenue recognition guidance to exclude from its scope tangible products that contain both software and non-software components that function together to deliver a product's essential functionality. These new updates are effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. However,

these provisions are not expected to have a material impact on the Entity's consolidated financial statement s.

(viii) In January 2010, the FASB issued Accounting Standards Update No. 2010-05 "Compensation - Stock Compensation" ("ASU 2010-05"). This update provides amendments to ASC Topic 718, "Compensation - Stock Compensation", which codifies the SEC staff's position on when escrowed share arrangements should be treated as compensation. When evaluating an escrowed share arrangement as being compensatory or not, it needs to be evaluated whether the arrangement was entered into for purposes unrelated to, and not contingent upon, continued employment. However, if the shares are automatically forfeited if employment is terminated, then the escrowed share arrangement would be considered compensatory. ASU 2010-05 is effective as of the date of the issuance of the Update.

(ix) In January 2010, the FASB issued Accounting Standards Update No. 2010-06, "Fair Value Measurements and Disclosures" ("ASU 2010-06"). This update provides amendments to ASC Topic 820, "Fair Value Measurements and Disclosure", that requires new disclosure for transfers in and out of Levels 1 and 2 and activity in Level 3 fair value measurements. The update also provides amendments that clarify existing disclosures surrounding levels of disaggregation and inputs and valuation techniques. ASU 2010-06 is effective for reporting periods beginning after December 15, 2009 with the exception of Level 3 activity fair value measurements which is effective for reporting periods beginning after December 15, 2010.

(x) In February 2010, the FASB issued Accounting Standards Update No. 2010-09 "Subsequent Events" ("ASU 2010-09"). This update provides amendments to ASC 855-10, "Subsequent Events", that provides for amendments to certain recognition and disclosure requirements. Now included is a definition of an SEC filer and the requirement that this type of entity must evaluate subsequent events through the date that the financial statements are issued. The required disclosure of the date through which an entity has evaluated subsequent events and the basis for that date has been removed. ASU 2010-09 is effective as of the date of the issuance of the Update.

(xi) In April 2010, the FASB issued Accounting Standards Update No. 2010-13 "Compensation - Stock Compensation" ("ASU 2010-13"). This update addresses whether an employee stock option should be classified as a liability or as an equity instrument if the exercise price is denominated in the currency in which a substantial portion of the entity's equity securities trades. That currency may differ from the entity's functional currency and from the payroll currency of the employee receiving the option. This update provides amendments to ASC 718, "Compensation - Stock Compensation" to clarify that an employee share-based payment award that has an exercise price denominated in the currency of the market in which a substantial portion of the entity's equity shares trades should not be considered to contain a condition that is not a market, performance, a service condition. Therefo re, an entity should not classify such an award as a liability if it otherwise qualifies as equity. ASU 2010-13 is effective for reporting periods beginning after December 15, 2010.

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, 2010. The Company is not subject to externally imposed capital requirements.

13. SUBSEQUENT EVENTS

Subsequent to May 31, 2010, the Company

a) Issued an aggregate of 1,062,200 shares upon the exercise of stock options of 1,052,200 shares at $1.75 per share and 10,000 shares at $2.66 for total proceeds of $1,867,950 and 48,099 shares upon the exercise of share purchase warrants at $2.95 per share for total proceeds of $141,892.

b) Held a special meeting of shareholders on August 12, 2010 where a special resolution was passed approving a statutory arrangement (the Arrangement") involving, among other things, a reorganization of

the business and capital of the Company through the transfer of certain assets to Corvus, the distribution of common shares of Corvus (the "Corvus Common Shares") to the Company's shareholders by way of a reduction of the Company's capital, and an exchange of securities of the Company. Upon completion of the Arrangement, each shareholder of the Company (other than dissenting Shareholders**)** will hold one new common share of the Company and one-half of one Corvus common share for each common share of the Company held on the effective date of the Arrangement. Upon completion of the Arrangement, the Company will continue to hold and focus on the development of the Livengood projec t, located in Alaska, and retain approximately $41 million in working capital. Corvus will hold all of the Company's other remaining mineral property interests, including the West Pogo, Chisna, Terra and LMS projects located in Alaska and the North Bullfrog project located in Nevada and will have approximately $3.3 million in working capital.

c) As a consequence of the election on August 12, 2010 by AngloGold to exercise its right to maintain its 13.2907% equity interest in the Company pursuant to the AngloGold Agreement (not 6(d)), the Company has agreed to sell to AngloGold, on a private placement basis, an aggregate of 415,041 common shares at a price of $5.26 per share for a gross proceeds of $2,183,116. AngloGold's equity interest had been diluted by virtue of the Company's issuance of shares since October 31, 2009 (other than in connection with financings), principally due to the exercise of incentive stock options and broker options. The private placement is subject to execution of formal documentation and the acceptance for filing thereof by the TSX and NYSE-Amex on behalf of the Company. The common shares issued in the private placement will be subject to a hold period in Canada expiring 4 months plus one d ay after closing.

d) On August 19, 2010, the Company granted its employees, directors and contractors incentive stock options to purchase 1,495,000 common shares exercisable on or before August 19, 2012 at a price of $6.57 per share.

14. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with 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 23, 2010

Introduction

This Management Discussion & Analysis ("MD&A") for International Tower Hill Mines Ltd. (the "Company" or "ITH") for the year ended May 31, 2010 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of August 23, 2010 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended May 31, 2010, 2009 and 2008. Except where otherwise noted, all dollar amounts are stated in Canadian dollars.

Caution Regarding Forward Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". All statements, other than statements of historical fact, included herein including, without limitation, statements regarding the anticipated content, commencement and cost of exploration programs, anticipated exploration program results, the discovery and delineation of mineral deposits/resources/reserves, the potential for the expansion of the estimated resources at Livengood, the potential for a production decision concerning, and any production at, the Livengood project, the completion of a Pre-feasibility Study for the Livengood project, the potential for higher grade mineralization to form the basis for a starter pit component in any production scenario, the potential low strip ratio of the Livengood deposit being amenable for low cost open pit mining that could support a high production rate and economies of scale, the potential for cost savings due to the high gravity concentration component of some of the Livengood mineralization, business and financing plans and business trends, are forward-looking statements. Information concerning mineral resource estimates and the preliminary economic analysis thereof also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered, and the results of mining it, 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, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors". For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

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

Caution Regarding Adjacent or Similar Mineral Properties

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

Cautionary Note to US Investors Concerning Reserve and Resource Estimates

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 MD&A 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 investors are cautioned that the requirements and terminology of NI 43-101 and the CIM Standards differ significantly from the requirements and terminology set forth in SEC Industry Guide 7. Accordingly, the Company's disclosures regarding mineralization may not be comparable to similar information disclosed by companies subject to SEC 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 SEC Industry Guide 7. Mineral resources which are not mineral reserves do not have demonstrated economic viability, and US investors 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 SEC Industry Guide 7. In addition, the NI 43-101 and CIM Standards definition of a "reserve" differs from the definition in SEC Industry Guide 7. In SEC Industry Guide 7, a mineral reserve is defined as a part of a mineral deposit which could b e economically and legally extracted or produced at the time the mineral reserve determination is made, and a "final" or "bankable" feasibility study is required to report reserves, the three-year historical price is used in any reserve or cash flow analysis of designated reserves and the primary environmental analysis or report must be files with the appropriate governmental authority.

Accordingly, information contained in this MD&A that contains 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.

Current Exploration Activities

General

During the quarter ended May 31, 2010 and to the date of this MD&A the Company continued to focus on the Livengood gold project in Alaska with the announcement of an updated resource estimate and a positive Preliminary Economic Assessment for a combined heap leach - milling production model. This base case production plan had an average annual production of 504,000 recovered ounces of gold for 21 years, at a 1:1.07 strip ratio (ore to waste), indicating a pre-tax NPV(5%) of USD 813M, and an IRR of 15.4% using a USD 950 per ounce gold price. The study also shows the deposit has a considerable leverage to gold price, with a pre-tax NPV(5%) of USD 2.3B and an IRR of 32.5% at a USD 1,200 per ounce gold. The independent 43-101 resource study incorporates all drill results received through May 25, 2010, a total of 420 diamond and reverse circulation holes, totalling 121,212 metres. This re source update, calculated at a 0.7 g/t cutoff grade (which the Company envisions as a possible milling cut-off grade), expands the size of the deposit and increases the average grade, thereby highlighting the growing economic potential of the Livengood gold system.

On August 12, 2010 AngloGold Ashanti (U.S.A.) Exploration Inc. ("AngloGold") exercised its right to maintain its 13.2907% equity interest in the Company. 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 415,041 common shares at a price of $5.26 per share. The private placement is expected to close by August 27, 2010.

On May 14, 2010, the board of directors of the Company unanimously approved a proposal to undertake a spin-out transaction to segregate the Company's assets into two separate and highly focused companies. Under the terms of the transaction, the Company will retain all assets relating to the Livengood gold project in Alaska, together with approximately $41 million in working capital. Corvus Gold Inc. ("Corvus"), a newly incorporated British Columbia company, will hold all of the Company's other existing Alaska and Nevada assets and have approximately $3.3 million in working capital. The transaction is intended to maximize value for ITH's shareholders by creating a new exploration focused company that will work to advance the Company's current advanced to early stage exploration properties (four in Alaska and one in Nevada). Corvus will also actively seek out and acquire new prospects. &nb sp;The Company will concentrate on moving the flagship Livengood project towards feasibility and a potential production decision.

Corvus will initially hold four advanced to early stage projects in Alaska (Chisna, Terra, LMS and West Pogo) and the North Bullfrog project in Nevada. The primary focus of Corvus will be to leverage its exploration expertise to discover major new gold deposits. Furthermore, Corvus will seek to build a non-operator gold producer with significant carried interests and royalty exposure. To meet this objective, the Company has joint ventured the four Alaskan projects to be transferred to Corvus and anticipates that these projects will have significant partner funded work taking place in 2010. Corvus will also

receive from the Company a 100% interest in the North Bullfrog project in Nevada, which has a number of high priority, bulk tonnage and high-grade vein targets to be addressed with a

10,000 metre drill program scheduled to be carried out by Corvus in Fall 2010. Corvus anticipates adding quality projects to its portfolio to which it can add significant value through exploration.

On August 12, 2010, ITH shareholders voted 99.85% in favour of approving the spin-out to Corvus by way of a Plan of Arrangement under the *Business Corporations Act* (BC). Over 54% of the outstanding common shares of the Company were represented and voted on the arrangement resolution at the Company's Special Meeting. On Friday, August 20, 2010, the Supreme Court of British Columbia granted the final order approving the Plan of Arrangement, and the Plan of Arrangement became effective at 12:01 a.m. on August 26, 2010. The "new" common shares of the Company (CUSIP #46050R102) and the common shares of Corvus (CUSIP #221013105) will each commence trading on the Toronto Stock Exchange, effective at the opening, on Monday August 30, 2010. The symbol for "new" ITH common shares is "ITH" and the symbol for the common shares of Corvus is "KOR". Concurrently, the "old" common shares of ITH (CUSIP #46051L104) will be delisted.

The "new" common shares of ITH (CUSIP #46050R102) will commence trading on the NYSE Amex effective at the opening on August 26, 2010.

On the Chisna project, the Company secured new, key exploration ground from Ahtna Incorporated, an Alaskan Native Corporation, ("Ahtna") at the high-priority Ahtell porphyry target, which became part of the Chisna Project JV with Ocean Park Ventures Corp. ("OPV"). The agreement is a key step in developing a strategic partnership with Ahtna for the exploration and development of mineral resources in the promising Chisna porphyry belt of Alaska. The Ahtna lands add an additional 75,520 acres to the existing 87,940 acres of Alaska State mining claims that make up the Chisna Project.

On April 14, 2010, Timothy J. Haddon and Daniel A. Carriere were appointed to the Board of Directors to help drive the Company's shareholder maximization directive.

Karl Hanneman joined the Company as its General Manager - Livengood Project. Reporting to the President and CEO, Mr. Hanneman will be responsible for management and technical direction of all activities related to permitting and development of the Livengood Project. Mr. Hanneman, who has over 30 years of Alaska-based mining industry experience, most recently played a key role on the team that worked to resolve the permit issues at the Red Dog Mine, and previously held a lead role in the development and permitting of the Pogo Gold Mine, both in Alaska

The Company did not carry out any significant work on any of the Terra, LMS, or West Pogo projects in Alaska other than working toward finalization of pending joint venture agreements on all projects. The Company conducted surface exploration and permitting work on the North Bullfrog project in Nevada ahead of the planned drilling program to be undertaken by Corvus beginning in late September of this year.

Alaska Properties

Livengood Project

Initial Summer Results

An initial 41 holes have been completed in the Company's 45,000-metre Summer 2010 Livengood Exploration Program (Figure 1). The Summer 2010 drill program is focused on converting resources to the measured and indicated categories through infill drilling, as well as step-out resource expansion and testing of "new deposit" exploration targets within the overall district (Table 1). The project continues to expand in new areas of the deposit, such as the newly discovered Olive Zone, located

southwest of the Core Zone. The Company is currently operating five drills at Livengood (three RC and two core rigs).

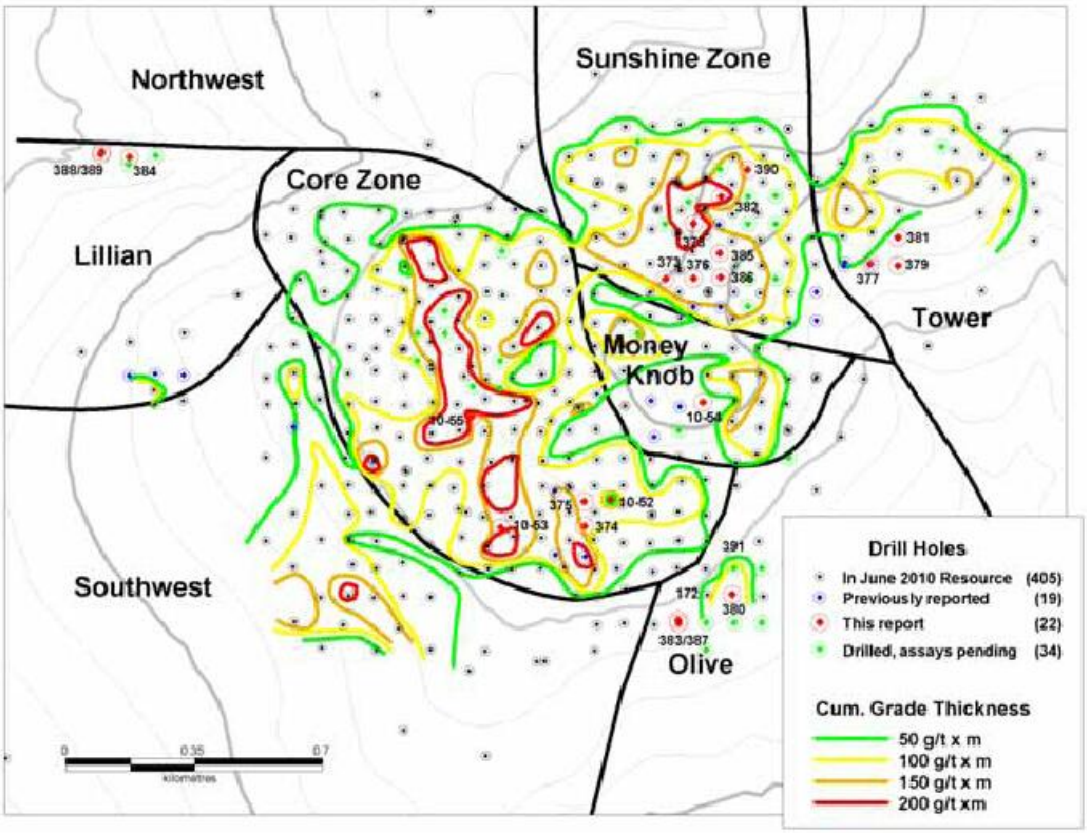


Figure 1: Locations of new assay results to (August 17, 2010) and current cumulative grade thickness map with zones of the deposit illustrated. Grade thickness contours are plotted relative to the location of mineralization in the subsurface in angled drill holes and so are offset from the collar locations shown.

Table 1: Significant Intercepts from the Late Summer and Winter 2010 Drill Programs*

**Intercepts are calculated using a 0.25g/t cutoff and a maximum of 3 metres of internal waste. A cumulative gram metre is sum of the grade thickness products for all intercepts including many which are not reported here. The "cumulative gram metre" number is a summation of all intercepts in a given drill hole that are above a cutoff grade of 0.25 g/t gold, and is not representative of a single intercept in such hole. The cumulative gram metre number is intended to reflect the relative degree of mineralization in one hole versus another.*

Hole ID	From (metres)	To (metres)	Length (metres)	Gold (g/t)	Cumulative grams/t x metres
MK-RC-0321	24.38	32.00	7.62	0.75	**136**
	45.72	**77.72**	**32.00**	**0.85**	
Includes	***62.48***	***67.06***	***4.58***	***2.77***	
	91.44	103.63	12.19	0.63	
Includes	***96.01***	***100.58***	***4.57***	***1.33***	
	210.31	220.98	10.67	0.59	
	286.51	288.04	1.53	3.34	
	310.90	318.52	7.62	0.73	
	342.90	**349.00**	**6.10**	**1.15**	
	353.57	364.24	10.67	0.75	
	387.10	400.81	13.71	0.75	
Includes	***388.62***	***394.72***	***6.10***	***1.06***	

	413.00	432.82	19.82	0.77	
Includes	***422.15***	***429.77***	***7.62***	***1.33***	
MK-RC-0326	16.76	25.91	9.15	0.75	12
MK-RC-0328	**38.10**	**59.44**	**21.34**	**2.88**	**190**
	65.53	79.25	13.72	0.70	
	96.01	135.64	39.63	0.71	
includes	***115.82***	***120.40***	***4.58***	***1.35***	
includes	***128.02***	***131.06***	***3.04***	***2.25***	
	137.16	214.88	77.72	0.77	
includes	***160.02***	***167.64***	***7.62***	***1.76***	
includes	***192.02***	***196.60***	***4.58***	***3.98***	
	275.84	306.32	30.48	0.76	

includes	***280.42***	***283.46***	***3.04***	***2.81***	
MK-RC-0329	181.36	207.26	25.90	0.59	**100**
	271.27	326.14	54.87	0.62	
includes	*280.42*	*286.51*	*6.09*	*0.98*	
	338.33	**367.28**	**28.95**	**0.83**	
MK-RC-0330	**59.44**	**73.15**	**13.71**	**2.47**	**195**
	152.40	**228.60**	**76.20**	**1.16**	
	233.17	303.28	70.11	0.70	
includes	***252.98***	***257.56***	***4.58***	***1.66***	
includes	***292.61***	***297.18***	***4.57***	***1.60***	
	344.42	365.76	21.34	0.68	
MK-RC-0331	**30.48**	**77.72**	**47.24**	**0.85**	**122**
includes	***36.58***	***42.67***	***6.09***	***2.17***	
includes	***73.15***	***77.72***	***4.57***	***1.88***	
	85.34	131.06	45.72	0.71	
	140.21	163.07	22.86	0.58	
	298.70	307.85	9.15	0.57	
MK-RC-0332	242.32	252.98	10.66	0.59	43
	289.56	297.18	7.62	0.71	
	316.99	327.66	10.67	0.56	
MK-RC-0332	335.28	350.52	15.24	0.45	
MK-RC-0333	**16.76**	**30.48**	**13.72**	**1.05**	**104**
	54.86	65.53	10.67	0.85	
	70.10	**79.25**	**9.15**	**1.45**	
	80.77	**94.49**	**13.72**	**1.17**	
	158.50	**167.64**	**9.14**	**1.47**	
	176.78	**190.50**	**13.72**	**1.01**	
	196.60	219.46	22.86	0.61	
MK-RC-0334	**256.03**	**327.66**	**71.63**	**1.11**	**111**
includes	***269.75***	***284.99***	***15.24***	***3.24***	
MK-RC-0335	**97.54**	**102.11**	**4.57**	**2.90**	**126**
	118.87	**143.26**	**24.39**	**2.81**	
includes	***121.92***	***132.59***	***10.67***	***5.87***	
	164.59	**176.78**	**12.19**	**1.01**	
	187.45	213.36	25.91	0.58	
	227.08	242.32	15.24	0.56	
MK-RC-0337	88.39	131.06	42.67	0.70	**136**
includes	***91.44***	***102.11***	***10.67***	***1.74***	
	160.02	**219.46**	**59.44**	**0.96**	
includes	***181.36***	***185.93***	***4.57***	***1.84***	
includes	***192.02***	***195.07***	***3.05***	***3.46***	

includes	***213.36***	***216.41***	***3.05***	***1.67***	
	259.08	266.70	7.62	0.72	
	272.80	309.37	36.57	0.67	
includes	*292.61*	*297.18*	*4.57*	*1.59*	
MK-RC-0338	**89.92**	**109.73**	**19.81**	**4.43**	**171**
	147.83	156.97	9.14	0.73	
	160.02	185.93	25.91	0.78	
includes	***164.59***	***172.21***	***7.62***	***1.36***	
	274.32	303.28	28.96	0.59	
includes	*277.37*	*283.46*	*6.09*	*0.91*	
	312.42	323.09	10.67	0.88	
includes	***316.99***	***321.56***	***4.57***	***1.48***	
	324.61	353.57	28.96	0.59	
MK-RC-0340	15.24	102.11	86.87	0.68	**115**
includes	***83.82***	***89.92***	***6.10***	***1.12***	
	120.40	134.11	13.71	0.88	
includes	***123.44***	***132.59***	***9.15***	***1.16***	
	146.30	**182.88**	**36.58**	**0.91**	
includes	***170.69***	***181.36***	***10.67***	***1.40***	
MK-RC-0341	105.16	112.78	7.62	0.89	52

includes	***105.16***	***109.73***	***4.57***	***1.25***	
	153.92	167.64	13.72	0.48	
includes	*161.54*	*167.64*	*6.10*	*0.87*	
	208.79	231.65	22.86	0.40	
	260.60	280.42	19.82	0.54	
MK-10-48	**131.98**	**135.03**	**3.05**	**2.60**	**134**
	164.44	**172.74**	**8.30**	**1.49**	
	175.20	194.16	18.96	0.84	
includes	***177.13***	***185.26***	***8.13***	***1.20***	
	198.38	**227.62**	**29.24**	**1.26**	
	297.09	325.96	28.87	0.52	
MK-10-49	232.56	243.97	11.41	0.66	64
	251.72	**258.47**	**6.75**	**1.37**	
	274.11	280.02	5.91	0.87	
MK-10-50	**63.4**	**72.5**	**9.1**	**1.52**	69
	92.4	95.7	3.4	0.96	
	101.5	107.6	6.1	0.50	
	121.3	**124.4**	**3.1**	**1.13**	
	132.8	**144.2**	**11.3**	**1.03**	
	253.8	263.4	9.6	0.57	
MK-RC-0339	**303.3**	**324.6**	**21.3**	**2.20**	58
MK-RC-0342	**3.1**	**10.7**	**7.6**	**6.02**	89
	19.8	36.6	16.8	0.87	
includes	***33.5***	***36.6***	***3.1***	***2.07***	
	230.1	263.7	33.5	0.58	
includes	***236.2***	***242.3***	***6.1***	***1.11***	
MK-RC-0344	221.0	237.7	16.8	0.67	56
	248.4	**257.6**	**9.2**	**1.78**	
MK-RC-0345	**13.7**	**22.9**	**9.1**	**1.87**	285
	51.8	**68.6**	**16.8**	**2.06**	
includes	***51.8***	***62.5***	***10.7***	***3.00***	
	85.3	99.1	13.7	0.53	
	103.6	112.8	9.2	0.58	

	132.6	141.7	9.1	0.86	
	153.9	**157.0**	**3.1**	**1.33**	
	172.2	178.3	6.1	0.86	
	181.4	**309.4**	**128.0**	**1.32**	
includes	***182.9***	***190.5***	***7.6***	***2.88***	
includes	***214.9***	***234.7***	***19.8***	***2.48***	
includes	***277.4***	***295.7***	***18.3***	***2.22***	
	315.5	336.8	21.3	0.75	
	347.5	**356.0**	**8.5**	**1.57**	
MK-RC-0346	39.6	44.2	4.6	0.86	64
	105.2	**111.3**	**6.1**	**3.92**	
MK-RC-0347	48.8	57.9	9.1	0.65	32
(hole was lost and redrilled as 348)					
	85.3	99.1	13.7	0.71	
	164.6	167.6	3.0	0.99	
MK-RC-0348	64.0	70.1	6.1	0.96	92
	94.5	108.2	13.7	0.72	
	112.8	**120.4**	**7.6**	**1.43**	
	157.0	163.1	6.1	0.82	
	192.0	199.6	7.6	0.78	
	207.3	213.4	6.1	0.81	
	292.6	330.7	38.1	0.65	
MK-RC-0349	83.8	91.4	7.6	0.78	87
	237.7	**289.6**	**51.8**	**0.87**	
includes	***259.1***	***266.7***	***7.6***	***2.23***	
MK-RC-0350	**82.3**	**88.4**	**6.1**	**1.58**	27
includes	*85.3*	*88.4*	*3.1*	*2.79*	
MK-RC-0343	97.5	102.1	4.6	0.95	45

	184.4	207.3	22.9	0.72	
	195.1	207.3	12.2	0.81	
MK-RC-0351	41.15	50.29	9.14	0.61	**121.36**
	59.44	**62.48**	**3.04**	**1.65**	
	85.34	96.01	10.67	0.56	
	114.3	**169.16**	**54.86**	**0.91**	
includes	***129.54***	***146.3***	***16.76***	***1.82***	
	172.21	198.12	25.91	0.51	
	202.69	268.22	65.53	0.45	
MK-RC-0352	202.69	214.88	12.19	0.47	63.1
	228.6	**231.65**	**3.05**	**2.70**	
	303.28	329.18	25.9	0.48	
	362.71	371.86	9.15	0.56	
MK-RC-0353	**83.82**	**86.87**	**3.05**	**3.00**	56.55
	144.78	**149.35**	**4.57**	**1.58**	
	220.98	**225.55**	**4.57**	**1.25**	
MK-10-51	**197.51**	**204.1**	**6.59**	**1.02**	37.86
MK-RC-0373	80.77	89.92	9.15	1.55	
	103.63	**155.45**	**51.82**	**0.71**	
	330.71	347.47	16.76	0.62	
	353.57	**402.34**	**48.77**	**1.92**	
MK-RC-0374	85.34	91.44	6.1	0.91	
	135.64	152.4	16.76	0.72	

	164.59	182.88	18.29	0.72	
	225.55	236.22	10.67	0.98	
	243.84	265.18	21.34	0.83	
	370.33	393.19	22.86	0.5	
MK-RC-0375	53.34	62.48	9.14	0.71	
	181.36	**225.55**	**44.19**	**0.76**	
	254.51	262.13	7.62	0.66	
	313.94	**316.99**	**3.05**	**6.74**	
	333.76	338.33	4.57	1.16	
	384.05	390.14	6.09	1.02	
	394.72	397.76	3.04	2.13	
MK-RC-0376	51.82	56.39	4.57	2.45	
	62.48	71.63	9.15	0.76	
	83.82	92.96	9.14	0.93	
	97.54	**141.73**	**44.19**	**0.76**	
	303.28	**341.38**	**38.1**	**0.9**	
	362.71	**377.95**	**15.24**	**1.17**	
MK-RC-0377	123.44	132.59	9.15	0.49	
MK-RC-0378	**10.67**	**32**	**21.33**	**0.96**	
	38.1	**79.25**	**41.15**	**1.27**	
	83.82	106.68	22.86	0.56	
	111.25	**330.71**	**219.46**	**0.94**	
includes	***45.72***	***54.86***	***9.14***	***3.65***	
includes	***228.6***	***251.46***	***22.86***	***1.66***	
	338.33	358.14	19.81	0.5	
MK-RC-0379	28.96	36.58	7.62	1.12	
MK-RC-0380	205.74	207.26	1.52	4.25	
	216.41	**237.74**	**21.33**	**1.73**	
includes	***224.03***	***230.12***	***6.09***	***4.46***	
	245.36	271.27	25.91	0.57	

	284.99	**329.18**	**44.19**	**1.3**
	338.33	353.57	15.24	0.66
MK-RC-0381	211.84	227.08	15.24	0.69
MK-RC-0382	24.38	56.39	32.01	0.5
	59.44	**118.87**	**59.43**	**0.59**
	120.4	**181.36**	**60.96**	**2.65**
includes	***135.64***	***149.35***	***13.71***	***9.15***
	224.03	236.22	12.19	0.58
	259.08	280.42	21.34	0.9
	288.04	300.23	12.19	0.69
MK-RC-0383	350.52	359.66	9.14	0.51
MK-RC-0384	0	3.05	3.05	1.79
MK-RC-0385	0	10.67	10.67	0.92
	54.86	73.15	18.29	0.61
	118.87	**176.78**	**57.91**	**0.54**
	184.4	**240.79**	**56.39**	**0.73**
	246.89	269.75	22.86	0.74
	275.84	**353.57**	**77.73**	**0.64**
MK-RC-0386	79.25	109.73	30.48	0.54
	114.3	158.5	44.2	0.84
	185.93	**245.36**	**59.43**	**0.65**
	266.7	269.75	3.05	2.76
	283.46	**310.9**	**27.44**	**0.93**

MK-RC-0387	353.57	362.71	9.14	0.69
MK-RC-0390	**0**	**60.96**	**60.96**	**0.48**
	99.06	114.3	15.24	0.5
	211.84	233.17	21.33	0.54
MK-10-52	150.57	154.98	4.41	2.64
	179.38	190.33	10.95	0.53
	213.97	217.85	3.88	2.25
MK-10-53	**76.92**	**82.13**	**5.21**	**6.75**
	105.87	123.48	17.61	0.73
	142.08	176.91	34.83	1.29
	249.39	258.02	8.63	0.66
	304.38	311.8	7.42	0.94
MK-10-54	174.04	176.48	2.44	6.91
MK-10-55	**134.46**	**170.78**	**36.32**	**1.53**
	210.25	237.06	26.81	0.69
	284.42	292.53	8.11	0.86
	324.53	334.67	10.14	0.64

Updated Resource Estimate

On June 16, 2010, The Company announced an updated resource estimate for the Livengood Project (Table 2). The updated independent resource estimate incorporates all drill results received through May 25, 2010, a total of 420 diamond and reverse circulation holes, totalling 121,212 metres. The June 2010 indicated and inferred mineral resource estimate for the Livengood deposit covers an area of approximately 4 square kilometres and is based on 420 drill holes, which have an average length of 289 metres, and 11 trenches with an average length of 38 metres. The geology has been modeled to represent the volumes of the different stratigraphic units on the property and these have been used to constrain the resource model.

The resource model for the deposit was developed using Multiple Indicator Kriging techniques. Indicator variogram modeling was done on 10 metre composites. Statistical analysis indicated that lithological controls on mineralization are significant and consequently the resource model was constrained by the lithological model developed by the Company. Spatial statistics

indicate that the mineralization shows very reasonable continuity within the range of anticipated operational cutoffs. Bulk density was estimated on the basis of individual density measurements made on core samples and reverse circulation drill chips from each stratigraphic unit. In total, 98 measurements were used. Block density was assigned on the basis of the lithological model. The resource model, with blocks 15 x 15 by 10 metres, was estimated using nine indicator thresholds. A change-of-support correction was imposed on the model assuming 5 x 5 x 10 metre selectable mining units. Classification of indicated and inferred was based on estimation variance relative to sample distance.

The geology of the holes around the margins of the currently drilled area indicates that the favourable host stratigraphy and alteration remain open laterally and at depth, thus indicating that the system could potentially be larger than the current estimate.

Table 2: June 2010 Livengood Resource Summary

Classification	Gold Cutoff (g/t)	Tonnes (millions)	Gold (g/t)	Million Ounces Gold
Indicated	0.5	408.6	0.83	10.9
Inferred	0.5	94.4	0.79	2.4

Classification	Gold Cutoff (g/t)	Tonnes (millions)	Gold (g/t)	Million Ounces Gold
Indicated	0.7	201.7	1.07	6.9
Inferred	0.7	39.9	1.06	1.4

Classification	Gold Cutoff (g/t)	Tonnes (millions)	Gold (g/t)	Million Ounces Gold
Indicated	0.9	95.4	1.39	4.3
Inferred	0.9	18.0	1.40	0.8

Classification	Gold Cutoff (g/t)	Tonnes (millions)	Gold (g/t)	Million Ounces Gold
Indicated	0.3	788.9	0.62	15.7
Inferred	0.3	229.1	0.55	4.0

Preliminary Economic Assessment

On August 3, 2010, the Company announced the results of an independently prepared Preliminary Economic Assessment ("PEA") for the Livengood gold project. The combined milling/heap leach, base case PEA, based on the Company's June, 2010 resource estimate with annual mine and processing production rates similar to the nearby Fort Knox operation, produced a positive economic analysis. Significantly, the PEA demonstrated a life of project average annual production of 504,000 recovered ounces of gold for 21 years, at a 1:1.07 strip ratio (ore to waste), indicating a pre-tax NPV(5%) of USD 813M, and an IRR of 15.4% using a USD 950 per ounce gold price (Table 3). The study also shows the deposit has a considerable leverage to gold price, with a pre-tax NPV(5%) of USD 2.3B and an IRR of 32.5% at a USD 1,200 per ounce gold price (Table 4).

Table 3:
Livengood Project - Mill - Heap Leach PEA -Summary
(All values in 2010 USD based on a USD 850 pit shell, mining recoverable in-pit resources above 0.3 g/t gold cutoff)

In-pit resource - Indicated	600 Mt @ 0.65 g/t gold for 12.6M contained ounces gold, 9.8M recoverable ounces gold
In-pit resource - Inferred	48 Mt @ 0.64 g/t gold for 1.0M contained ounces gold, 0.8M recoverable ounces gold
NPV(5%) and IRR at USD 950 per Oz	USD 813M ; 15.4%
Over all strip ratio of :	1 to 1.07 (ore to waste)
Average Annual gold production:	504,000 ounces over a 21 year mine life
Average gold recovery:	78% (76% Heap & 81% Mill)
LOM Mining rate:	81,000 ore tonnes per day, 167,000 total tonnes per day
Mining cost per/tonne:	$1.45
Mill Processing cost/tonne:	$7.69

Heap Leach Processing cost/tonne	$2.95
G&A cost per processed tonne:	$0.81
Operating Cost per ounce:	$560

Initial capital cost:	$635 M
Mill deferred capital cost	$750 M
Life of mine sustaining capital costs:	$450 M
Capital Contingency:	25%

Table 4:
Base Case Gold Price Sensitivity Analysis
(all values in constant 2010 US$)

Gold Price	NPV(5%) ($M)	NPV(7.5%) ($M)	IRR (%)
$950	$813	$495	15.4%
$1,100	$1,708	$1,200	25.8%
$1,200	$2,305	$1,669	32.5%
$1,500	$4,096	$3,079	52.3%

This PEA utilized preliminary estimates of heap leach and mill recovery, assuming a nominal 76% and 81% process recovery, respectively. This estimated mill recovery is consistent with the high average recovery (89%) of gold to concentrate demonstrated in the existing metallurgical testing data and the subsequent total gold recovery by CIL treatment in some of the ore types. Extensive metallurgical testing will be conducted as part of a Pre-feasibility Study to verify the total gold recovery assumptions and to support design of the required mill and heap leach processes.

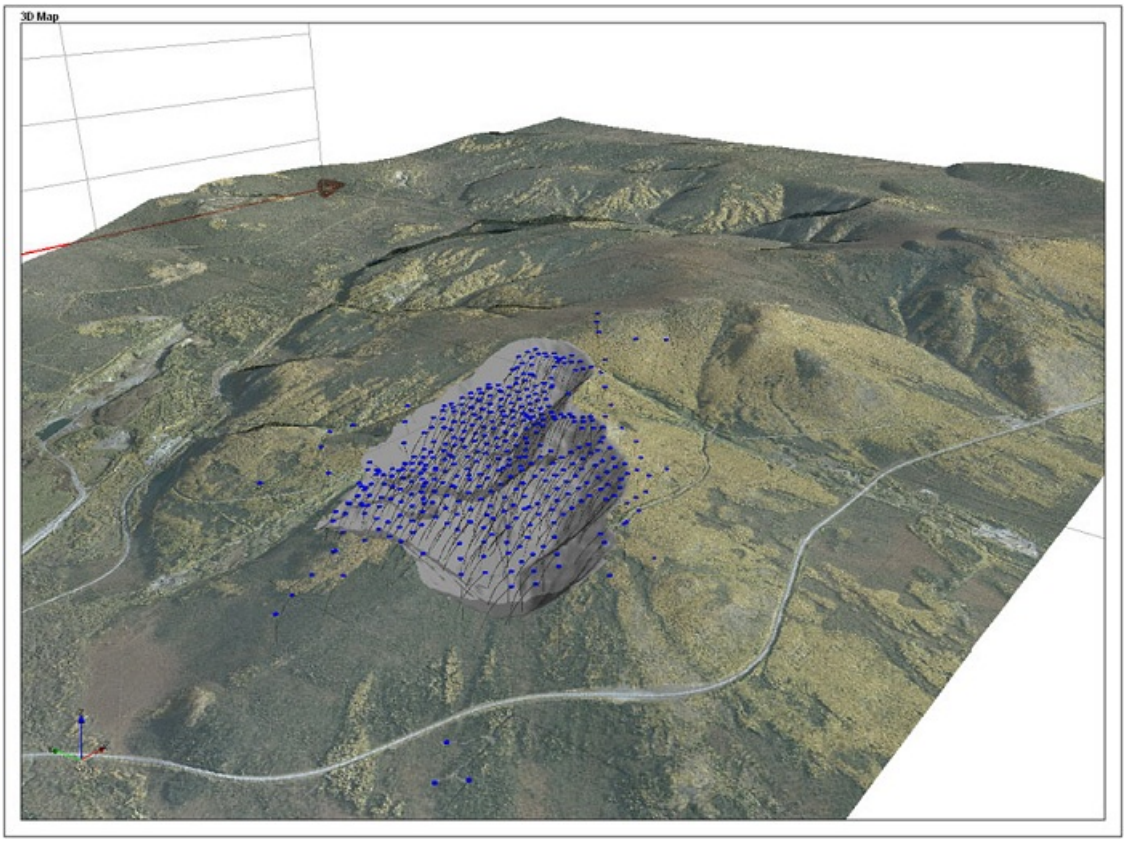


Figure 2: Geo-referenced surface photography of the Livengood area showing the USD850 pit defined by LG optimization using the Livengood June 2010 in-situ resource model. Blue markers indicate the location of the exploration borehole collars, with the black lines showing the surveyed borehole traces. The route of the paved Elliot highway is shown below the projected crest of the open pit.

The Company cautions that this PEA is preliminary in nature, and is based on technical and economic assumptions which will be evaluated in the Pre-feasibility Study. The PEA is based on the Livengood in-situ resource model (June, 2010) which consists of material in both the indicated and inferred classification. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them. The current basis of project information is not sufficient to convert the in-situ mineral resources to Mineral Reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability. Accordingly, there can be no certainty that the results estimated in this PEA will be realized. The PEA results are only intended as an initial, first-pass review of the potential project economics based on preliminary information.

This initial stage mill and heap leach PEA utilizes the June 2010 in-situ resource estimate, which includes all assays completed through May, 2010 (434 diamond and reverse circulation holes). The mine production estimate was developed by L-G optimization to produce a series of pit shells defined at varying gold prices between USD 300 and USD 1500 per ounce, for the gold recovery and processing cost assumptions. A long term gold price of USD 950 per Au oz has been assumed in

this PEA, and the pit shell defined at USD 850 per Au oz was selected for the analysis to assure a minimum margin on process cost of USD 100 per Au ounce. A series of 5 push-backs within the resulting pit shell were chosen within the shell as the basis of a production schedule that would deliver a nominal 81,000 tonnes/day ore output. Individual in-situ resource blocks within the pit shell were assigned an economic va lue based on recovery and contained gold above the 0.3 g/t cut-off grade, and the blocks were assigned to one of the heap leach, mill or waste dump destinations based on the economic value. For blocks assigned to the heap leach or mill destination, the individual block grade-tonnage data developed in the Multiple Indicator Kriging in-situ resource model was used to calculate the mining recoverable tonnage above the 0.3 g/t cut-off grade. The mining recoverable resource was scheduled to the appropriate process circuit (mill or heap leach) and the remaining material below the 0.3 g/t mining recovery cut-off was scheduled to the waste dump.

Cash Flow Model Inputs and Assumptions

Resources - The analysis included both indicated and inferred resources in the mining and economic study. Indicated resources make up more than 90% of the defined in-pit ore tonnage.

Mining Method - A standard open pit drill, blast, load and haul mining plan was used for the study, assuming a 45° pit slope. Preliminary pit designs have been developed and include pit roads and ramps for all stages of the open pit schedule. The assumed nominal mining rate was 167,000 total tonnes per day, with 365 operating days per year.

Processing Method - A valley fill heap leach design, operated initially at 100,000 tonnes of ore a day and declining to nominally 35,000 tonnes ore per day after the mill start-up in year 4, was assumed for the PEA. Heap leach ore would be crushed to 1.2 cm and truck stacked on the pad. A process plant using SAG milling, gravity and flotation circuits for concentration and CIL recovery of gold was assumed in the PEA. The process plant was assumed to have a nominal throughput of 53,400 tonnes per day, beginning operation in year 4, after 3 years of heap leach processing.

Gold Recovery Model - Process recoveries were estimated for each of 21 different mineralization types (7 rock types, 3 oxidations states) in the deposit based on metallurgical test results published in the June 2010 update of the Livengood technical data. The quantity of mineralization types are then projected into the in-situ resource block model using a 3D geological model of the deposit, and a

process recovery factor is calculated for each model block. The calculated process recovery factor is used to determine produced gold ounces for the portion of mine recoverable material above the 0.3 g/t cut-off grade for each block according to its processing destination (heap leach or mill).

Operating and Capital Cost Estimates - Preliminary capital and operating costs were prepared using information available on other Alaskan gold mines, an independent mining and development cost research report commissioned by the Company, all available project technical data and metallurgical/process related test work. Preliminary site infrastructure alternatives (heap leach, waste dump, tailing storage facilities, and mill) have been evaluated by independent study and an arrangement defined as the basis of capital cost estimates. Capital costs were estimated from a review of recent gold projects developed in the region. Capital costs were developed based on a nominal mining rate of 81,000 tonnes of ore per day (nominal total tonnes mined per day of 167,000), processing a total of 650 Mt, and includes sustaining capital and all facilities and equipment needed for all phases of the projec t over its projected 21 year life. All costs are in constant USD from Q3 2010. No escalation was applied in the financial model.

Taxes and Royalties - Taxes and royalty charges were excluded from this preliminary analysis of the project. Net smelter return royalty rates vary from 0-5% across the project and average approximately 2.5%, assuming exercise by the Company of all available royalty buy-out rights.

Revenue - Revenue was determined in the base case financial model assuming a constant, long term gold price of USD 950 per ounce. All sensitivities to gold price assumptions were assessed using a constant price.

Metallurgical Results

On average, 88% of the gold reported to the concentrates during initial combined gravity and flotation gold recovery tests. Results are highly encouraging for the use of a pre-concentration gold recovery system for the Money Knob mineralization (Table 5). These initial pre-concentration gold recovery results suggest that the economics of a mining operation at Livengood could benefit significantly from the utilization of standard flotation and gravity circuits.

Potentially, both the operating and capital costs for a milling operation could be reduced by decreasing the amount of material required during the intensive treatment for gold extraction. The initial test results indicate that concentration produces an 80% reduction in the material volume requiring further treatment to recover gold. The Company is currently engaged in further testing and optimization of both the concentration process and the extraction of gold from the concentrates.

Initial tests of conventional milling using gravity recovery combined with intensive CIL (Carbon-in-Leach) leaching of gravity recovered gold concentrate and CIL leaching of the tails produced gold recoveries averaging 86% for the major types of mineralization identified in the Money Knob deposit (Table 6).

A key benefit from use of flotation-gravity pre-concentration is that it would dramatically reduce the volume of material

requiring cyanide extraction while increasing the grade of the treated concentrate. This would reduce both reagent costs and capital costs. These results are consistent with the character of the Money Knob mineralization, which has a high native gold content. The Company has expanded its metallurgical program to fully evaluate and optimize this new development.

Table 5: Initial Sunshine Zone Metallurgical Results

(Average of 4 composites each of sediment and instructive material representing variations in grade and oxidation)

Ore Type	% In-Pit Resource	Head Grade (g/t gold)	Floatation Recovery	Additional Gravity Recovery	Total Floatation + Gravity Recoveries	Concentrate % of Total Sample Weight
Volcanics	26%	1.23	69%	21%	90%	21%
Sediments	26%	1.45	60%	24%	84%	18%
Weighted Average	**52%**	**1.34**	**65%**	**23%**	**88%**	**20%**

Table 6: Initial Gravity-CIL Leaching Metallurgical Results

(Averages of 20 composites from five major mineralization types with varying grade and degrees of oxidation)

Mineralization Type	% In-Pit Resource	Gold Recovery from Gravity Concentrate	Total Gold Recovery Concentrate + Tails
Cambrian	11%	97%	92%
Volcanics	26%	98%	90%
Upper Seds	26%	92%	82%
KINY	4%	94%	73%
Lower Seds	11%	95%	83%

Metallurgical testing was conducted by Kappes, Cassiday and Associates in Reno, Nevada on 20 representative samples from various mineralization types. Each sample was split from composites weighing 200 kilograms which had been constructed from numerous drill intersections representative of the Money Knob deposit. The composites were selected to represent partially oxidized, trace oxidized and un-oxidized material from higher and lower grade intervals in both sediments and volcanic rocks. Flotation tests were run on material ground to 80% passing 0.075mm material. The tails from the flotation concentration process were then run through a Knelson Gravity Recoverable Gold system to ensure that maximum coarse gold was recovered. Optimization testing will focus on improvement of the recovery percentage, reducing the volume of the concentrate and maximizing recovery from the concentrate.

In a separate study of gravity concentration, CIL leaching tests were run on a gravity concentrate, middlings tail and fine tail developed by a Knelson Gravity Recoverable Gold system on material sized to 80% passing 0.075 mm.

This initial follow-up test work produced encouraging flotation concentrates, with an average of 89% of the gold reporting to the concentrate (Table 7). In addition, the initial group of column leach test results at ½ inch crush size were received and showed results similar to the earlier bottle role data, thus confirming the leachability of the oxide ores.

Table 7: Preliminary Metallurgical Results for Major Ore Types at the Money Knob Deposit, Livengood Project

(Averages by main ore type for multiple tests in each ore type)

Ore Type	% Projected Heap Resource	Total Column Test CN Gold Recovery %	%Projected Mill Resource	Total Gravity + CIL CN Gold Recovery %	Flotation-Gravity % Gold in Concentrate	Total Gravity + Flotation Gold CN Recovery %
Cambrian	14%	62%	1%	91%	96%	93%
Volcanics	20%	34%	36%	66%*	88%	66%
Upper Seds	62%	63%	21%	83%	88%	81%
KINT	4%	-	4%	73%	-	-
Lower Seds	0%	-	19%	-	86%	75%
Lower Sand	0%	-	19%	83%	94%	79%
Weighted Average	**100%**	**57%**	**100%**	**75%**	**89%**	**74%**

* - sparse data for Gravity + CIL CN Gold Recovery, therefore Gravity + Flotation Gold CN Recovery used

Milling Results

Milling studies to date have shown encouraging recovery enhancements over standard heap leaching and have potential to improve the overall Livengood economic model. As a result of the new flotation results, the Company is looking at further optimization of the milling scenario in order to produce a gold concentrate and thereby limit the amount of material exposed to cyanide extraction. The Company is continuing to focus on optimizing the milling circuit, as well as improving the overall mining plan, ahead of entering its full scale pre-feasibility study.

Flotation Results

The new flotation results have demonstrated that all ore types in the Money Knob deposit (Livengood Project) respond well to a combined flotation-gravity concentration method, with an average of 89% (ranging from 72% to 99%) of the total gold reporting to the concentrate. Further economic optimization work on flotation is ongoing in connection with duplicate samples (for result confirmation), grind size (to minimize grinding energy while maintaining high recovery), improving the concentration ratio (to generate the smallest amount of concentrate while maintaining high recovery) and system design improvements (to maximize recovery efficiency). Initial, simple, Carbon-in-Leach Cyanide leach, gold extraction from the concentrate was tested, and produced encouraging results overall with resulting overall recoveries ranging from 57% to 93%. The few samples showing lower recoveries will be the focus of follow up work, which will look at improving these extractions through fine re-grinding, use of reagents, and further gold characterization.

Column Leach Results

The initial column leach results for a series of 18 column tests were received, and are comparable to earlier bottle tests used in the initial PEA for the oxide only part of the deposit. These results are from ½ inch material and range in recovery from 24% to 88%, and confirm earlier estimations based on bottle roll test work. The Company will continue to run further column tests as well as bottle roll tests to better characterize this expanding deposit.

Qualified Person and Quality Control/Quality Assurance

Tim Carew, P.Geo., of Reserva International, LLC., a mining geo-scientist, is a Professional Geoscientist in the province of British Columbia (No. 18453) and, as such, is acted as the Qualified Person, as defined in NI 43-101, for the June 2010 resource modeling for the Livengood deposit. Mr. Carew has a B.Sc. degree in Geology, an M.Sc in Mineral Production Management and more than 34 years of relevant geological and mining engineering experience in operating, corporate and consulting environments. Both Mr. Carew and Reserva International, LLC. are independent of the Company under NI 43-101.

Dr. Paul D. Klipfel, Ph.D., AIPG, 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 supervised the preparation of the technical exploration information on which some of this MD&A release is based. Dr. Klipfel has a PhD in economic geology and more than 28 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.

Mr. William J. Pennstrom, Jr., of Pennstrom Consulting Inc., a consulting metallurgical engineer, is acting as the Qualified Person, as defined in NI 43-101, for the metallurgy and mineral processing programs for the Livengood deposit, and development of the PEA project financial analysis. Mr. Pennstrom has a BS degree in Metallurgical Engineering and a Masters degree in Business Management. He has more than 26 years of relevant experience as a metallurgist, having functioned as an operator, engineer, and process consultant over this time frame. Mr. Pennstrom is also a Qualified Professional (QP) member of the Mining and Metallurgical Society of America. Both Mr. Pennstrom and Pennstrom Consulting Inc. are independent of the Company under NI 43-101.

Mr. Quinton de Klerk, Director of Mining Solutions at Cube Consulting, Perth, Australia, is a consulting mining engineer specializing in open pit design, open pit optimization and analysis, mine design, production scheduling, due diligence evaluations and Mineral Reserves reporting. He is acting as Qualified Person, as defined in NI 43-101, for the open pit optimization and scheduling work for the Livengood Deposit. Mr. de Klerk has over 15 years experience in open pit mining and is a Corporate Member of AusIMM. He holds a Mine Manager's Certificate in South Africa and a National Higher Diploma in Metalliferous Mining. Both Mr. de Klerk and Cube Consulting are independent of the Company under NI 43-101.

Mr. John Bell, Sr. Project Manager at MTB Project Management Professionals, Inc of Denver, Colorado, is a graduate civil engineer, with an MBA, specializing in project management, cost estimation, project controls, construction management and contract administration. Mr. Bell is acting as Qualified Person, defined in NI 43-101, for capex and opex cost review for the Livengood Project. Mr. Bell has over 46 years experience working in the engineering and construction industry in North and South America, Europe, Australia and Asia. He is a Life Member of the American Society of Civil Engineers, a Member of the Association for Advancement of Cost Engineering, a Member of the Institution of Engineers, Australia and a Chartered Professional Engineer in Australia (#172814). Both Mr. Bell and MTB Project Management Professionals, Inc. are independent of the Company under NI 43-101.

Jeffrey A. Pontius (CPG 11044), a qualified person as defined by National Instrument 43-101, has supervised the preparation

of the scientific and technical information that forms the basis for this news release 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.

Development work at the Livengood Project is directed by Carl E. Brechtel (Colorado PE 23212, Nevada PE 8744), who is a qualified person as defined by National Instrument 43-101. He is a graduate geological engineer with and MS degree in mining engineering. He is a member of the Society for Mining, Metallurgy and Exploration located in Denver CO, and AusIMM (Australia) and SAIMM (South Africa). Mr. Brechtel has supervised the preparation of some of the technical and economic information that forms the basis for this MD&A and has approved the disclosure herein. Mr. Brechtel is not independent of ITH, as he is the COO and holds incentive stock options.

The work program at Livengood was designed and is supervised by Chris Puchner, Chief Geologist (CPG 07048), of the Company, who is responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project photograph the core from each individual borehole prior to preparing the split core. Duplicate reverse circulation drill samples are collected with one split sent for analysis. Representative chips are retained for geological logging. On-site personnel at the project log and track all samples prior to sealing and shipping. All sample shipments are sealed and shipped to ALS Chemex in Fairbanks, Alaska for preparation and then on to ALS Chemex in Reno, Nevada or Vancouver, B.C. for assay. ALS Chemex's quality system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025:1999. Analytica l 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.

Terra Project Option-Joint Venture

The Company signed a letter of intent, effective February 26, 2010 ("Terra LOI"), to enter into a joint venture with American Mining Corporation ("AMC"), a private Nevada corporation, on the Terra Gold Project in Alaska. Pursuant to the Terra LOI, an Alaskan subsidiary of AMC ("AMC Subco") and Raven Gold Alaska Inc. ("Raven"), a subsidiary of the Company, will form a joint venture (the "JV") with the aim of developing the Terra Project to production.

Terra Project - Background

The Terra Gold Project is located in the Hartman Mining District of Western Alaska and hosts a current 43-101 compliant inferred resource of 428,000 tonnes at a grade of 12.2 g/t gold (168,000 contained ounces) and a grade of 23.1 g/t silver (318,000 contained ounces), at a cutoff grade of 5 g/t gold, in a vein system which remains open (see NR 08-04).

The Terra Project consists of 235 State of Alaska unpatented lode mining claims currently held 100% by the Company plus an additional 5 unpatented lode mining claims held under lease (subject to a 3% to 4% NSR royalty to the lessor, dependent upon the gold price). The property is centered on an 8 kilometre long trend of high-grade vein occurrences which have returned numerous surface rock samples and drill intersection in excess of 50 g/t gold. The bulk of the Company's past drilling has focused on only a 400 metre long section of one of the vein systems (Ben's Vein) discovered to date. This drilling has outlined the resource noted above, which is over an average width of 2.3 metres, utilizing 20 HQ diamond holes.

AMC Earn-in and Joint - Venture Structure

The initial interests of AMC Subco and Raven in the JV will be 51% and 49% respectively. Raven's initial contribution to the JV will be its interest in the Terra Project, including all related data and property facilities. AMC Subco's initial contribution to the JV will be funding for the JV totalling USD 6,000,000 over three years (USD 1,000,000 in year 1). Of these expenditures, USD 100,000

(USD 10,000 received on February 23, 2010) will be paid to Raven in each of the first and second years to partially reimburse it for the cost of constructing the existing camp facility at Terra. As consideration for the Company causing Raven to enter into the JV, AMC will pay the Company USD 300,000, and issue 750,000 common shares of AMC, over the same three-year period (USD 50,000 and 250,000 shares in year 1). If AMC Subco fails to make its full initial contribution, or AMC fails to make all required payments and share issuances to the Company, over such three-year period, then the JV will terminate and AMC Subco will not retain any residual interest in the Terra project.

In addition, the JV has granted Raven a sliding scale NSR royalty of between 0.5% and 5% (depending upon the gold price) on all precious metal production from the property and a 1% NSR royalty on all base metal production. The royalty to Raven is in addition to the current royalty payable to the underlying lessor.

Upon having completed its initial contribution, AMC Subco will have the option to increase its JV interest by 29% (to 80% total) by providing a subsequent contribution of an additional USD 3,050,000 in funding in the fourth year. In addition, AMC

will be required to pay the Company an additional USD 150,000 and issue an additional 150,000 common shares. Should Raven's interest be diluted below 10% as a consequence of it not funding its proportionate share of JV expenditures following AMC Subco's having completed its initial contribution (and subsequent contribution, if applicable), Raven's JV interest will be converted to an additional 1% property wide NSR royalty on all metals produced, for an aggregate NSR royalty to Raven of 1.5% to 6% (depending upon the gold price) on precious metals and 2% on base metals).

Formation of the JV is subject to the settlement and execution of a formal agreement and the completion by AMC of due diligence on the Terra project, both to be completed on or before May 19, 2010 (extended to September 15, 2010). On May 17, 2010, AMC assigned its interest in the Terra LOI to Terra Mining Corporation, a company incorporated under the laws of British Columbia. Following the completion of the spin-out arrangement to Corvus, the Company will no longer have any interest in the Terra property or joint venture or any expenditures in connection therewith, but will continue to receive the payments and shares.

LMS Project Option-Joint Venture

The LMS claim block is located in the Goodpaster mining district and consists of 92 Alaska mining claims covering 61 square kilometres. The prospect is believed to be an intrusion-related vein system, with similarities to the Pogo deposit operated by Sumitomo Metal Mining Pogo LLC that was discovered in the mid-1990s. The gold mineralization in the LMS claim block occurs with strongly silicified and brecciated zones that are associated with a low-angle shear zone within, and marginal to schist units. The outcrop exposure of this zone has produced samples up to 6.2 grams per tonne (g/t) gold and the zone has been defined through drilling to a down-plunge depth of 500 metres.

The Company entered into a binding letter of intent dated March 24, 2010 with First Star Resources Inc. ("First Star") in connection with the LMS property ("LMS LOI"). Under the terms of the LMS LOI, First Star USA Inc. (an Alaskan subsidiary of First Star) ("First Star US") has the ability to earn an initial 55% interest, and a second option to earn a further 45%, for a total 100% interest in the LMS property. To earn the 55% interest, First Star will pay USD 280,000 (received USD 10,000) to the Company and First Star US will contribute USD 3,500,000 in exploration expenditures to the joint venture ("LMS JV") between Raven and First Star US. To acquire a 100% ownership, First Star US will fund the LMS JV through to an advanced exploration stage by contributing a further USD 3,000,000 to the LMS JV prior to December 31, 2015, or by producing, filing and having accepted by the TSXV a NI 43-101 compliant inferred resource of 2,000,000 ounces of gold using a 0.5 g/t cut-off

grade, whichever costs less. An NSR royalty of 3% or 4% on gold/silver and 1% on all other products will be payable to Raven. The royalty can be reduced by 1% by paying Raven USD 3,000,000.

In pursuance of the LMS LOI, Raven and First Star USA have entered into an earn-in agreement dated August 16, 2010. Following the completion of the spin-out arrangement to Corvus, the Company will no longer have any interest in the LMS property or the LMS JV or any expenditures in connection therewith, but will continue to receive the cash payments from First Star.

West Pogo Project Option-Joint Venture

The West Pogo prospect is located in the Goodpaster mining district, Alaska, and represents a high-grade intrusion-related vein system gold target. The West Pogo claim block consists of 96 State of Alaska Mining Claims covering 18.9 square kilometres. The claims are immediately to the west of the Pogo Mine and can be accessed from the mine road. The gold mineralization discovered to date is related to high-temperature quartz veins like those at the Pogo mine with similar trace-element values (high rock sample 11 g/t Au with high bismuth and tellurium). Dominant structures on the property are east-west shear zones related to northwest and northeast trending fault zones. New gold discoveries along the west margin of the Pogo mine property are encouraging for the West Pogo project's potential.

The Company entered into a binding letter of intent dated March 24, 2010 with First Star in connection with the West Pogo property ("WP LOI"). Under the terms of the WP LOI, First Star US has to ability to earn an initial 55% interest, and a second option to earn a further 45%, for a total 100% interest, in the West Pogo property. To earn the 55% interest First Star will pay USD 250,000 (received USD 10,000) to the Company and First Star US will contribute USD 2,800,000 in exploration expenditures to the joint venture ("WP JV") between Raven and First Star US. To acquire a 100% ownership, First Star US will fund the LMS JV through to an advanced exploration stage by contributing a further USD 2,000,000 prior to December 31, 2015, or by producing, filing and having accepted by the TSXV a NI43-101 compliant inferred resource of 1,000,000 ounces of gold using a 0.5 g/t cut-off grade, whichever co sts less. An NSR royalty of 3% or 4% on gold/silver and 1% on all other products will be payable to Raven. The royalty can be reduced by 1% by paying Raven USD 3,000,000.

In pursuance of the WP LOI, Raven and First Star US have entered into an earn-in agreement dated August 16, 2010. Following the completion of the spin-out arrangement to Corvus, the Company will no longer have any interest in the WP property or the WP JV or any expenditures in connection therewith, but will continue to receive the cash payments from First Star.

Chisna Project - Option-Joint Venture with Ocean Park Ventures Corp. ("OPV")

The November 2, 2009 option/joint venture agreement with OPV (as amended) was accepted for filing by the TSXV on behalf of OPV on March 15, 2010 and the Company received the initial 200,000 common shares of OPV required under the joint

venture agreement.

The Company has entered into a Mineral Exploration Agreement with Option to Lease dated March 20, 2010 ("Exploration Agreement") with Ahtna Incorporated, an Alaska Native Regional Corporation, concerning approximately 26,516 hectares of fee simple lands in the Ahtell Area of Alaska surrounding portions of the Company's Chisna project. The property subject to the Exploration Agreement will become part of the joint venture with OPV.

Following the completion of the spin-out arrangement to Corvus, the Company will no longer have any interest in the Chisna property or the joint venture between Raven and OPV.

Financing Activities

During the quarter ended May 31, 2010 and to the date of this MD&A, the Company has carried out the following financing activities:

During the quarter, the Company issued 551,000 shares pursuant to the exercise of stock options for total proceeds of $982,450, and it also issued 64,400 shares on the exercise of share purchase warrants for proceeds of $189,980.

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

On August 12, 2010, 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 October 31, 2009 (other than in connection with financings), principally due to the exercise of incentive stock options and broker options. The "top-up" provision, contained in the June 30, 2006 purchase agreement among AngloGold, the Company and Talon Gold Alaska, Inc. 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 participate 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 415,041 common shares at a price of $5.26 per share (reflecting the 5 day volume-weighted average price of the Company's common shares on the TSX preceding August 12, 2010 of $6.18 less the maximum discount (15%), as required by the provisions of the "top-up" right) for gross proceeds of $2,183,116. The private placement has been accepted for filing by the TSX and approved by the NYSE-Amex and is expected to close by August 27, 2010. The common shares issued in the private placement will be subject to a hold period in Canada expiring 4 months plus one day after closing.

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:

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

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 production costs in major producing regions. There can be no assurance that the price of any minerals produced from the Company's properties will be such that any such deposits can be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays 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 resources to be able to maintai n 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 agre ements 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 landowne rs/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its

business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All of the Company's properties are in the exploration stage and the Company has not defined or delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares, short-term, high-cost borrowing or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary

losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

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

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

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

General economic conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect o ur 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, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of

mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

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

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning

business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by govern mental 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 MD&A are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encounte red and the economic viability of a deposit may differ materially from the Company's estimates. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. &n bsp;The estimated resources described in this MD&A should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

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

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

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

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

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to ITH generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of ITH's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by ITH. U.S. taxpayers should be aware, however, that there can be no assurance that ITH will satisfy record keeping requirements under the QEF rules or that ITH will supply U.S. taxpayers with required information under the QEF rules, in event that ITH is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if ITH is a PFIC and the Common Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which ITH is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the Common Shares.

Selected Financial Information

Selected Annual Information

Description	**May 31, 2010 $**	**May 31, 2009 $**	**May 31, 2008 $**
Operations:	(annual)	(annual)	(annual)
Interest Income	116,936	126,402	603,094
Consulting (including stock-based compensation)	4,811,853	1,847,672	293,270
Property investigation	478	120,194	110,809
Wages and benefits (including stock-based compensation)	7,647,869	3,239,448	1,087,172
Investor relations (including stock-based compensation)	1,444,927	774,680	782,650
Foreign exchange gain (loss)	(7,257)	181,558	116,912
Loss for the year	(17,868,326)	(9,773,923)	(2,420,090)
Per share	(0.30)	(0.22)	(0.06)
Balance sheet:			

Cash	43,460,324	32,489,341	10,859,942
Total Current Assets	44,218,447	32,845,989	11,325,201
Mineral Properties	54,095,175	33,417,566	23,151,228
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, 2010	February 28, 2010	November 30, 2009	August 31, 2009	May 31, 2009	February 28, 2009	November 30, 2008	August 31, 2008
Interest Income	$ 29,643	$ 28,488	$ 32,077	$ 26,728	$ 13,697	$ 10,040	$ 32,012	$ 70,653
Net loss for the period	(((9,915,596)	(((3,904,755)	(3(3,187,616)	(860,359)	(3,168,530)	(1,850,180)	(3,919,265)	(835,948)
Per share	(0.16)	(0.07)	(0.05)	(0.02)	(0.07)	(0.04)	(0.09)	(0.02)

Results of Operations

For the year ended May 31, 2010, the Company had a net loss of $17,868,326 or $0.30 per share as compared to a net loss of $9,773,923 or $0.22 per share in the prior year. For the three months ended May 31, 2010, the Company had a net loss of $9,915,596 or $0.16 per share as compared to a net loss of $3,168,530 or $0.07 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, 2010 compared with year ended May 31, 2009

For year ended May 31, 2010, the Company had a net loss of $17,868,326 or $0.30 per share, as compared to a net loss of $9,773,923 or $0.22 per share in the prior year. The increased loss of $8,094,403 in the current year was due to a combination of factors as follows:

General and administrative (operating) expenses for the year totalled $15,733,858 compared to $7,320,549 in 2009. The increased loss was significantly affected by stock-based compensation ("SBC") charges of $9,901,192 (2009 - $4,101,404). During the current year, some expense categories increased significantly when compared with the prior year. Wages and benefits increased to $7,647,869 (2009 - $3,239,448) due to bonuses totalling $1,747,128 paid to the certain officers and employees at the Company's Colorado subsidiary and SBC charges of $4,646,940 (2009 - $2,152,620). Professional fees increased to $797,345 (2009 - $442,891) as a result of an increase in accounting fees, legal activities relating to the corporate restructuring and the mineral properties and SBC expenses of $76,886 (2009 - $56,683).

Consulting fees increased to $4,811,853 (2009 - $1,847,672) as a result of SBC charges of $4,259,495 (2009 - $1,551,571) and a slight increase in the number of consulting personnel and an increase in directors fees, both of which are commensurate with increased corporate and exploration activities in the current year. Investor relations expenses increased to $1,444,927 (2009 - $774,680) due to SBC charges of $917,871 (2009 - $340,530). Property investigation expenses decreased to $478 compared to $120,194 in the prior year due to exploration activities being focused on the Livengood Project in Alaska. Regulatory expenses increased to $290,183 (2009 - $90,333) as a result of the Company becoming listed to trade on Toronto Stock Exchange.

Insurance costs increased to $166,240 (2009- $119,396) due to increased coverage for general liability and contractor equipment now required for the level of exploration activity currently underway. Travel expenses decreased to $166,792 (2009 - $272,764) due to a decrease in trade show activities. Other expenses categories which reflected only moderate changes year over year were office expenses of $128,738 (2009- $140,652), charitable donations of $65,459 (2009 - $30,068) and rent expenses of $31,360 (2009 - $23,744).

Other items amounted to a loss of $2,134,468 compared to a loss of $2,453,374 in the prior year. The slightly decreased loss in the current year resulted from lower interest income of $116,936 (2009 - $126,402) which was caused by lower interest

rates; a decrease in foreign exchange gains (loss) to ($7,257) (2009 - $181,558); the unrealized gain (loss) on marketable securities to $102,250 (2009- ($133,250)); and the write-off of mineral properties of $2,372,358 (BMP - $576,141 and Coffee Dome $1,796,217) which was slightly less compared to $2,620,223 (West Tanana - $1,168,530 Gilles - $449,255 and Painted Hills - $1,002,438) in the prior year.

Three months ended May 31, 2010 compared with three months ended May 31, 2009

For three months ended May 31, 2010, the Company had a net loss of $9,915,596 or $0.16 per share as compared to a net loss of $3,168,530 or $0.07 per share for the comparative period of the prior year. The increased loss of $6,747,066 in the current period was due to a combination of factors as follows:

General and administrative (operating) expenses for the period totalled $10,000,304 compared to $3,179,478 in 2009. During the current quarter, some expense categories increased significantly when compared with the comparative period of the prior year. Consulting fees increased to $4,336,220 (2009 - $667,388) due to SBC charges of $4,259,495 (2009 - $579,607). Professional fees increased to $383,248 (2009 - $236,757), due to SBC charges of $76,886 (2009 - $56,683) and an increase in accounting fees and legal activities relating to financing and the mineral property activities. Wages and benefits increased to $4,150,426 (2009 - $1,871,319) due to SBC charges of $3,767,425 (2009 - $1,642,511). Regulatory fees decreased slightly to $50,098 (2009 - $57,992). Investor relations increased to $852,607 (2009 - $111,328) due to SBC charges of $706,881 (2009 - $13,463).

Other items amounted to a gain of $84,708 compared to a gain of $10,948 in the same period of the prior year. The increased gain in the current period resulted from an increase in interest income to $29,643 (2009 - $13,698) due to the Company having a stronger cash position in the current period; increased foreign exchange loss to $37,694 (2009 - ($35,490)); and increased unrealized gain on marketable securities to $53,500 (2009 - $35,750). Both variances from foreign exchange loss and unrealized gain on marketable securities are both the result of factors outside of the Company's control.

Stock-based compensation

SBC charges for the year ended May 31, 2010 of $9,901,192 (2009 - $4,101,404) were allocated as follows:

2010	Before allocation	Stock-based compensation	After Allocation
Investor relations	$ 527,056	$ 917,871	$ 1,444,927
Consulting	552,358	4,259,495	4,811,853
Wages and benefits	3,000,929	4,646,940	7,647,869
Professional fees	720,459	76,886	797,345
		$ 9,901,192	

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

SBC charges for the three months ended May 31, 2010 of $8,810,687(2009 - $2,292,264) were allocated as follows:

Three months to May 31, 2010	Before allocation	Stock-based compensation	After Allocation
Investor relations	$ 145,726	$ 706,881	$ 852,607
Consulting	76,725	4,259,495	4,336,220
Wages and benefits	383,001	3,767,425	4,150,426
Professional fees	306,362	76,886	383,248
		$ 8,810,687	

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

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/acquirors of a ny 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, 2010, the Company reported cash and cash equivalents of $43,460,324 compared to $20,018,617 and $32,489,341 as at February 28, 2010 and May 31, 2009. The change in cash position was the net result of shares issuance financing activities totalling $39,634,008 for the year (issuances to AngloGold on a private placement basis, for gross proceeds of $3,265,000 and then $365,652; the issuance of shares for a non-brokered private placement for gross proceeds of $30,000,000; and the issuance of the shares for stock purchase options and warrants of $6,003,358 ($31,538,080 for the three months ended May 31, 2010) less share issuance costs of $1,293,968 ($1,256,772 for the three months ended May 31, 2010). Offsetting this were investing activities comprised primarily of mineral property expenditures of $21,652,717 ($5,650,974 for the three months ended May 31, 2010) and general operating costs o f $5,630,949 during the year ($1,162,902 for the three months ended May 31, 2010).

As at May 31, 2010, the Company had working capital of $42,945,488 ($18,824,555 at February 28, 2010) compared to a working capital of $32,459,316 as at May 31, 2009. The Company expects that it will operate at a loss for the foreseeable future and that, although it 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 12 months to August 2011, it will likely require additional financing to fund further exploration of current mineral properties and to continue its operations (including general and administrative expenses) beyond that

date.

The Company currently has no further 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 rig hts to acquire or hold the related mineral properties. The following table gives effect to the spin-out of all of its mineral properties, other than the Livengood project in Alaska, to Corvus under the Plan of Arrangement which will become effective August 26, 2010 and assumes that the Company retains the rights to all of its current landholdings in connection with the Livengood Project:

Contractual Obligations	**Payments Due by Period[4]**			
	Total	***Prior to May 31, 2011 (9 months)***	***June 1, 2011 to May 31, 2014 (36 months)***	***June 1, 2014 to May 31, 2017 (36 months)***
Mineral Property Leases[1][2]	12,383,000	53,000	1,165,000	11,165,000
Mining Claim Government Fees	296,940	42,420	127,260	127,260
Office and Equipment Lease Obligations[3]	1,623,290	190,130	716,580	716,580
Total Contractual Obligations	14,303,230	285,550	2,008,840	12,008,840

Notes:

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

Transactions with Related Parties

During the year, the Company paid $2,298,463 (2009 - $794,916; 2008 -$530,681), including bonuses of $1,427,531 (2009 - $189,213, 2008 - $120,000), in consulting, investor relations, wages and benefits to officers, directors and companies controlled by directors of the Company and $64,028 (2009 - $72,607; 2008 - $62,750) in rent and administration to a company with common officers and directors. Professional fees of $64,200 (2009 - $44,583, 2008 - $Nil) were paid to a company related to an officer of the Company. These figures do not include stock-based compensation.

At May 31, 2010, included in accounts payable and accrued liabilities was $19,760 (2009 - $Nil, 2008 - $Nil)) in expenses owing to the directors and officer of the Company and $8,790 (2009 - $4,667, 2008 - $18,032) to companies related by a common director.

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.

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 and that have not been publicly disclosed.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles

("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the 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 recoverability of mineral properties, the assumptions used in the determination of the fair value of financial instruments and SBC, and the determination of the valuation allowance for future income tax assets and accruals. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

Changes in Accounting Policies Including Initial Adoption

Convergence with IFRS

In March 2009, the Canadian Accounting Standards Board reconfirmed in its second omnibus Exposure Draft that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous year, starting in the quarter ending August 31, 2011. The Company commenced its IFRS conversion project in 2009, and expects to be completed prior to May 2011.

The Company's IFRS conversion project will be governed by members of the audit committee and the Board of Directors to monitor the progress and make critical decisions in the transition to IFRS, and to approve all transition policies. This project will consist of three main phases:

Preliminary planning and scoping: This phase includes the development of a work plan and a review of the major differences between Canadian GAAP, IFRS, and the IFRS requirements based on their financial reporting impact, business impact and complexity.

Assessment and design: This phase will involve determining the specific impacts to the Company based on the application the IFRS requirements. This will include the design and development of detailed solutions and work plans by each key area to address implementation requirements. In addition, impact analysis will be performed on all areas of business, including tax. Accounting policies will be finalized, first-time adoption exemptions will be considered, and a detailed implementation plan will be developed.

Implementation: This phase will include implementing the required changes for IFRS compliance. All IFRS conversion impacts will be approved and finalized to allow for the conversion of tax policies and the preparation of opening IFRS balances.

Currently, the Company has completed the preliminary planning stage. During this phase of the conversion project it was determined that, due to the Company's nature of business at this time, no significant differences between new IFRS requirements and the current application of Canadian GAAP were identified. However, due to the uncertainty surrounding what IFRS will exist at the changeover date, management cannot reasonably assess the financial impact that IFRS will have on the Company's financial statements at this time and it may not be able to do so with any certainty at any time prior to conversion.

Financial Instruments and Other Instruments

The carrying values of the Company's financial instruments, which include cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities, approximate their respective fair values due to their short-term maturity. Due to the short term of all such instruments, the Company does not believe that it is exposed to any material risk with respect thereto.

The Company's cash at May 31, 2010 was $43,460,324 of which $863,029 was held in US dollars.

The Company's receivables and payables at May 31, 2010 were normal course business items that are settled on a regular basis. The Company's investment in Millrock Resources Inc. ("Millrock") and Ocean Park Ventures Corp. ("OPV") were carried at quoted market value, and were classified as "held-for-trading" for accounting purposes. The Company has no current plans to dispose of any significant portion of its investments in Millrock and OPV.

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the

Company's financial reporting for external purposes in accordance with 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 direc tors 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 the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2010.

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 quarter ended May 31, 2010 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, 2010 there were 66,117,922 common shares issued and outstanding, and as at the date of this MD&A there were 67,228,222 shares outstanding.

Options

A summary of the status of the Company's 2006 stock option plan as of May 31, 2010, and changes during the year ended May 31, 2010 is presented below:

Stock option transactions are summarized as follows:

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

Stock options outstanding are as follows:

	May 31, 2010			May 31, 2009		
Expiry Date	Exercise Price	Number of Shares	Exercisable at Period End	Exercise Price	Number of Shares	Exercisable at Year End

July 16, 2010 (below)	$1.75	702,200	702,200	$1.75	2,810,000	2,810,000
July 16, 2010 (below)	$1.75	355,000	355,000	$1.75	755,000	755,000
January 16, 2010	-	-	-	$1.52	130,000	130,000
February 1, 2010	-	-	-	$2.15	100,000	100,000
March 12, 2011	$2.66	765,000	765,000	$2.66	885,000	801,875
May 20, 2011	$3.15	915,000	915,000	$3.15	965,000	965,000
January 12, 2012	$7.95	250,000	250,000	-	-	-
April 14, 2012	$7.34	2,835,000	2,835,000	-	-	-
		5,822,200	5,822,200		5,645,000	5,561,875

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 and which had expiry dates ranging from January 26, 2009 to May 23, 2009) will now expire on July 16, 2010; and reduced 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 SBC charges of $1,688,874 have been included.

During the year ended May 31, 2010, 250,000 share purchase options at a price of $7.95 per share, 2,835,000 share purchase options at a price of $7.34 per share were granted to employees, directors and consultants, and 2,507,800 incentive stock options at $1.75, 130,000 stock options at $1.52, 100,000 stock options at $2.15, 120,000 stock options at $2.66 and 50,000 stock options at $3.15 were exercised.

Subsequent to May 31, 2010, 1,052,200 incentive stock options at $1.75 and 10,000 stock options at $2.66 were exercised for the total proceeds of $1,867,950. Accordingly, as at the date of this MD&A, there were 6,255000 stock options outstanding. Also, on August 19, 2010, the Company granted its employees, directors and contractors incentive stock options to purchase 1,495,000 common shares exercisable on or before August 19, 2012 at a price of $6.57 per share.

Warrants

Warrant transactions during the year ended May 31, 2010 are summarized as follows:

	Year ended May 31, 2010		**Year ended May 31, 2009**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants exercisable, beginning of year	294,000	$2.95	13,384,666	$2.21
Issued - agent' warrants	-	$ -	294,000	$2.95
Exercised	(245,901)	($2.95)	(11,017,044)	($2.33)
Expired	-	$ -	(2,367,622)	($1.66)
Warrants exercisable, end of year	48,099	$2.95	294,000	$2.95

Warrants outstanding as at May 31, 2010 are as follows:

	Year ended May 31, 2010		**Year ended May 31, 2009**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price

September 4, 2010 - commission warrants	48,099	$2.95	294,000	$2.95
Warrants exercisable, end of year	48,099	$2.95	294,000	$2.95

During the year ended May 31, 2010, no warrants have been granted, and 245,901 warrants at $2.95 per share have been exercised. Subsequent to May 31, 2010, 48,099 share purchase warrants were exercised to acquire 48,099 common shares at $2.95 for the total proceeds of $141,892. Accordingly, as at the date of this MD&A, there are nil share purchase warrants outstanding.

Additional Sources of Information

Additional disclosures pertaining to the Company, including its most recent Annual Information Form, financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedar.com or on the Company's website at www.ithmines.com. Readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Exhibit 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 27, 2010 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 27, 2010 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, 2010 as filed with the Securities and Exchange Commission on the date hereof (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 27, 2010 /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, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Kinley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 27, 2010 /s/ Michael Kinley

Name: Michael Kinley
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to International Tower Hill Mines Ltd. and will be retained by International Tower Hill Mines Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

CHARTERED
ACCOUNTANTS
MacKay LLP

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Exhibit 8

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the inclusion in this Annual Report on Form 40-F of our audit report dated August 13, 2010 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, 2010 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 27, 2010

Exhibit 9

CONSENT OF EXPERT

August 27, 2010

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 "June 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated June 25, 2010 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 23, 2010.

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 23, 2010.

By: /s/ *Paul Klipfel*

Paul Klipfel, Ph.D
Economic Geologist
Mineral Resource Services Inc.

Exhibit 10

CONSENT OF EXPERT

August 27, 2010

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Tim Carew, P.Geo., do hereby consent to the filing of the written disclosure regarding the technical report entitled “June 2010 Summary Report on the Livengood Project, Tolovana District, Alaska” dated June 25, 2010 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 23, 2010.

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 23, 2010.

By: /s/ Timothy Carew

Timothy Carew, P.Geo.
Professional Geoscientist
Reserva International LLC

Exhibit 11

CONSENT OF EXPERT

August 27, 2010

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, William J. Pennstrom, Jr., M.A., do hereby consent to the filing of the written disclosure regarding the technical report entitled "June 2010 Summary Report on the Livengood Project, Tolovana District, Alaska" dated June 25, 2010 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 23, 2010.

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 23, 2010.

By: /s/ William Pennstrom Jr.

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