UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

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

OR

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

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

Commission file number: **001-33638**

INTERNATIONAL TOWER HILL MINES LTD.

(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

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

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

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

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As at December 31, 2011, 86,683,919 common shares of the Registrant were issued and outstanding.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

Indicate by check mark whether Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

[X] Yes [ ] No

EXPLANATORY NOTE

International Tower Hill Mines Ltd. (the “Company” or the “Registrant”) is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act. The Company is a “foreign private issuer” as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 under the Exchange Act. During 2011 the Company changed its fiscal year end from May 31 to December 31.

FORWARD-LOOKING STATEMENTS

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

- the Company’s strategies and objectives, both generally and specifically in respect of the Livengood project;
- the potential for the expansion of the estimated resources at Livengood;
- the potential for a production decision concerning, and any production at, the Livengood project;
- the completion of a Pre-feasibility Study for the Livengood project;
- the potential for higher grade mineralization to form the basis for a starter surface mine in any production scenario at Livengood;
- the potential overburden geometry of the Livengood deposit being amenable for a low cost surface mine that could support a high production rate and economies of scale;
- the potential for cost savings due to the high gravity gold concentration component of some of the Livengood mineralization;
- the sequence of decisions regarding the timing and costs of development programs with respect to, and the issuance of the necessary permits and authorizations required for, the Livengood project;
- the Company’s estimates of the quality and quantity of the resources at Livengood;
- the timing and cost of the planned future exploration programs at Livengood, and the timing of the receipt of results therefrom;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations on acceptable terms, if at all;
- the use of proceeds from the financing which closed November 10, 2010;

- the ability of the Company to continue to refine the project economics for the Livengood project, including by increasing proposed production and shortening the proposed mine life; and
- the potential for production of placer gold, whether near-term or at all, on certain placer mining claims acquired in December 2011.

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

- the demand for, and level and volatility of the price of, gold;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration and potential development program at Livengood;
- conditions in the financial markets generally;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favorable terms in connection with not only its ongoing exploration program at Livengood but also in connection with the completion of its pre-feasibility study and in connection with any feasibility study that may be commissioned;
- the Company's ability to attract and retain key staff, particularly in connection with the carrying out of a feasibility study and the development of any mine at Livengood;
- the accuracy of the Company's mineral resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the timing of the ability to commence and complete the planned work at Livengood;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration and development programs at Livengood and the Company's ability to comply with such terms on a safe and cost-effective basis;
- the ongoing relations of the Company with its underlying lessors and the applicable regulatory agencies;
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole;
- the continued development of and potential construction of any mine at the Livengood property not requiring consents, approvals, authorizations or permits that are materially different from those identified to date by the Company;
- the ability of the Company to predict how the net proceeds of the financing which closed on November 10, 2010 will be used; and
- the timetables for the completion of a pre-feasibility study at Livengood and for any feasibility study that may be commissioned.

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

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

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

The Company is permitted, under the multi-jurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the "SEC"), to prepare this annual report on Form 40-F in accordance with Canadian disclosure requirements, which differ from those of the United States. The Company has prepared its financial statements, which are filed as Exhibit 99.2 to this annual report on Form 40-F, in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, the Company's financial statements are subject to foreign auditing and auditor independence standards and may not be comparable to financial statements of United States companies. Details on the adoption of IFRS are described in Note 18 to the audited consolidated financial statements of the Company.

RESOURCE AND RESERVE ESTIMATES

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

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

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

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, based upon the noon rate of exchange as quoted by the Bank of Canada was Cdn.$1.00 = US$1.0170 on December 31, 2011 and Cdn.$1.00 = US$1.0149 on March 16, 2012.

ANNUAL INFORMATION FORM

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

AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the seven month period ended December 31, 2011 and for the year ended May 31, 2011, including the report of the independent auditor with respect thereto, are filed as Exhibit 99.2 to this annual report on Form 40-F, and are incorporated by reference herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

TAX MATTERS

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

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Management's Report on Internal Control over Financial Reporting

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

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

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

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

Auditor's Attestation Report

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

Changes in Internal Control over Financial Reporting

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

NOTICES PURSUANT TO REGULATION BTR

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

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

Audit Committee

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

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

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

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

Audit Committee Financial Expert

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

CODE OF ETHICS

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

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

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

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

PRINCIPAL ACCOUNTING FEES AND SERVICES – INDEPENDENT AUDITORS

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

	Period ended December 31, 2011	Year ended May 31, 2011
Audit	$75,000	$65,000
Audit Related	$22,000	$96,000
Tax	$2,000	$9,500
All Other Fees	$Nil	$Nil
Total	$99,000	$170,500

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

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

OFF-BALANCE SHEET TRANSACTIONS

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

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table discloses, as of December 31, 2011 the Company's contractual obligations for optional mineral property payments and work commitments and committed office and equipment lease obligations. The table also includes amounts payable under the purchase agreement related to the acquisition of certain mining claims and related rights in the vicinity of the Livengood project ("Livengood Property Purchase"). The Company does not have any other long-term debt or loan obligations. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease and/or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but does not exercise any of its existing lease purchase or royalty buyout options:

Contractual Obligations	Payments Due by Period[5]			
	Total	***Prior to December 31, 2012 (12 months)***	***January 1, 2013 to December 31, 2015 (36 months)***	***January 1, 2016 to December 31, 2018 (36 months)***
Livengood Property Purchase[1]	$ 29,798,100	$ 8,644,500	$ -	$21,153,600
Mineral Property Leases[2][3]	3,800,275	791,480	1,983,913	1,024,882
Mining Claim Government Fees	379,941	54,277	162,832	162,832
Office and Equipment Lease Obligations[4]	965,000	278,659	602,533	83,808
Total Contractual Obligations	$ 34,943,316	$ 9,768,916	$ 2,749,278	$22,425,122

Notes:

1. The amount payable in December 2016 of $21,153,600 represents the fair value of the Company's derivative liability as at December 31, 2011 and will be revalued at each subsequent reporting period.
2. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work for which will actually be carried out by the Company.
3. Does not include potential royalties that may be payable (other than annual minimum royalty payments).
4. Assumes that current office and storage leases are extended beyond current termination dates at the same terms.
5. Assumes the exchange rate at December 31, 2011 of USD to CAD of 1.017 remains constant.

NYSE AMEX CORPORATE GOVERNANCE

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

Shareholder Meeting Quorum Requirement: The NYSE Amex minimum quorum requirement for a shareholder meeting is one-third of the outstanding shares of common stock. In addition, a company listed on the NYSE Amex is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its Articles (equivalent to bylaws). 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 issued 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 Canadian law, in which case, the Company shall make the disclosure of such transactions available on its website at www.ithmines.com. Information contained on the Company's website is not part of this annual report on Form 40-F.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

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

Consent to Service of Process

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

SIGNATURES

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

INTERNATIONAL TOWER HILL MINES LTD.

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

Date: March 23, 2012

EXHIBIT INDEX

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

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

INTERNATIONAL TOWER HILL MINES LTD

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ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2011

March 16, 2012

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PRELIMINARY NOTES

Documents Incorporated by Reference

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

(a) Consolidated Audited Financial Statements of the Company for the seven month period ended December 31, 2011 and for the year ended May 31, 2011 ("Financial Statements");

(b) Management Discussion and Analysis of the Company for the seven month period ended December 31, 2011 dated March 16, 2012 ("MD&A");

(c) Management Information Circular dated October 13, 2011 in respect of the 2011 Annual General Meeting ("2011 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 ("July 2010 Information Circular"); and

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

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

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

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

All financial information in this AIF is prepared in accordance with International Financial Reporting Standards.

Date of Information

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

Currency and Exchange Rates

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated. The Company's accounts are maintained in Canadian dollars and the Company's financial statements are prepared in accordance with International Financial Reporting Standards. 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.

Canadian Dollars to U.S. Dollars	Seven Month Period Ended December 31 and Years Ended May 31		
	December 31, 2011	May 31, 2011	May 31, 2010
Rate at end of period	0.9833	1.0322	0.9558
Average rate for period	1.0058	1.0064	0.9405
High for period	1.0484	1.0582	1.0039
Low for period	0.9626	0.9365	0.8580

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

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

Forward-Looking Statements

This AIF contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Information concerning mineral resource estimates 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, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and specifically in respect of the Livengood project;
- the potential for the expansion of the estimated resources at the Livengood project;
- the potential for a production decision concerning, and any production at, the Livengood project;
- the completion of a Pre-feasibility Study for the Livengood project;
- the potential for higher grade mineralization to form the basis for a starter surface mine in any production scenario at the Livengood project;
- the potential overburden geometry of the Livengood deposit being amenable for low cost surface mining that could support a high production rate and economies of scale;
- the potential for cost savings due to the high gravity gold concentration component of some of the Livengood mineralization;
- the sequence of decisions regarding the timing and costs of development programs with respect to, and the issuance of the necessary permits and authorizations required for the Livengood project;
- the Company's estimates of the quality and quantity of the resources at the Livengood project;
- the timing and cost of the planned future exploration programs at the Livengood project, and the timing of the receipt of results therefrom;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations on acceptable terms, if at all;
- the results of the Preliminary Economic Assessment as described under "Narrative Description of the Business – Material Mineral projects – Livengood Project, Alaska";
- the use of Proceeds from the financing which closed November 10, 2010; and
- the ability of the Company to continue to refine the project economics for the Livengood project, including by increasing proposed production and shortening the proposed mine life; and
- the potential for the production of placer gold, whether near-term or at all, on certain placer mining claims acquired in December 2011.

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

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

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

- the continued development of and potential construction of any mine at the Livengood property not requiring consents, approvals, authorizations or permits that are materially different from those identified to date by the Company;
- the ability of the Company to predict how the net proceeds of the financing which closed on November 10, 2010 will be used; and
- the timetables for the completion of a pre-feasibility study at Livengood and for any feasibility study that may be commissioned.

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

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

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

Caution Regarding Reference to Resources and Reserves

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

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

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

Glossary of Terms

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

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

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

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

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

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

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

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

ITEM 3: CORPORATE STRUCTURE

Name, Address and Incorporation

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

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

Intercorporate Relationships

ITH has two material subsidiaries:

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

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

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

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

ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

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

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

In December 2011, the Company completed two acquisitions in connection with the Livengood Project. The first acquisition consisted of the exercise of an existing lease buyout option with respect to certain mining claims leased by the Company, thereby giving the Company a 100% ownership interest. The second acquisition was of certain placer mining claims and related rights in the vicinity of the Livengood Project, and included all of the shares of LPI (which corporation holds some of the subject placer mining claims). This land was previously vacant or was used for placer gold mining. The acquisitions complete a planned lease buyout and also enable the Company to pursue additional site facility locations and to investigate other land use opportunities including the potential for placer gold extraction.

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

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

Currently, there are no environmental regulations in Alaska that impact the Company because it is still in the exploration stage. Reclamation work, that is, work done to restore the property to its original state, is minimal because the Company's operations have virtually no environmental impact. The Company's required remedial environmental reclamation work typically consists of slashing underbrush so that wildlife movement is not hampered and basic re-seeding operations.

Since June 1, 2011, being the commencement of the Company's last completed fiscal year, the Company has not entered into any significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

ITEM 5: NARRATIVE DESCRIPTION OF THE BUSINESS

General

Summary

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

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

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

All of the raw materials the Company requires to carry on its business are readily available through normal supply or business contracting channels in Canada and the United States. Since commencing current operations at the Livengood project in mid-2006, the Company has been able to secure the appropriate personnel, equipment and supplies required to conduct its contemplated programs. The recent overall increase in the mineral exploration business has caused difficulty in certain equipment and services being made available on a timely basis. The Company has experienced difficulty in procuring some equipment – for example, drill equipment – or services – for example, experienced drillers and timely assay laboratory services. The Company will monitor and plan its activities around any shortages of required personnel, equipment or supplies in the foreseeable future.

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

The Company's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. Rather, the Company's ability to continue making the holding, assessment, lease and option payments necessary to maintain its interest in the Livengood project, to fund the ongoing advanced exploration, and to raise the funding necessary to develop a mine at Livengood following any production decision that may be made following the completion of its planned feasibility study are of primary concern. The Company does not presently anticipate any difficulties in this regard in the current financial year.

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

As of March 16, 2012, ITH had one part-time employee and Tower Hill US and Tower Alaska had 26 full-time employees. The Company also relies upon consultants and contractors to carry on many of its activities and, in particular, to carry out drilling programs at the Livengood project and in connection with the preparation of its pre-feasibility and any feasibility studies on that project. However, as ITH expands its activities, it may choose to hire additional employees rather than relying on consultants.

Bankruptcy and Similar Procedures

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

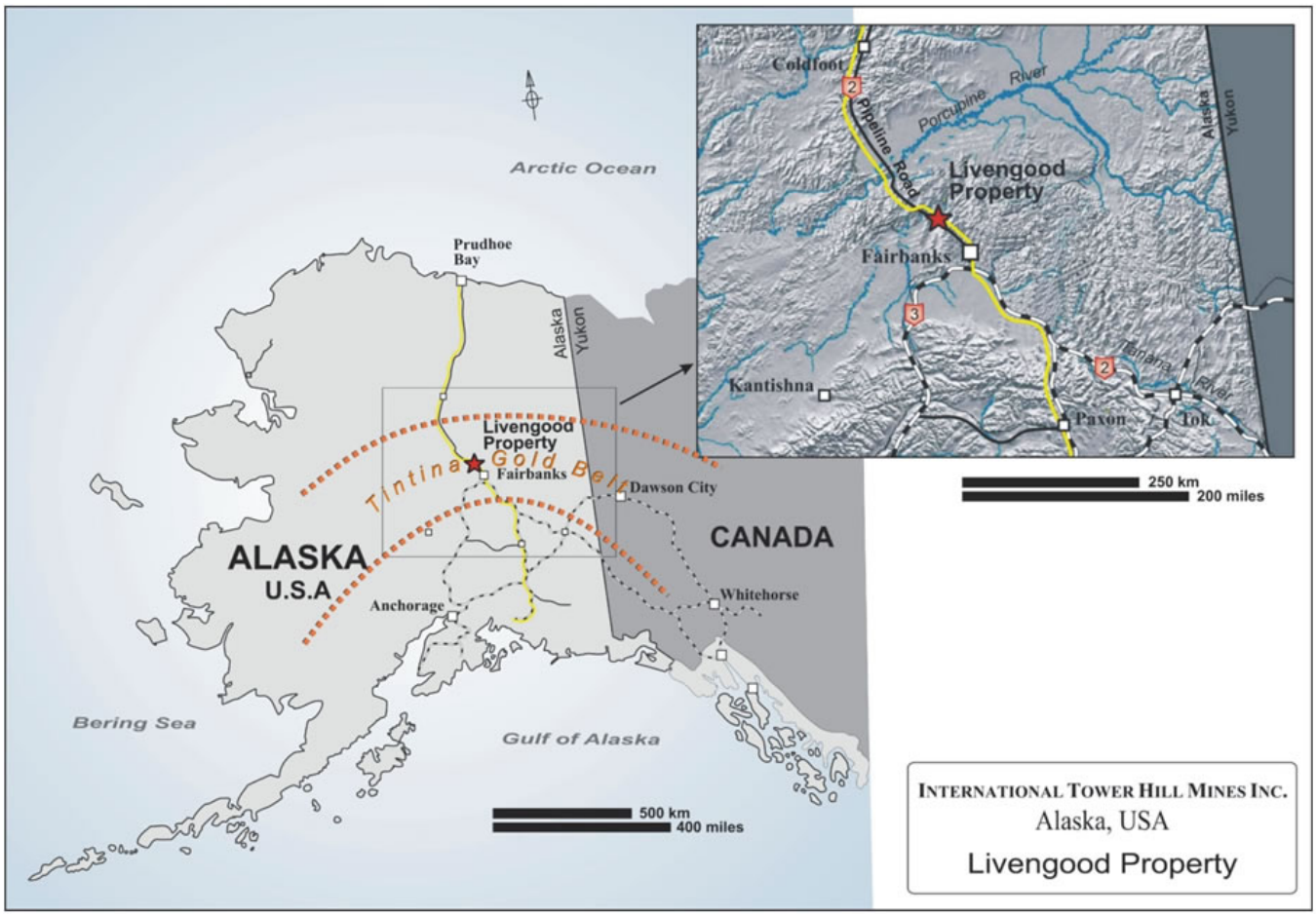


Figure 1: Location of the Livengood Project

Reorganizations

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

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

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

Social or Environmental Policies

ITH has created a Health, Occupational Safety and Environmental Committee ("HOSEC") of the Board, which has adopted a formal charter. The overall purpose of the HOSEC 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 HOSEC is to advise the Board and make recommendations for the Board's consideration regarding health, safety, community relations and environmental-related issues. In particular, the HOSEC is to consider and advise the Board with respect to current standards of sustainable development for projects and activities such as those of the Company, particularly with a view to ensuring that the Company's business is run in a manner, and its projects are operated and developed, so as to achieve the ideals and reflect the following principles of sustainable development:

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

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

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

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

Risk Factors

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

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

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

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

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

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

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

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

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it holds, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposit at the Livengood project.

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

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

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

Market events and conditions: Since 2008, 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 2011 and into 2012, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Estimates of Mineral Reserves and Resources and Production Risks : The mineral resource estimates included in this AIF are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described in this AIF should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

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

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

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

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

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

Material Mineral Project

Livengood Project, Alaska

Information in this AIF regarding the Livengood project is based upon 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. Portions of the following summary are from the Livengood Report and the detailed disclosure in the Livengood Report is incorporated into this AIF by reference. Readers are encouraged to review the entire Livengood Report, which is filed on SEDAR at www.sedar.com.

1.0 Introduction

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

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

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

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

2.0 Description and Location

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

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

3.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

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

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

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

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

4.0 History

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

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

5.0 Geologic Setting and Mineralization

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

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

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

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

6.0 Deposit Type

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

7.0 Exploration

Prior to ITH, several companies have explored the Livengood area and identified a sizeable area of anomalous gold in soil samples, and intervals of anomalous gold mineralization in drill holes. The Company advanced the soil sampling coverage and undertook to drill surface geochemical anomalies beginning in 2006. The Company has continued its exploration with step-out drilling on a 75 m grid, and infilling the 75 m pattern in the core of the mineralized areas. Infill and step out drilling in the resource area has continued in the Summer 2011 drill program.

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

8.0 Drilling

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

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

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

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

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

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

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

9.0 Sample Preparation, Analyses and Security

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

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

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

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

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

10.0 Data Verification

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

The Summer 2011 drilling includes three separate programs to develop data on grade continuity at reduced drill spacing, and on precision of grade estimation using both core and RC data. Two cross patterns are being drilled with spacing reduced to 15 m along the primary grid axes to evaluate grade continuity between holes. A block of approximately 9 million tonnes is being drilled with equal numbers of RC and core holes, drilled with 2 different orientations. This block will allow the evaluation of the precision of resource modeling at different data densities and with different types of sampling.

11.0 Mineral Processing and Metallurgical Testing

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

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

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

Specific observations about metallurgical performance are listed in the following:

- Most Livengood mineralization could be considered moderately soft to medium hard in hardness with an average Bond Ball Work index of 15.8. The mineralization varied significantly in hardness, with Bond Ball Work indices varying from a minimum of 11.1 to a maximum of 19.1.
- The majority of the mineralization would be considered non-abrasive, with an average Abrasion Index of 0.0809. The mineralization type abrasion characteristics varied significantly from 0.0023 to 0.2872.
- All of the Livengood mineralization types respond to cyanide leaching to some degree.
- Some of the unoxidized mineralization with organic carbon has "active" or "preg- robbing" carbon.
- The effect of leach times on gold recovery and gravity concentration results indicate some of the mineralization contains coarse gold.
- Gold recovery at 10 mesh particle size on some of the mineralization types exceeded 90 percent.

- Gold recovery on some of the mineralization types, but not all, is improved with finer grinding. A grind size where 80 percent (p80) of the particles are smaller than 200 mesh (74 microns) has been tested to date.
- The leaching of flotation concentrates, in preliminary tests, shows variable results depending on the mineralization type and the amount of arsenopyrite present.
- Fine grinding of flotation concentrates to less than 20 microns, in preliminary tests, does not significantly improve CIL gold recovery from this material.
- Initial flotation and gravity concentration tests indicate the combined processes exceed 90% gold recovery to the concentrates.
- The degree of oxidation of the mineralization, as observed by the geologists, has a marginal impact on the gold recovery.
- Differences in gold recovery between cyanide shake leach tests, bottle roll leach tests, and Carbon-in-Leach tests suggest organic carbon in the mineralization is active to varying degrees in some of the mineralization types, particularly the un-oxidized portions of those mineralization types.
- The gold is often associated with sulfides, but this mineralization would not be classified as a sulfide refractory type.

12.0 Resource Estimation

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

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

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

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

Table 1.1 Global Resource Estimation Summary - August 2011

Classification	Au Cutoff (g/t)	Tonnes (millions)	Au (g/t)	Million Ounces Au
Measured	**0.20**	**742**	**0.54**	**12.8**
Indicated	**0.20**	**322**	**0.47**	**4.8**
Inferred	**0.20**	**447**	**0.42**	**6.1**
Measured	**0.30**	**562**	**0.63**	**11.4**
Indicated	**0.30**	**216**	**0.58**	**4.0**
Inferred	**0.30**	**279**	**0.53**	**4.8**

Measured	**0.50**	**298**	**0.84**	**8.0**
Indicated	**0.50**	**96**	**0.81**	**2.5**
Inferred	**0.50**	**102**	**0.79**	**2.6**
Measured	**0.70**	**149**	**1.09**	**5.2**
Indicated	**0.70**	**42**	**1.10**	**1.5**
Inferred	**0.70**	**39**	**1.10**	**1.4**

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

Table 1.2 Surface Mine Mineral Resource defined at US $1,400 per Au ounce.

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

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

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

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

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

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

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

13.0 Mineral Reserve Estimates

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

14.0 Mining Methods

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

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

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

15.0 Recovery Methods

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

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

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

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

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

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

16.0 Project Infrastructure

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

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

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

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

17.0 Market Studies and Contracts

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

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

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

18.0 Environmental Studies, Permitting and Social and Community Impacts

Based on review of the studies completed to date, there are no known environmental issues that are anticipated to materially impact the Livengood Project's ability to extract the gold resource. The Company has been conducting environmental baseline studies at the Livengood Project since 2008. The environmental baseline programs conducted or currently underway at Livengood include:

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

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

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

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

19.0 Capital and Operating Costs

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

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

- Initial capital

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

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

The capital cost summary is as follows:

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

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

Table 1.3 Operating Cost Assumptions

Operating area	$/tonne processed	$/tonne mined	$/oz
Mining	$ 3.87	$ 1.77	$ 225
Processing	$ 6.81	-	$ 395
Administration	$ 0.81	-	$ 47
Refining and Transportation	$ 0.08	-	$4.73
Reclamation	$ 0.07	-	$ 4.16
Royalty @ 2.5%	$0.47		$27.50
Total	**$ 12.12**	**--**	**$ 703**

20.0 Economic Analyses

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

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

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

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

Economics			
IRR			**14.14%**
NPV*	0.00%	**$**	**3,109,058**
NPV*	5.00%	$	1,241,153
NPV*	7.50%	$	734,472
NPV*	10.00%	$	380,496
Summary Statistics			
Initial Capex		$	1,613,805
Sustaining Capex		$	584,658
Working Capex		$	31,774
Gold recovered-oz			12,924,668
Cash operating cost/oz		$	703
Total cost/oz		$	875
Stripping ratio			1.19
LOM mill Au recovery			81.6%

* - 000' $ US

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

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

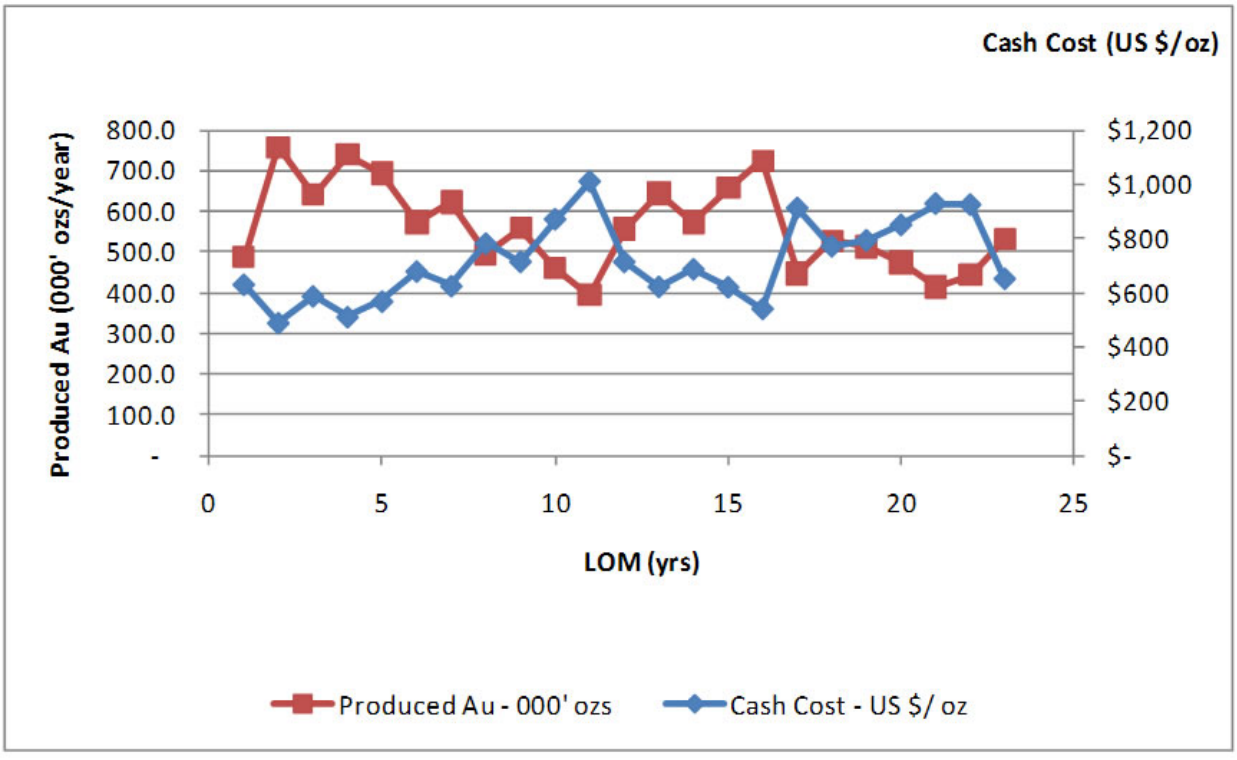


Table 1.5 Variation of Projected Livengood Project IRR and NPV (000' US $) for a gold price range of US $800 -$1,700.

Gold Price

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

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

Process recovery

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

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

Opex

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

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

Capex

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

21.0 Other Relevant Data and Information

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

22.0 Interpretation and Conclusions

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

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

23.0 Recommendations

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

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

The PEA is preliminary in nature, and is based on forward looking technical and economic assumptions which will be evaluated in the Pre-feasibility Study. The PEA is based on the Livengood in-situ resource model (August 2011, effective date of May 31, 2011) which consists of material in the measured, indicated and inferred classification. Inferred mineral resources are considered too speculative geologically to have technical and economic considerations applied to them. The current basis of project information is not sufficient to convert the in-situ mineral resources to mineral reserves, and mineral resources that are not mineral reserves do not have demonstrated economic viability. Accordingly, there can be no certainty that the results estimated in the PEA will be realized. The PEA results are only intended as an initial, first-pass review of the potential project economics based on preliminary information.

Planned Activities

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

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

Completion of the PFS is scheduled for the third quarter of 2012. The PFS underway will incorporate the mineral resource outlined in the Livengood Report, together with the results of geotechnical studies, metallurgical testing, updated capital and operating cost estimates and other relevant studies. While the bulk of engineering studies have been timely completed, a detailed metallurgical review of the PEA flow sheet has indicated further optimization is possible. Extensive metallurgical testing, including lock-cycle testing, additional gold deportment, HPGR characterization and pilot plant tests is ongoing. This advanced testing was scoped in Q3 2011 and composite samples were prepared in Q4 2011 from drill samples produced in the Summer 2011 drilling program.

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

In conjunction with the PFS program, the Company has initiated a front-end loading process during which the project configuration and design will be refined, with the objective of entering the permitting process. This work has provided the basis for the Winter 2012 field program, which is focussing on filling data gaps identified in the PFS. The design basis will be improved to support Feasibility Studies. Baseline environmental work will continue, and community outreach programs will be expanded.

In early March, 2012, the Company received the results for 73 in-fill drill holes completed late in 2011 which confirm the integrity of the May 2011 resource estimate contained in the Livengood Report. Based on the latest results, new internal resource estimates calculated for three areas of the deposit have been verified within 1% to contain the same tonnage, grade and contained ounces of gold as those calculated from the nominal 50-metre-spaced grid drilling used to calculate the May 2011 resource reported in the Livengood Report. The May 2011 resource estimate was based on 50-metre and, in fringe areas of the deposit, 75-metre grid drilling. Two areas of the deposit, the Core and Sunshine crosses, were selected for 15-metre-spaced reverse circulation (RC) in-fill drilling on crosses with north-south and east-west legs 150 metres in length. A third area, Area 50, measuring 195 metres by 240 metres, was drilled on a 37.5 -metre grid with alternating core and RC drilling. Two resources were generated for each volume using ordinary kriging on samples composited to 10-metre lengths: the first including those portions of the 50-metre grid drilling (May 2011 resource) within the volume; and a second using both the grid and close-spaced drilling within the same volume. On average, the effect of the increased drilling density on tonnage, grade, and contained ounces of gold is negligible (less than 1%).

Qualified Persons 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, acted as the Qualified Person, as defined in NI 43-101, for the May 2011 resource modeling for the Livengood deposit as included in the Livengood Report. 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 experience in operating, corporate and consulting environments. Both Mr. Carew and Reserva International, LLC. are independent of the Company under NI 43-101.

Mr. William J. Pennstrom, Jr., of Pennstrom Consulting Inc., a consulting metallurgical engineer, acted 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, as included in the Livengood Report. Mr. Pennstrom has a BS degree in Metallurgical Engineering and a Masters degree in 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 and is a Registered Member of the Society of Mining, Metallurgy and Exploration. Both Mr. Pennstrom and Pennstrom Consulting Inc. are independent of the Company under NI 43-101.

Mr. Scott Wilson, President of Scott E. Wilson Consulting Inc., is a consulting geologist specializing in surface mine design, optimization and analysis, production scheduling, due diligence evaluations and Mineral Resource and Reserve 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, as contained in the Livengood Report. Mr. Wilson has over 22 years' experience in surface mining and is a Registered Member of Society of Mining, Metallurgy and Exploration. Mr. Wilson and Scott E. Wilson Consulting Inc. are independent of the Company under NI 43-101.

Dr. Russell Myers CPG 11433, is a certified professional geologist of the Association of Professional Geologists. He is responsible for analysis of QA and QC data developed for drilling activities at Livengood, and is a qualified person as defined by National Instrument 43-101. He acted as such for the QA/QC sections of the Livengood Report. He holds a Ph.D. degree from the University of the Witwatersrand and has 25 years' experience managing surface exploration and drilling programs in North America, South America, Africa and Australia. Dr. Myers is not independent of ITH as he holds common shares and 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. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference material and replicate samples. Quality control is further assured by the use of international and in-house standards. Finally, representative blind duplicate samples are forwarded to ALS Chemex and an ISO compliant third party laboratory for additional quality control.

ITEM 6: DIVIDENDS

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

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of ITH is 500,000,000 Common Shares, of which 86,683,919 were issued as at December 31, 2011 and 86,683,919 were issued as at March 16, 2012. The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders, with each Common Share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares are entitled to dividends if, as and when declared by the Board. The Common Shares are entitled, upon liquidation, dissolution or winding up of ITH, to receive the remaining assets of ITH available for distribution to shareholders.

Shareholders' Rights Plan

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

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

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

Constraints

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

ITEM 8: MARKET FOR SECURITIES

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

Trading Price and Volume

The following table provides information as to the high, low and closing prices of the Common Shares on the TSX during the 7 months of the most recently completed financial year and since the most recent financial year end, as well as the volume of shares traded for each month:

Month	*High ($)*	*Low ($)*	*Close ($)*	*Volume*
March 1 – 15, 2012	5.01	4.35	4.40	1,800,180
February, 2012	5.52	4.98	5.02	1,736,400
January, 2012	5.61	4.42	5.42	2,149,900
December, 2011	5.18	3.71	4.43	4,024,600
November, 2011	5.92	4.67	5.17	6,158,800
October, 2011	5.71	4.69	5.02	3,459,700
September, 2011	8.15	5.08	5.33	4,033,000
August, 2011	8.45	6.49	7.93	3,126,800
July, 2011	8.00	7.03	7.20	2,503,200
June, 2011	8.24	6.25	7.28	3,091,200

ITEM 9: ESCROWED SECURITIES

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

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

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

Name, Position and Province/State and Country of Residence[1]	Principal Occupation During the Past 5 Years[1]	Period of Service as an Officer or Director[2]
James J. Komadina[5][7] Director, CEO Colorado, USA	Metallurgical Engineer; President and CEO and Director of the Company since June 1, 2011; previously President & COO, Brazauro Resources Ltd. (public mineral exploration company) 2009 - 2010; Senior V-P Project Development, Gold Fields Limited (public mining company), 2005 – 2009; President & CEO, North America for AngloGold Limited, 1999-2003, previously Executive VP and COO, Minorco/AngloGold North America (subsidiaries of public mining company), 1992-1999	CEO and Director since June 1, 2011 President since October 24, 2011

Name, Position and Province/State and Country of Residence[1]	Principal Occupation During the Past 5 Years[1]	Period of Service as an Officer or Director[2]
Jeffrey A. Pontius[5][7] Director Colorado, USA	Geologist; CEO and a director of Corvus Gold Inc. (public mineral exploration company) since August, 2010; President and CEO of the Company from September, 2006 to May, 2011; previously North American Exploration Manager for AngloGold Ashanti North America Inc. from 2004 to 2006 and also a Director of Anglo American Exploration (Canada) Ltd. (subsidiaries of a public mining company), 1999 to 2006.	Director since June 1, 2011 President and CEO September 22, 2006 to May 31, 2011
Donald C. Ewigleben[3][4][6] Chairman of the Board, Director Colorado, USA	Lawyer; President and CEO of Uranium Resources, Inc. (public uranium mining company) since 2009; previously President and CEO of AngloGold Ashanti North America Inc. and other positions with AngloGold Ashanti Ltd. (public mining company), 2000 - 2009.	Director since November 17, 2011
Mark R. Hamilton[4][5][6] Director Alaska, USA	Retired; U.S. Army Major General for 31 years of active military duty; previously president of the University of Alaska System from 1998 to 2011; previously Chief of Staff of the Alaskan Command at Elmendorf Air Force Base and Commander of Division Artillery at Fort Richardson; Director of Alaska Air Group Inc. (public aviation holding firm) from 2001 to 2011	Director since November 17, 2011
Roger R. Taplin[7] Director British Columbia, Canada	Barrister & Solicitor; Partner, McCarthy Tétrault (law firm) since 2003; previously partner at Deneys Reitz Attorneys (law firm) in Johannesburg, South Africa, 1997 - 2003	Director since November 17, 2011
Jonathan A. Berg Director New York, USA	Businessman; Director, Scorpio Mining Corporation (public mining company) , 2011 to present; previously director and non-executive chairman at Colombia Goldfields Ltd. (public mineral exploration company), December 2007 – November 2009; Vice-president, Finance, of PeriCor Therapeutics Inc. (private, clinical-stage specialty biopharmaceutical company), April 2005 – May 2010	Director since January 10, 2012

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]
Anton J. Drescher[3] 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 to present; Director of Trevali Mining Corporation (public natural resources company) since 2007; Director and CFO of USA Video Interactive Corp. (public video streaming company) since 1994.	Director since August, 1991 President, 1991 – September 22, 2006
Daniel A. Carriere[4][5][6][7] Director British Columbia, Canada	Businessman; Self-employed; previously, Senior Vice President, Corriente Resources Inc. (public mineral exploration company), 1996 – 2010; Director, ID Biomedical Inc. (public biomedical company) 1995 – 2005	Director since April 14, 2010
Timothy J. Haddon[3][7] Director Colorado, USA	Mining Engineer; President, CEO and a director of International Natural Resource Management Co. (private mining industry consulting service provider and investor) since 2002; Director, Alacer Gold Corporation (public gold mining company, formerly "Anatolia Minerals Development Ltd.") since 1998, also Chairman from 2003 to February, 2011 and since August 2011; Lead Director, Thompson Creek Metals Company Inc. (a mineral exploration and development company) since 2007.	Director since April 14, 2010
Robert D. Comer Chief Administrative Officer and General Counsel Colorado, USA	Lawyer; Chief Administrative Officer and General Counsel of the Company since January 1, 2012, previously Counsel, Faegre & Benson (law firm) February 2010 – January 1, 2012; Associate Solicitor for Minerals, Land and Water, Regional Solicitor and Counselor to the Solicitor for the Department of the Interior, 2002 to January 2010	Chief Administrative Officer and General Counsel since January 1, 2012
Lawrence W. Talbot[7] Vice-President 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	Vice-President since September 22, 2006 General Counsel from September 22, 2006 to January 1, 2012
Tom S. Q. Yip Chief Financial Officer Colorado, USA	Chartered Accountant; Chief Financial Officer of the Company since September, 2011, previously, Chief Financial Officer for Silver Standard Resources Inc. (public silver mining company), 2007 – August, 2011; Chief Financial Officer for Asarco, LLC (public mining company), 2006 to 2007	Chief Financial Officer since September 7, 2011

Name, Position and Province/State and Country of Residence[1]	Principal Occupation During the Past 5 Years[1]	Period of Service as an Officer or Director[2]
Shirley Zhou Vice-President, Corporate Communications British Columbia, Canada	Corporate Communications Professional: Vice- President, Corporate Communications of the Company since November, 2010; previously Manager, Corporate Communications, for the Company August 2010 – November 2010; Manager, Corporate Communications, Silvercorp Metals Inc. (public silver mining company) August 2008 – August 2010; Investor Relations Officer, Solex Resources Corp. (public mineral exploration company), June 2006 – June 2008; Investor Relations, Minco Silver Corporation (public mineral exploration company), March 2005 – June 2006	Vice-President, Corporate Communications since November , 2010

Notes:

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

2. All directorships expire at the next Annual General Meeting of the shareholders of ITH (which must be held before December 31, 2012). All officers hold office at the pleasure of the Board.

3. Denotes member of the Audit Committee.

4. Denotes member of the Compensation Committee.

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

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

7. Denotes member of the Mergers and Acquisitions Committee.

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

As at March 16, 2012, ITH's Directors and executive officers, as a group, beneficially hold a total of 1,711,739 Common Shares, directly or indirectly, representing 1.97% of the 86,683,919 issued Common Shares. ITH's Directors and executive officers, as a group, also hold the following incentive stock options to purchase up to the following numbers of Common Shares until the dates shown:

(a) 1,175,000 Common Shares exercisable at $7.34 per Common Share until April 14, 2012;

(b) 600,000 Common Shares exercisable at $6.57 per Common Share until August 19, 2012;

(c) 25,000 Common Shares exercisable at $9.15 per Common Share until January 10, 2013;

(d) 500,000 Common Shares exercisable at $7.47 per Common Share until July 28, 2013;

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

(f) 600,000 Common Shares exercisable at $8.07 per Common Shares until August 23, 2016 (subject to vesting provisions); and

(g) 650,000 Common Shares exercisable at $4.43 per Common Shares until January 3, 2017 (subject to vesting provisions).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

   For the purposes hereof, the term "order" means:

   (a) a cease trade order;

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

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

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

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

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

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

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

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

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

Conflicts of Interest

Certain Directors and officers of ITH are directors, officers and/or shareholders of other private and publicly listed companies, including companies that engage in mineral exploration and development and companies that hold Common Shares or other securities of ITH. To the extent that such other companies may participate in or be affected by ventures involving ITH, these Directors and officers of ITH may have conflicting interests in negotiating, settling and approving the terms of such ventures. Conflicts of interest affecting the Directors and officers of ITH will be governed by ITH's "Code of Business Conduct and Ethics", the Articles of ITH, the provisions of the BCBCA and other applicable laws and relevant stock exchange policies and requirements. In the event that such a conflict of interest arises at a meeting of the Directors, a Director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises.

ITEM 11: PROMOTERS

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

ITEM 12: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not currently, and has not since June 1, 2011 (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, 2011 (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 December 31, 2011;

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

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

ITEM 13: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No:

1. Director or executive officer of the Company;

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

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

has, during any of the fiscal years ended December 31, 2011, May 31, 2011 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 Tower Alaska, 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 consequence of the exercise of this "top-up" right, ITH has, subsequent to the fiscal year ended May 31, 2009, issued Common Shares to AngloGold on a private placement basis, as follows:

   (a) 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;

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

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

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

3. On November 10, 2010, the Company issued an aggregate of 754,765 common shares for aggregate gross proceeds of CAD 4,717,282 to AngloGold under its preferential right to participate in an equity offering of an aggregate of 16,860,000 shares. The price paid by AngloGold ($6.25) was the same as the other arm's length placees who participated in the placement.

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, 2011 (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".

3. Stock and Asset Purchase Agreement made effective as at December 13, 2011 among Tower Alaska, Alaska/Nevada Gold Mines Ltd. Heflinger Mining & Equipment Company, Carl Heflinger and Fred Heflinger with respect to the acquisition of certain placer mining claims and related rights in the vicinity of the Livengood Project, and including all of the shares of LPI.

4. Lease Amendment, Option Exercise, and Purchase and Sale Agreement by and among Karl Hanneman, VMC Revocable Trust and Tower Alaska dated as of December 13, 2011 with respect to of the exercise of an existing lease buyout option with respect to certain mining claims leased by the Company and forming part of the Livengood Project.

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 December 31, 2011, being ITH's most recently completed financial year; and

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

   (a) MacKay LLP, Chartered Accountants:

      (i) provided an auditor's report dated August 26, 2011 in respect of the Company's financial statements for the years ended May 31, 2011 and 2010, and

      (ii) provided an auditor's report dated March 16, 2012 in respect of the Company's financial statements for the period ended December 31, 2011 and for the year ended May 31, 2011 and incorporated by reference into this AIF.

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

(b) William Pennstrom, Jr., QPMMSA, SME, a "qualified person" for the purposes of NI 43- 101, is the author responsible for the preparation of sections 13, 17 and 22 (and the corresponding parts of sections 1 and 25) of the Livengood Report. Mr. Pennstrom holds less than 1% of the outstanding Common Shares;

(c) Tim Carew, P.Geo., a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of section 14 (and the corresponding parts of sections 1 and 25) of the Livengood Report. Mr. Carew holds less than 1% of the outstanding Common Shares;

(d) Carl E. Brechtel, P.E., a "qualified person" for the purposes of NI 43-101 is the author responsible for the preparation of sections 2, 3, 15, 18, 19, 20, 21, 24, 26 and 27 and the corresponding parts of sections 1 and 25 of the Livengood Report. At the time of the preparation of the Livengood Report, Mr. Brechtel was an employee of the Company. Mr. Brechtel holds less than 1% of the outstanding Common Shares;

(e) Russell Myers, CPG, a "qualified person" for the purposes of NI 43-101 is the author responsible for the preparation of sections 11.6 and 12 and the corresponding parts of sections 1 and 25 of the Livengood Report. Mr. Myers holds less than 1% of the outstanding Common Shares;

(f) Chris Puchner, CPG, a "qualified person" for the purposes of NI 43-101 is the author responsible for the preparation of sections 4, 5, 6, 7, 8, 9, 10, 11.1, 11.2, 11.3, 11.4, 11.5 and 23 and the corresponding parts of sections 1 and 25 of the Livengood Report. Mr. Puchner is an employee of the Company. Mr. Puchner holds less than 1% of the outstanding Common Shares; and

(g) Scott E. Wilson, SME, a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of section 16 and the corresponding parts of sections 1 and 25 of the Livengood Report. Mr. Wilson 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 December 31, 2011.

A copy of this AIF, the Information Circular, the Financial Statements and the MD&A, as well as any interim statements from the past fiscal year) may be found on the SEDAR website at www.sedar.com or be obtained upon request from the Vice-President 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" and "unrelated directors" of the Company within the meaning of all applicable legal and regulatory requirements (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

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

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

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

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

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

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

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

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

2.8 Meetings of the Committee will be conducted as follows:

(a) the Committee will meet:

(i) at least quarterly, and

(ii) may meet as many additional times:

A. as deemed necessary or appropriate by the Committee,

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

in each case at such times and at such locations as may be determined by the Committee or the chair of the Committee. Except in respect of a regularly scheduled meeting of the Committee, notice of such meeting, together with a proposed agenda, will be delivered to each member of the Committee not less that forty-eight (48) hours prior to the proposed meeting time (which notice may be waived by all of the members of the Committee); and

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

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

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

ARTICLE 3 - DUTIES AND RESPONSIBILITIES

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

(a) be directly responsible for:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the contents of their report,

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

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

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

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

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

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

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

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

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

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

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

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

(ii) effective internal control systems, and

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

(b) establish procedures for:

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

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

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

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

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

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

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

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

3.4 The Committee is also charged with the responsibility to:

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

(b) review and approve the financial sections of:

(i) the annual report to shareholders;

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

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

(iv) prospectuses; and

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

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

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

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

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

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

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

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

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

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

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

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

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

3.5 The Committee shall have the authority to determine:

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

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

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

ARTICLE 4 – GENERAL

4.1 The Committee will:

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

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

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

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

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

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

Composition of the Audit Committee

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

Name	Independent (Y/N)	Status
Anton J. Drescher (Chair)	Independent	Financially Literate
Timothy J. Haddon	Independent	Financially Literate
Donald C. Ewigleben	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 been the 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.

Donald C Ewigleben: Mr. Ewigleben is a lawyer with 35 years of experience in the mining industry overseeing legal, regulatory, environmental and government affairs. He is currently the President and Chief Executive Officer of Uranium Resources, Inc., a uranium producer with ISR mining projects in the state of Texas. Previously, he was President and Chief Executive Officer of AngloGold Ashanti North America and served as the Executive Officer – Sustainability & Legal Affairs for AngloGold Ashanti in the Americas. Mr. Ewigleben served as the Executive Officer – Law, Safety, Health & Environment for AngloGold Ashanti Ltd. in Johannesburg, South Africa in 2006 and 2007. Prior to becoming the CEO of AngloGold in 2004, Mr. Ewigleben served as President and CAO and as Vice President and General Counsel. Before joining AngloGold in 2000, he was the Vice President, Environmental and Public Affairs, for Echo Bay Mines. Prior to AngloGold and Echo Bay, Mr. Ewigleben served in various capacities for AMAX Gold and AMAX Coal Industries. He began his career as a governmental affairs representative for AMAX in Washington, DC and multiple state legislatures. Mr. Ewigleben has served on the Board of Directors for the National Mining Association, the Gold Institute, the Mining Association of Canada, numerous state and provincial coal and hard-rock mining associations and as a trustee of the Northwest Mining Association, the Eastern Mineral Law Foundation and the Rocky Mountain Mineral Law Foundation and has had experience with the review and understanding of the accounting principles relevant to the financial statements of public natural resource companies.

Timothy J Haddon: Mr. Haddon is currently the President, Chief Executive Officer, a director and 50% owner of International Natural Resource Management Co., a private company which invests in and provides consulting services to the mining industry. He has held those positions since 2002. He is also Chairman of the Board of Directors of Alacer Gold Corp., a gold mining company listed on the Toronto and Australian Stock Exchanges. He has been a director of that company (previously named Anatolia Minerals Development Limited) since September 1998 and Chairman from May 2003 to February 2011 and again since August 2011. Since 2007, Mr. Haddon has also served as lead director of Thompson Creek Metals Co.. From August 2006 until September 2007, Mr. Haddon also served as a director of NewWest Gold Corporation and from October 2005 until May 2007 he served as director of Ascendant Copper Corporation. From October 1997 to December 2002, he served as President and Chief Executive Officer of Archangel Diamond Corporation. From April 1994 to June 1997, he held various positions with First Dynasty Mines Ltd., the latest being Chairman and Chief Executive Officer, and, from June 1989 to March 1994, he served as President and Chief Executive Officer of Amax Gold Inc. He holds a Bachelor of Science in Mining Engineering from the Colorado School of Mines.

Reliance on Certain Exemptions

At no time since June 1, 2011 (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, 2011, 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]
December 31, 2011	$75,000	$22,000	$2,000	$Nil
May 31, 2011	$65,000	$96,000	$9,500	$Nil

(1) The aggregate audit fees billed.

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

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

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



CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Seven Months Ended December 31, 2011
Year Ended May 31, 2011

Corporate Head Office

2300-1177 West Hastings Street
Vancouver, BC
Canada
V6E 2K3
Tel: 604-683-6332

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 International Financial Reporting Standards as issued by the International Accounting Standards Board. 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 consolidated financial statements.

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

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with International Financial Reporting Standards ("IFRS"). 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 consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on our consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our consolidated financial statements would be prevented or detected.

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

"James Komadina"
James Komadina,
Chief Executive Officer

"Tom S. Q. Yip"
Tom S. Q. Yip,
Chief Financial Officer

March 16, 2012
Vancouver, Canada

December 31, 2011 and May 31, 2011

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CHARTERED ACCOUNTANTS
MacKay LLP

1100 – 1177 West Hastings Street
Vancouver, BC V6E 4T5
Tel: (604) 687-4511
Fax: (604) 687-5805
Toll Free: 1-800-351-0426
www.mackay.ca

Independent Auditor's Report

To the Shareholders of
International Tower Hill Mines Ltd.

We have audited the accompanying consolidated financial statements of International Tower Hill Mines Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011, May 31, 2011, and June 1, 2010, and the consolidated statements of comprehensive loss, changes in shareholders' equity, cash flows for the period ended December 31, 2011 and year ended May 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of International Tower Hill Mines Ltd. and its subsidiaries as at December 31, 2011, May 31, 2011, and June 1, 2010 and their financial performance and their cash flows for the period ended December 31, 2011 and the year ended May 31, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Vancouver, Canada
March 16, 2012

"MacKay LLP"
Chartered Accountants

CHARTERED ACCOUNTANTS
MacKay LLP

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

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

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

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

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

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the period ended December 31, 2011 of the Company and our report dated March 16, 2012 expressed an unqualified opinion on those financial statements.

Vancouver, Canada
March 16, 2012

"MacKay LLP"
Chartered Accountants

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2011	May 31, 2011 (note 18)	June 1, 2010 (note 18)
ASSETS				
Current				
Cash and cash equivalents	4a	$ 55,642,179	$ 111,165,126	$ 43,460,324
Marketable securities	5	302,500	662,500	360,000
Accounts receivable		468,806	185,733	110,214
Prepaid expenses		185,854	378,492	274,246
Current assets related to discontinued operations	2	-	-	13,663
Total current assets		56,599,339	112,391,851	44,218,447
Property and equipment	6	124,744	143,571	80,040
Exploration and evaluation assets	7	158,041,441	71,103,123	39,500,278
Long-term assets related to discontinued operations	2	-	-	11,672,708
Total assets		$ 214,765,524	$ 183,638,545	$ 95,471,473
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 10,495,049	$ 4,037,428	$ 1,187,865
Current liabilities related to discontinued operations	2	-	-	85,094
Total current liabilities		10,495,049	4,037,428	1,272,959
Non-current liabilities				
Derivative liability	8	21,153,600	-	-
Total liabilities		31,648,649	4,037,428	1,272,959
Shareholders' equity				
Share capital	10	215,865,086	215,544,180	124,277,370
Contributed surplus		20,673,111	13,288,996	14,240,223
Accumulated other comprehensive loss		82,959	(6,767,665)	-
Deficit		(53,504,281)	(42,464,394)	(44,319,079)
Total shareholders' equity		183,116,875	179,601,117	94,198,514
Total liabilities and shareholders' equity		$ 214,765,524	$ 183,638,545	$ 95,471,473

Nature and continuance of operations (note 1)
Commitments (note 15)
Subsequent event (note 17)

On behalf of the Board:

"James Komadina" (signed) Director
Mr. James J. Komadina

"Anton Drescher"(signed) Director
Mr. Anton J. Drescher

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	December 31, 2011	May 31, 2011
			(note 18)
Expenses			
Administration		$ 4,389	$ 31,544
Charitable donations		16,665	64,637
Consulting fees	10, 11	1,807,563	1,570,146
Depreciation		21,789	42,375
Insurance		129,354	215,228
Investor relations	10, 11	322,777	1,239,208
Office and miscellaneous		133,177	281,840
Professional fees	10, 11	649,763	655,619
Property investigations		-	2,557
Regulatory		133,829	188,121
Rent		144,660	167,697
Telephone		4,155	49,688
Travel		200,150	210,192
Wages and benefits	10, 11	9,981,236	5,505,589
Loss before other items		(13,549,507)	(10,224,441)
Other items			
Gain (loss) on foreign exchange		72,624	91,552
Interest income		590,913	675,146
Income from mineral property earn-in		-	311,312
Spin-out cost	2	(148,657)	(593,754)
Unrealized gain on derivative liability	8	2,354,740	-
Unrealized gain (loss) on marketable securities	5	(360,000)	182,500
		2,509,620	666,756
Loss from continuing operations		(11,039,887)	(9,557,685)
Loss from discontinued operations	2	-	(934,157)
Net loss for the period		(11,039,887)	(10,491,842)
Other comprehensive income (loss)			
Exchange difference on translating foreign operations		6,850,624	(6,767,665)
Total other comprehensive income (loss) for the period		6,850,624	(6,767,665)
Comprehensive loss for the period		$ (4,189,263)	$ (17,259,507)
Basic and fully diluted loss per share from continuing operations		$ (0.13)	$ (0.12)
Basic and fully diluted loss per share from discontinued operations		$ -	$ (0.01)
Weighted average number of shares outstanding		86,683,919	77,550,644

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of shares (old)	Share capital (old)	Number of shares (new)	Share capital (new)	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, June 1, 2010 (note 18)	66,117,922	$ 124,277,370	-	$ -	$ 14,240,223	$ -	$ (44,319,079)	$ 94,198,514
Exercise of warrants	48,099	141,892	-	-	-	-	-	141,892
Exercise of options	1,062,200	1,867,950	-	-	-	-	-	1,867,950
Share-based payments	-	-	-	-	3,885,118	-	-	3,885,118
Reallocation from contributed surplus	-	2,252,099	-	-	(2,252,099)	-	-	-
Share issuance costs	-	(8,657)	-	-	-	-	-	(8,657)
Transfer of Nevada and Other Alaska Business to Corvus	-	-	-	-	(24,599,328)	-	12,346,527	(12,252,801)
Working capital contribution to Corvus	-	-	-	-	(3,300,000)	-	-	(3,300,000)
Distribution of the common shares of Corvus to ITH shareholders as a return of capital	-	(27,899,328)	-	-	27,899,328	-	-	-
Exchange of old shares of ITH for new shares of ITH at a ratio of 1:1	(67,228,221)	(100,631,326)	67,228,221	100,631,326	-	-	-	-
Private placement	-	-	17,505,805	109,434,227	-	-	-	109,434,227
Exercise of options	-	-	1,915,000	6,634,950	-	-	-	6,634,950
Share-based payments	-	-	-	-	511,868	-	-	511,868
Adjustment due to rounding	-	-	(107)	-	-	-	-	-
Reallocation of contributed surplus	-	-	-	3,096,114	(3,096,114)	-	-	-
Share issuance costs	-	-	-	(4,252,437)	-	-	-	(4,252,437)
Net loss	-	-	-	-	-	-	(10,491,842)	(10,491,842)
Exchange difference on translating foreign operations	-	-	-	-	-	(6,767,665)	-	(6,767,665)
Balance, May 31, 2011	-	$ -	86,648,919	$ 215,544,180	$ 13,288,996	$ (6,767,665)	$ (42,464,394)	$ 179,601,117

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd)
(Expressed in Canadian Dollars)

	Number of shares (new)	Share capital (new)	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, May 31, 2011	86,648,919	$ 215,544,180	$ 13,288,996	$ (6,767,665)	$ (42,464,394)	$ 179,601,117
Exercise of options	35,000	229,950	-	-	-	229,950
Share-based payments		-	7,475,071	-	-	7,475,071
Reallocation from contributed surplus	-	90,956	(90,956)	-	-	-
Share issuance costs	-	-	-	-	-	-
Net loss	-	-	-	-	(11,039,887)	(11,039,887)
Exchange difference on translating foreign operations	-	-	-	6,850,624	-	6,850,624
Balance, December 31, 2011	86,683,919	$ 215,865,086	$ 20,673,111	$ 82,959	$ (53,504,281)	$ 183,116,875

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Note	December 31, 2011	May 31, 2011
Operating Activities			
Loss for the period from continuing operations		$ (11,039,887)	$ (9,557,685)
Add items not affecting cash:			
Depreciation		21,789	42,375
Share-based payments	10	7,475,071	3,575,815
Unrealized gain on derivative liability		(2,354,740)	-
Unrealized (gain) loss on marketable securities		360,000	(182,500)
Spin-out recovery		-	(120,000)
(Gain) loss on foreign exchange		(72,624)	(91,552)
Changes in non-cash items:			
Accounts receivable		(283,073)	(75,519)
Prepaid expenses		183,793	(108,943)
Accounts payable and accrued liabilities		126,387	(152,916)
Cash used in operating activities of continuing operations		**(5,583,284)**	**(6,670,925)**
Loss for the year from discontinued operations		-	(934,157)
Add items not affecting cash:			
Stock-based compensation		-	756,202
(Gain) loss on foreign exchange		-	(20,318)
Cash used in operating activities of discontinued operations		**-**	**(198,273)**
Financing Activities			
Issuance of share capital		229,950	118,079,019
Share issuance costs		**-**	(4,261,094)
Cash provided by financing activities of continuing operations		**229,950**	**113,817,925**
Additional funding to Corvus		-	(764,512)
Cash transferred on Plan of Arrangement	2	-	(3,300,000)
Cash used in financing activities of discontinued operations		**-**	**(4,064,512)**
Investing Activities			
Expenditures on exploration and evaluation assets		(50,407,378)	(35,896,786)
Expenditures on property and equipment		(2,962)	(105,906)
Cash used in investing activities of continuing operations		**(50,410,340)**	**(36,002,692)**
Expenditures on exploration and evaluation assets, net of costs recovered		-	616,684
Cash provided by (used in) investing activities of discontinued operations		**-**	**616,684**
Effect of foreign exchange on cash of continuing operations		**240,727**	**186,277**
Effect of foreign exchange on cash of discontinued operations		**-**	**20,318**
(Decrease) increase in cash and cash equivalents		(55,522,947)	67,704,802
Cash and cash equivalents, beginning of period		111,165,126	43,460,324
Cash and cash equivalents, end of period		$ 55,642,179	$ 111,165,126

Supplemental cash flow information (note 16)

The accompanying notes are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

International Tower Hill Mines Ltd. ("ITH" or the "Company") is incorporated under the laws of British Columbia, Canada. The Company's head office address is 2300-1177 West Hastings Street, Vancouver, British Columbia, Canada. International Tower Hill Mines Ltd. consists of ITH and its wholly owned subsidiaries Tower Hill Mines, Inc. (formerly "Talon Gold Alaska, Inc.") ("TH Alaska") (an Alaska corporation), Tower Hill Mines (US) LLC (formerly "Talon Gold (US) LLC") ("TH US") (a Colorado limited liability company), Livengood Placers, Inc. ("LPI") (a Nevada corporation), and 813034 Alberta Ltd. (an Alberta corporation). 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 December 31, 2011, the Company was in the exploration stage and controls a 100% interest in its Livengood project in Alaska, U.S.A.

These consolidated financial statements have been prepared 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 period, the Company has raised $229,950 (May 31, 2011 - $118,079,019) through the issuance of common shares and has working capital at December 31, 2011 of $46,104,290 (May 31, 2011 - $108,354,423; June 1, 2010 – $42,945,488) which is considered sufficient to fund its operations and exploration program for the ensuing year.

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 exploration and evaluation assets 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 exploration and evaluation assets. The carrying values of the Company's exploration and evaluation assets do not reflect current or future values. 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.

2. DISCONTINUED OPERATIONS AND TRANSFER OF EXPLORATION AND EVALUATION ASSETS

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

The Company did not realize any gain or loss on the transfer of the Nevada and Other Alaska Business, which was comprised of a working capital contribution of $3,300,000 and the other Nevada and Other Alaska Business assets and liabilities as at the effective date of the Arrangement. Costs of the Arrangement, comprised principally of tax, legal and regulatory expense, amounted to expenses of $148,657 (May 31, 2011 - $593,754).

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

2. DISCONTINUED OPERATIONS AND TRANSFER OF EXPLORATION AND EVALUATION ASSETS (cont'd)

The Company has, in accordance with International Financial Reporting Standards ("IFRS") 5, "Non-current Assets Held for Sale and Discontinued Operations", accounted for the financial results associated with the Nevada and Other Alaska Business up to the date of the Arrangement as discontinued operations in these consolidated financial statements and has reclassified the related amounts for the prior years.

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

The following table shows the results related to discontinued operations for the seven months ended December 31, 2011 and the year ended May 31, 2011. Included therein is $nil (May 31, 2011 - $756,202) of share-based payment charges:

	December 31, 2011	May 31, 2011
Administration	$ -	$ 1,780
Charitable donations	-	5,413
Consulting fees	-	265,721
Foreign exchange gain	-	(20,318)
Insurance	-	10,099
Investor relations	-	130,737
Office and miscellaneous	-	7,214
Professional fees	-	40,741
Property investigations	-	291
Regulatory	-	3,816
Rent	-	5,302
Telephone	-	2,418
Travel	-	5,625
Wages and benefits	-	475,318
	$ -	$ 934,157

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

	August 25, 2010
Cash and cash equivalents	$ 1,203,240
Accounts receivable	199
Prepaid expenses	3,200
Exploration and evaluation assets	12,392,408
Accounts payable	(773,264)
Net assets transferred to Corvus	$ 12,825,783

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Canadian Institute of Chartered Accountants Handbook was revised in 2010 to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"),and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly the Company has commenced reporting on this basis in its consolidated financial statements.

These consolidated financial statements have been prepared in accordance with IFRS 1, "First-Time Adoption of International Financial Reporting Standard". The accounting policies followed in these consolidated financial statements are the same as those applied in the Company's condensed consolidated interim financial statements for the three months ended August 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if the policies had always been in effect.

Note 18 discloses the impact of the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS on our reported financial position, operations and cash flows, including the nature and effect of significant changes in accounting policies from those used in our consolidated financial statements for the year ended May 31, 2011.

The policies applied in these consolidated financial statements are presented in this note and are based on IFRS issued and outstanding as of March 16, 2012, the date the Board of Directors approved the consolidated financial statements for issue.

The Company changed its fiscal year end from May 31 to December 31. This change will better align the Company's financial reporting with its operational and budgeting cycle as well as align the financial reporting to those of other industry participants in the mineral resource exploration, development and production sectors. As a result of the Company changing its fiscal year end to December 31, these consolidated financial statements are for the seven month period from the previous year ended May 31, 2011 to December 31, 2011. Due to the change in year end, amounts presented in these consolidated financial statements may not be comparable and therefore these consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended May 31, 2011.

Basis of consolidation

These consolidated financial statements include the accounts of ITH and its wholly owned subsidiaries TH Alaska, TH US, LPI and 813034 Alberta Ltd. All intercompany transactions and balances have been eliminated.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as FVTPL which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars.

Significant judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. These judgments, estimates and assumptions are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. While management believes the estimates to be reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The areas which require significant judgment and estimates that management has made at the financial reporting date, that could result in a material change to the carrying amounts of assets and liabilities, in the event actual results differ from the assumptions made, relate to, but are not limited to the following:

Significant estimates

a) the fair value determination and inputs used in the valuation of the derivative liability;

b) the tax basis of assets and liabilities and related deferred income tax assets and liabilities;

c) the fair value determination and inputs used in valuation of share-based payments;

d) amounts of provisions, if any, for environmental rehabilitation and restoration; and

e) the allocation of administrative expenses to discontinued operations.

Significant judgments

a) the estimated useful lives of property and equipment;

b) the determination of functional currencies; and

c) the analysis of resource calculations, drill results, labwork, etc. which can impact the Company's assessment of impairments, calculation of depreciation, and provisions, if any, for environmental rehabilitation and restoration.

Foreign currency transactions

The presentation currency of the Company is the Canadian dollar.

Foreign currency accounts are translated into Canadian dollars as follows:

The functional currency of each of the parent Company and each subsidiary is measured using the currency of the primary economic environment in which that entity operates. The functional currency of TH Alaska, TH US, and LPI is US dollars and for the parent company, the functional currency is Canadian dollars.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statements of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) in the consolidated statements of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the nonmonetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency transactions

Parent and Subsidiary Companies:

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's exchange difference on translating foreign operations on the Statement of Comprehensive Loss and are reported as a separate component of shareholders' equity titled "accumulated other comprehensive loss". These differences are recognized in the profit or loss in the period in which the operation is disposed of.

Financial instruments

a) Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL")

A financial asset is classified as FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets classified as FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash and cash equivalents and marketable securities are classified as FVTPL and are accounted for at fair value.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Held-to-maturity

Held-to-maturity financial assets are measured at amortized cost. The Company does not have any financial assets classified as held-to-maturity.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Loans and receivables comprise accounts receivables.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

b) Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and derivative financial liabilities.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Other financial liabilities include accounts payable and accrued liabilities.

Derivative financial liabilities

Derivative financial liabilities are classified as held for trading. Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include the Company's future contingent payment valued using estimated future gold prices.

Cash and cash equivalents

Cash equivalents include highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Marketable securities

Marketable securities held in companies with an active market are classified as FVTPL. Marketable securities held in non-public companies without an active market are classified as non-current assets and are valued at fair value. In situations where fair value is indeterminable or impracticable to determine, the shares are recorded at cost. This may occur when non-public company shares are received as payment for mineral properties. In such situations cost is determined by reference to the issue price of similar shares issued by the non-public entity for cash, at or near the time of issue of the investment shares, and in similar volumes. When at future measurement dates fair value is still indeterminable, or impracticable, cost is used as the measure of fair value. When there is evidence of impairment the shares are written-down to expected realizable value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and equipment

a) Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

b) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

c) Major maintenance and repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

d) Gains and losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

e) Depreciation

Depreciation is recorded over the estimated useful life of the assets at the following annual rates:

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

Additions during the year are depreciated at one-half the annual rates.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Mineral Exploration and Evaluation Expenditures

The Company's mineral project is currently in the exploration and evaluation phase.

a) Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

b) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are capitalized. These include acquisition costs and direct expenditures such as analyzing historical exploration data, topographical, geochemical and geophysical studies, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the Statement of Comprehensive Loss.

The Company assesses interests in exploration properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development costs". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to property carrying values.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment of non-current assets

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of non-current assets (cont'd)

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

Provisions for environmental rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. The liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Additional disturbances and changes in closure and reclamation estimates are accounted for as incurred with a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are expected to be incurred at the end of the life of mine.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share capital

The proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to capital stock.

Valuation of equity units issued in private placements

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

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

Earnings (loss) per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Equity-settled awards are not revalued subsequent to the initial grant date.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Statement of Comprehensive Loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. Equity instruments granted to non-employees that vest over time are revalued over the vesting period.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payments (cont'd)

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be reliably measured, it is recorded at the carrying amount (after reduction, when appropriate, for impairment) of the asset given up adjusted by the fair value of any monetary consideration received or given. When the asset received or the consideration given up is shares in an actively traded market, the value of those shares will be considered fair value.

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.

Future accounting changes

IFRS 9, Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such investments are either recognised at FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognised in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Future accounting changes (cont'd)

In May 2011 the International Accounting Standards Board ("IASB") issued the following five new standards: IFRS 10, Consolidated Financial Statements; IFRS 11, Joint Arrangements; IFRS 12, Disclosure of Involvement in Other Entities; along with amendments to the current and renamed IAS 27, Separate Financial Statements & IAS 28, Investments in Associates and Joint Ventures. These standards are required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standards or determined whether it will adopt the standards early.

In October 2011 the IASB issued IFRIC 20, Stripping Costs in the Production Phase of a Mine. This interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet assessed the impact of the interpretation or determined whether it will adopt the interpretation early.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Fair Value

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the significance of the inputs used in making the measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

	Financial assets and liabilities at fair value as at December 31, 2011		
	Level 1	**Level 2**	**Level 3**
Financial assets:			
Cash and cash equivalents	$ 55,642,179	$ -	$ -
Marketable securities (note 5)	302,500	-	-
	$ 55,944,679	$ -	$ -
Financial liabilities:			
Derivative liability (note 8)	$ -	$ 21,153,600	$ -
	$ -	$ 21,153,600	$ -

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

	Financial assets at fair value as at May 31, 2011		
	Level 1	Level 2	Level 3
Financial assets:			
Cash and cash equivalents	$ 111,165,126	$ -	$ -
Marketable securities (note 5)	662,500	-	-
	$ 111,827,626	$ -	$ -

	Financial assets at fair value as at June 1, 2010		
	Level 1	Level 2	Level 3
Financial assets:			
Cash and cash equivalents	$ 43,460,324	$ -	$ -
Marketable securities (note 5)	360,000	-	-
	$ 43,820,324	$ -	$ -

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 counterparty 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 relating to financial assets is as follows:

	December 31, 2011	May 31, 2011	June 1, 2010
Cash and cash equivalents	$ 55,642,179	$ 111,165,126	$ 43,460,324
Accounts receivable	$ 468,806	$ 185,733	$ 110,214

At December 31, 2011, the Company held a total of $45,068,000 (May 31, 2011 - $102,310,928, June 1, 2010 -$26,537,499) cash equivalents which consist of interest saving accounts and Guaranteed Investment Certificates ("GICs"):

	Quantity	Maturity Date	Annual Yield
TD Mortgage Corporation (GIC)	$ 42,068,000	April 16, 2012	1.36%
Advisor's Advantage Trust	3,000,000	May 7, 2012	1.30%
	$ 45,068,000		

The Company's cash and cash equivalents at December 31, 2011 consists of $47,008,802 in Canada and $8,633,377 in the United States. Concentration of credit risk exists with respect to the Company's Canadian cash and cash equivalents as all amounts are held at two major Canadian financial institutions. Credit risk with regard to cash held in the United States is mitigated as the amount held in the United States is only sufficient to cover short-term requirements. With respect to receivables at December 31, 2011, the Company is not exposed to significant credit risk as the receivables are from governmental agencies and interest accruals.

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

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows for operations and anticipated investing and financing activities. The Company normally maintains sufficient cash and cash equivalents to meet the Company's business requirements. At December 31, 2011, the Company had accounts payable and accrued liabilities of $10,495,049 (May 31, 2011 - $4,037,428, June 1, 2010 - $1,187,865), which are all payable within six months and are expected to be settled from available working capital as they come due. The cash and cash equivalents balance of $55,642,179 will be sufficient to meet the mandatory needs for the coming year.

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

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents consists of cash and cash equivalents held in bank accounts and short term deposit certificates of GIC's with two major Canadian financial institutions that earn interest at variable interest rates. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

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 $225,000.

(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 exploration and evaluation asset expenditure commitments denominated in United States dollars. The Company's sensitivity analysis suggests that a consistent 8% 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 $623,000. Furthermore, because of the Company's significant amount of evaluation and exploration assets which are revalued at the end of each reporting period using the period end exchange rate, significant changes in the exchange rates could cause significant changes to the amounts recorded to accumulated other comprehensive income.

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

c) Market risk

(ii) Foreign currency risk (cont'd)

As at December 31, 2011, the Company had the following financial instruments in USD:

	CAD equivalent	USD
Cash	$ 8,709,370	$ 8,563,785
Accounts payable and accrued liabilities	$ 10,184,489	$ 10,014,246
Derivative liability	$ 21,153,600	$ 20,800,000

As at December 31, 2011, USD amounts were converted at a rate of USD 1 to CAD 1.017.

(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. The Company's derivative liability is also exposed to other price risk. The fair value of this liability will fluctuate with the average daily price of gold as well as with future projections for the average price of gold over the life of the obligation. For every dollar change in the average daily price of gold, the value of the derivative liability will change by USD 23,148.

5. MARKETABLE SECURITIES

	December 31, 2011	May 31, 2011	June 1, 2010
Millrock Resources Inc.	$ 214,500	$ 422,500	$ 273,000
Ocean Park Ventures Corp.	88,000	240,000	87,000
	$ 302,500	$ 662,500	$ 360,000

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

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

Fair value adjustment for the seven months ended December 31, 2011 amounted to an unrealized loss of $360,000 (May 31, 2011 - $182,500 gain).

6. PROPERTY AND EQUIPMENT

	Furniture and Equipment	Computer Equipment	Computer Software	Leasehold Improvements	Total
Cost					
Balance at June 1, 2010	$ 8,215	$ 125,576	$ 89,476	$ 17,061	$ 240,328
Additions	46,192	59,714	-	-	105,906
Disposals	-	-	-	-	-
Balance at May 31, 2011	54,407	185,290	89,476	17,061	346,234
Additions	-	2,962	-	-	2,962
Disposals	-	-	-	-	-
Balance at Dec 31, 2011	$ 54,407	$ 188,252	$ 89,476	$ 17,061	$ 349,196
Depreciation and impairment losses					
Balance at June 1, 2010	$ (3,700)	$ (60,148)	$ (89,476)	$ (6,964)	$ (160,288)
Depreciation for the period	(5,313)	(26,965)	-	(10,097)	(42,375)
Disposals	-	-	-	-	-
Balance at May 31, 2011	(9,013)	(87,113)	(89,476)	(17,061)	(202,663)
Depreciation for the period	(5,206)	(16,583)	-	-	(21,789)
Disposals	-	-	-	-	-
Balance at Dec 31, 2011	$ (14,219)	$ (103,696)	$ (89,476)	$ (17,061)	$ (224,452)
Carrying amounts					
At June 1, 2010	$ 4,515	$ 65,428	$ -	$ 10,097	$ 80,040
At May 31, 2011	$ 45,394	$ 98,177	$ -	$ -	$ 143,571
At Dec 31, 2011	$ 40,188	$ 84,556	$ -	$ -	$ 124,744

7. EXPLORATION AND EVALUATION ASSETS

	Total
Balance, June 1, 2010	$ 39,500,278
Acquisition costs:	
Cash payments	31,070
Common shares issued	-
	31,070
Deferred exploration costs:	
Advance to contractors	276,555
Aircraft services	346,568
Assay	3,502,374
Drilling	13,633,947
Equipment rental	2,015,862
Field costs	5,281,089
Geological/geophysical	9,984,494
Land maintenance & tenure	2,660,912
Legal	58,075
Transportation	319,041
Travel	235,700
	38,314,617
Total expenditures for the year	38,345,687
Cumulative translation adjustments	(6,742,842)
Balance, May 31, 2011	71,103,123
Acquisition costs:	
Cash consideration (see note 8)	48,777,927
Common shares issued	-
	48,777,927
Deferred exploration costs:	
Advance to contractors	(411,865)
Aircraft services	2,223,419
Assay	1,769,256
Drilling	9,982,001
Environmental	2,838,071
Equipment rental	1,125,811
Field costs	7,460,642
Geological/geophysical	5,670,982
Land maintenance & tenure	565,799
Legal	164,488
Surveying and mapping	405,680
Transportation	6,178
Travel	(209)
	31,800,253
Total expenditures for the year	80,578,180
Cumulative translation adjustments	6,360,138
Balance, December 31, 2011	$ 158,041,441

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

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

(i) Livengood Property

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

Details of the leases are as follows:

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

- a lease of State of Alaska mining claims for a term of ten years, commencing on September 11, 2006. The lease requires payments of USD 75,000 on execution (paid), USD 50,000 in each of years 2 – 5 (paid to year 5) and USD 100,000 in each of years 6 – 10 and work expenditures of USD 100,000 in year one (incurred), USD 200,000 in each of years 2 – 5 (incurred to year 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). During December 2011 the Company exercised its option to acquire all the interests in the 169 State of Alaska claims previously held under this lease. Total cash consideration of USD 11,044,000 was paid by the Company for the acquisition of these claims. There are no further outstanding or ongoing obligations to the sellers on these state claims.

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

Properties acquired from AngloGold, Alaska (cont'd)

(i) Livengood Property (cont'd)

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

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

- a lease of patented federal claims having an initial term of ten years, and for so long thereafter as the Company pays the lessors the minimum royalties required under the lease. The lease requires a bonus payment of USD 10,000 on signing (paid), and minimum royalties of USD 10,000 on or before January 18, 2008 (paid), USD 10,000 on or before January 18, 2009 (paid), USD 10,000 on or before January 18, 2010 (paid) and an additional USD 20,000 on or before each of January 18, 2011 through January 18, 2016 (paid USD 40,000 in December 2010 and 2011) and an additional USD 25,000 on each subsequent January 18 thereafter during the term (all of which minimum royalties are recoverable from production royalties). An NSR production royalty of 3% is payable to the lessors. The Company may purchase all interest of the lessors in the leased property (including the production royalty) for USD 1,000,000 (less all minimum and production royalties paid to the date of purchase), of which USD 500,000 is payable in cash over four years following the closing of the purchase and the balance of USD 500,000 is payable by way of the 3% NSR production royalty.

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

Livengood land purchase

In December 2011, the Company completed a transaction to acquire certain mining claims and related rights in the vicinity of the Livengood Project. This acquisition included both mining claims and all of the shares of Livengood Placers, Inc. (an Alaska corporation). These assets were purchased for aggregate consideration of USD 36,600,000 allocated between cash consideration of USD 13,500,000 and a derivative liability of USD 23,100,000. Of the USD 13,500,000 cash consideration, USD 5,000,000 was paid at the date of acquisition and USD 8,500,000 is payable in March 2012 and is included in "accounts payable and accrued liabilities" on the consolidated statements of financial position. The derivative liability is a contingent payment based on the five-year average daily gold price ("Average Gold Price")

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

Properties acquired from AngloGold, Alaska (cont'd)

(i) Livengood Property (cont'd)

Livengood land purchases (cont'd):

from the date of the acquisition (see note 8). The derivative liability (payable in December 2016) will equal USD 23,148 for every dollar that the Average Gold Price exceeds USD 720 per troy ounce. If the Average Gold Price is less than USD 720, there will be no additional contingent payment. The subject ground was previously vacant or was used for placer gold mining.

Acquisitions

The acquisition of title to mineral properties is a detailed and time-consuming process. The Company has taken steps, in accordance with industry standards, to verify title to mineral properties in which it has an interest. Although the Company has taken every reasonable precaution to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

Environmental Expenditures

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries. The Company does not have any material provisions for environmental rehabilitation as of December 31, 2011.

8. DERIVATIVE LIABILITY

As discussed in note 7 above, the Company acquired certain mining claims and related rights in the vicinity of the Livengood Project located near Fairbanks, Alaska. The aggregate consideration was USD 13,500,000 in cash plus an additional contingent payment based on the five-year average daily gold price ("Average Gold Price") from the date of the acquisition. The contingent payment will equal USD 23,148 for every dollar that the Average Gold Price exceeds USD 720 per troy ounce. If the Average Gold Price is less than USD 720, there will be no additional contingent payment. This additional contingent payment is classified as a derivative liability and is recognized at FVTPL.

At initial recognition on December 13, 2011 the derivative liability was valued at USD 23,100,000. The key assumption used in the valuation of the derivative is the estimate of the future Average Gold Price. The estimate of the future Average Gold Price was determined using a forward curve on future gold prices as published by the CME Group. The CME Group represents the merger of the Chicago Mercantile Exchange (CME), the Chicago Board of Trade (CBOT), the New York Mercantile Exchange (NYMEX) and its commodity exchange division, Commodity Exchange, Inc. (COMEX). Using this forward curve, the Company estimated an Average Gold Price five years from the date of acquisition of USD 1,720 per ounce of gold. Based on the inputs and assumptions used in valuing the derivative liability, it has been classified as a Level 2 financial instrument as defined in note 4 above.

8. DERIVATIVE LIABILITY (cont'd)

At December 31, 2011 the derivative was revalued using the same methodology as above. The Company estimated an Average Gold Price over the term of the agreement at December 31, 2011 of USD 1,619 per ounce of gold. This estimate of the Average Gold Price resulted in a fair value of the derivative liability of USD 20,800,000. As the derivative liability is classified as a FVTPL, the change in fair value from initial recognition to December 31, 2011 was recognized as a gain in the consolidated statements of comprehensive loss.

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows for the period ended December 31, 2011 and the year ended May 31, 2011:

	December 31, 2011	May 31, 2011
Loss from continuing operations before income taxes	$ (11,039,887)	$ (9,557,685)
Statutory Canadian corporate tax rate	26.50%	27.67%
Income tax recovery at statutory rates	$ (2,925,570)	$ (2,644,611)
Share-based payments	1,980,894	1,216,646
Unrecognized items for tax purposes	(423,885)	(282,595)
Effect of tax rate change	17,655	43,858
Difference in tax rates in other jurisdictions	(348,000)	(690,466)
Unrecognized amounts	1,698,906	2,357,168
Income tax recovery	$ -	$ -

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	December 31, 2011	May 31, 2011
Deferred income tax assets (liabilities)		
Mineral properties	$ 656,948	$ 656,966
Equipment	(4,544)	(5,345)
Marketable securities	22,188	(22,813)
Derivative liability	(510,979)	-
Charitable donations	92,481	85,249
Share issue costs	972,747	1,171,193
Non-capital losses available for future periods	12,321,366	9,966,068
	13,550,207	11,851,318
Unrecognized deferred tax assets	(13,550,207)	(11,851,318)
Deferred income tax asset	$ -	$ -

9. INCOME TAXES (cont'd)

At December 31, 2011, the Company has available non-capital tax losses for Canadian income tax purposes of approximately $13,373,000 and net operating losses for US income tax purposes of approximately $20,687,000 available for carry-forward to reduce future years' taxable income, if not utilized, expiring as follows:

	Canada	United States
2025	$ 82,000	$ -
2026	92,000	-
2027	1,031,000	1,423,000
2028	1,301,000	1,402,000
2029	2,378,000	2,982,000
2030	3,014,000	6,063,000
2031	5,475,000	8,817,000
	$ 13,373,000	$ 20,687,000

In addition, the Company has available mineral resource related expenditure pools for Canadian income tax purposes totalling approximately $2,628,000 which may be deducted against future taxable income in Canada on a discretionary basis. The Company also has available mineral resource expenses that are related to the Company's exploration activities in the United States of approximately $132,224,000 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. As disclosed in Note 7, the Company has accounted for the acquisition of Livengood Placers Inc. as an asset acquisition. Accordingly, $26,154,304 in mineral property expenditures and $26,229,756 in equity investments has not been recognized for deferred income tax purposes.

10. SHARE CAPITAL

Authorized

500,000,000 common shares without par value.

Share issuances

During the seven months ended December 31, 2011, the Company:

a) Issued 35,000 common shares pursuant to the exercise of stock options for total proceeds of $229,950 and transferred related contributed surplus of $90,956.

During the year ended May 31, 2011 the Company:

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

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

10. SHARE CAPITAL (cont'd)

Share issuances (cont'd)

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

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

Warrants

Warrant transactions are summarized as follows:

	December 31, 2011		May 31, 2011	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the period	-	$ -	48,099	$ 2.95
Issued – agent's warrants	-	-	-	-
Exercised	-	-	(48,099)	(2.95)
Expired	-	-	-	-
Balance, end of the period	-	$ -	-	$ -

There are no warrants outstanding at December 31, 2011 and May 31, 2011.

Stock options

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

On November 15, 2011, the Company granted incentive stock options to an employee to purchase 100,000 common shares in the capital of the Company. The options are exercisable on or before November 15, 2016 at a price of $5.64 per share. The options will vest as to one-third on November 15, 2011, one-third on November 15, 2012 and the balance on November 15, 2013.

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

10. SHARE CAPITAL (cont'd)

Stock options (cont'd)

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

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

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

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

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

	Seven Months Ended December 31, 2011		Year Ended May 31, 2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the period	4,600,000	$ 7.24	5,822,200	$ 5.08
Granted	2,700,000	$ 7.87	1,760,000	$ 6.96
Exercised	(35,000)	$ (6.57)	(2,977,200)	$ (2.86)
Cancelled/Expired	(50,000)	$ (6.96)	(5,000)	$ (1.75)
Balance, end of the period	7,215,000	$ 7.48	4,600,000	$ 7.24

The weighted average share price at the date of exercise for options exercised during the period was $7.88. The weighted average remaining life of options outstanding at December 31, 2011 was 1.57 years.

Stock options outstanding are as follows:

	December 31, 2011			May 31, 2011		
Expiry Date	Exercise Price	Number of Options	Exercisable	Exercise Price	Number of Options	Exercisable
January 12, 2012	$ 7.95	250,000	250,000	$ 7.95	250,000	250,000
April 14, 2012	$ 7.34	2,635,000	2,635,000	$ 7.34	2,660,000	2,660,000
August 19, 2012	$ 6.57	1,365,000	1,365,000	$ 6.57	1,425,000	1,425,000
January 10, 2013	$ 9.15	265,000	198,750	$ 9.15	265,000	66,250
July 28, 2013	$ 7.47	950,000	950,000	$ -	-	-
May 9, 2016	$ 8.35	1,000,000	333,333	$ -	-	-
August 23, 2016	$ 8.07	650,000	216,667	$ -	-	-
November 15, 2016	$ 5.64	100,000	33,333	$ -	-	-
		7,215,000	5,982,083		4,600,000	4,401,250

10. SHARE CAPITAL (cont'd)

Share-based payments

During the period ended December 31, 2011, the Company granted 2,700,000 stock options with a fair value of $10,894,938, calculated using the Black-Scholes option pricing model. Share-based payment charges for the seven months ended December 31, 2011 totaled $7,475,071 for continuing operations and $nil for discontinued operations.

During the year ended May 31, 2011, the Company granted 1,760,000 stock options with a fair value of $4,648,591, calculated using the Black-Scholes option pricing model. Share-based payment charges for the year ended May 31, 2011 totaled $3,575,815 for continuing operations and $756,202 for discontinued operations.

The following weighted average assumptions were used for the Black-Scholes option pricing model calculations:

	December 31, 2011	May 31, 2011
Expected life of options	4 years	2 years
Risk-free interest rate	1.77%	1.42%
Expected volatility	71.80%	68.91%
Dividend rate	0.00%	0.00%
Exercise price	$ 7.87	$ 6.96

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Company's shares.

Share-based payment charges of $7,475,071 (May 31, 2011 - $3,575,815) were allocated as follows for continuing operations:

Seven months ended December 31, 2011	Before allocation of share-based payment charges	Share-based payment charges	After allocation of share-based payment charges
Consulting	$ 345,886	$ 1,461,677	$ 1,807,563
Investor relations	253,048	69,729	322,777
Professional fees	631,169	18,594	649,763
Wages and benefits	4,056,165	5,925,071	9,981,236
		$ 7,475,071	

10. SHARE CAPITAL (cont'd) Share-based payments (cont'd)

Year ended May 31, 2011	Before allocation of share-based payment charges	Share-based payment charges	After allocation of share-based payment charges
Consulting	$ 559,252	$ 1,010,894	$ 1,570,146
Investor relations	781,692	457,516	1,239,208
Professional fees	580,049	75,570	655,619
Wages and benefits	3,473,754	2,031,835	5,505,589
		$ 3,575,815	

11. RELATED PARTY TRANSACTIONS AND BALANCES

During the seven month period ended December 31, 2011 and the year ended May 31, 2011, the Company entered into the following transactions with related parties:

Management compensation

Key management personnel compensation comprised:

	December 31, 2011	May 31, 2011
Fees, wages and benefits	$ 2,047,224	$ 2,029,370
Share-based payments	6,748,799	2,333,401
	$ 8,796,023	$ 4,362,771

Transactions with other related parties

Paid or accrued $22,399 (May 31, 2011 - $56,795) in rent and administration to a company with common officers and directors.

Paid or accrued $6,000 (May 31, 2011 - $nil) in rent to an officer.

At December 31, 2011, included in accounts payable and accrued liabilities was $10,946 (May 31, 2011 - $nil; June 1, 2010 – $19,760) in expenses owing to officers of the Company and $53,988 (May 31, 2011 - $10,091; June 1, 2010 – $8,790) to companies related by common directors and officers. Included in share issuance costs was $nil (May 31, 2011 - $63,333) paid to a company related to an officer of the Company.

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

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

11. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

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

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

12. SEGMENTED INFORMATION

The Company has chosen to organise its segments based on geographic location. The following tables present selected financial information by segment:

	Canada	United States	Total
December 31, 2011			
Exploration and evaluation assets – continuing operations	$ -	$ 158,041,441	$ 158,041,441
Property and equipment	16,514	108,230	124,744
Current assets	47,907,054	8,692,285	56,599,339
Total assets	$ 47,923,568	$ 166,841,956	$ 214,765,524
Current liabilities	$ 310,484	$ 10,184,565	$ 10,495,049
Non-current liabilities	-	21,153,600	21,153,600
Total liabilities	$ 310,484	$ 31,338,165	$ 31,648,649
May 31, 2011			
Exploration and evaluation assets – continuing operations	$ -	$ 71,103,123	$ 71,103,123
Property and equipment	16,753	126,818	143,571
Current assets	110,544,083	1,847,768	112,391,851
Total assets	$ 110,560,836	$ 73,077,709	$ 183,638,545
Current liabilities	$ 181,890	$ 3,855,538	$ 4,037,428
Non-current liabilities	-	-	-
Total liabilities	$ 181,890	$ 3,855,538	$ 4,037,428

12. SEGMENTED INFORMATION (cont'd)

June 1, 2010			
Exploration and evaluation assets – continuing operations	$ 1	$ 39,500,277	$ 39,500,278
Exploration and evaluation assets – discontinued operations	-	11,672,708	11,672,708
Property and equipment	11,918	68,122	80,040
Current assets	43,227,795	990,652	44,218,447
Total assets	$ 43,239,714	$ 55,153,948	$ 95,471,473
Current liabilities	$ 386,246	$ 801,619	$ 1,187,865
Current liabilities – discontinued operations	-	85,094	85,094
Non-current liabilities	-	-	-
Total liabilities	$ 386,246	$ 886,713	$ 1,272,959

	December 31, 2011	May 31, 2011
Net loss from continuing operations for the period – Canada	$ (8,490,228)	$ (5,218,523)
Net loss from continuing operations for the period - United States	(2,549,659)	(4,339,162)
Net loss from discontinued operations for the period – Canada	-	(844,813)
Net loss from discontinued operations for the period - United States	-	(89,344)
Net loss for the period	$ (11,039,887)	$ (10,491,842)

13. CAPITAL MANAGEMENT

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

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

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

14. SUBSIDIARIES

Significant subsidiaries are:

	Country of Incorporation	Principal Activity	ITH's effective interest for 2011 and 2010
Tower Hill Mines, Inc.	USA	Exploration company	100%
Tower Hill Mines (US) LLC	USA	Exploration company	100%

15. COMMITMENTS

a) Commitments for exploration and evaluation assets (note 7).

b) The Company has entered into several office and warehouse lease agreements with options to renew expiring in July 2013. Total rental to that date is $220,502 (USD 216,817). Future minimum lease payments for the next five fiscal years and beyond are as follows:

2012	$ 278,659
2013	219,139
2014	107,000
2015	6,196
2016	6,196
2017 and thereafter	12,392
	$ 629,582

16. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2011	May 31, 2011
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-cash investing and financing transactions – continuing operations:		
Accounts payable and accrued liabilities included in exploration and evaluation assets	$ 10,012,833	$ 3,676,106
Derivative liability included in exploration and evaluation assets	$ 23,508,340	$ -
Non-cash investing and financing transactions – discontinued operations:		
Shares issued to acquire long-term assets related to discontinued operations	$ -	$ -
Accounts payable and accrued liabilities included in exploration and evaluation assets	$ -	$ -

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2011, the Company

a) On January 3, 2012, the Company granted incentive stock options to an officer of the Company to purchase 650,000 common shares in the capital stock of the Company. The options are exercisable on or before January 3, 2017 at a price of $4.43 per share and will vest as to 216,666 shares on January 3, 2012, as to 216,666 shares on January 3, 2013 and as to the balance on January 3, 2014.

b) On January 9, 2012 the Company granted incentive stock options to an employee of the Company to purchase 30,000 common shares in the capital of the Company. The options are exercisable on or before January 9, 2017 at a price of $4.60 and will vest as to 10,000 shares on January 9, 2012, as to 10,000 shares on January 9, 2013 and the balance on January 9, 2014.

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in note 3, these are the Company's first consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements as at and for the seven month period ended December 31, 2011, the comparative information presented in these financial statements as at and for the year ended May 31, 2011, and in the preparation of an opening IFRS Statement of Financial Position at June 1, 2010 (the Company's date of transition).

First time adoption of IFRS

The Company's consolidated financial statements for the seven month period ending December 31, 2011 are the first annual financial statements that will be prepared in accordance with IFRS. The Company has adopted IFRS on June 1, 2011 with a transition date of June 1, 2010. Under IFRS 1, "*First time adoption of International Financial Reporting Standards"* ("IFRS 1"), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit, and IFRS 1 providing for certain optional and mandatory exemptions to this principle.

Below are the adjustments necessary for the IFRS transition, including exemptions taken at the transition date:

a) Share-based payment transactions

IFRS 1 allows that a first-time adopter can elect to not apply IFRS 2 to share-based payments granted after November 7, 2002 that vested before the later of (a) the date of transition to IFRS and (b) January 1, 2005. The Company has elected this exemption and will apply IFRS 2 only to unvested stock options as at June 1, 2010, being the transition date.

IFRS 2 and Canadian GAAP are largely converged, with the exception of two main differences affecting the Company's stock option grants. IFRS 2 does not allow straight-line amortization of share-based payments related to stock options granted with a graded vesting schedule. The attribution method is required which effectively splits the grant into separate units for valuation purposes based on the vesting schedule. Additionally, IFRS 2 requires the incorporation of an estimate of forfeiture rates. Under Canadian GAAP, the Company's policy was to account for forfeitures as they occurred.

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

First time adoption of IFRS (cont'd)

Impact on Consolidated Financial Statements

	May 31, 2011	June 1, 2010
Contributed surplus	$ 321,000	$ -
Adjustment to deficit	$ (321,000)	$ -
Adjustment to share-based payment charges	$ 321,000	$ -

b) Business combinations

IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations (IFRS 3) retrospectively to business combinations prior to the date of transition, avoiding the requirement to restate prior business combinations. The Company has elected to only apply IFRS 3 to business combinations that occur on or after June 1, 2010, of which there were none.

c) Marketable securities

IAS 39 permits a financial asset to be designated on initial recognition as available-for-sale or a financial instrument (provided it meets certain criteria) to be designated as a financial asset or financial liability at fair value through profit or loss. The Company has taken this election as at the transition date.

d) Cumulative translation differences

IFRS 1 allows first-time adopter to elect to deem all cumulative translation differences to be zero at the date of transition. The Company has elected this exemption and as such all cumulative translations amounts to June 1, 2010 have been included in the deficit.

Functional and presentation currency

The functional currency of TH Alaska, LPI, and TH US is the US dollars and for all other entities within the Group, the functional currency is the Canadian dollar at the transition date of June 1, 2010. The consolidated financial statements are presented in Canadian Dollars ("CAD") which is the Group's presentation currency.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper- inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that financial period end;

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

First time adoption of IFRS (cont'd)

d) Cumulative translation differences (cont'd)

Group companies (cont'd)

- Income and expenses for each Statement of Comprehensive Loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized in other comprehensive income and reported as a separate component of equity.

On consolidation, exchange differences arising from the translation of functional to presentation currency are taken to Accumulative Other Comprehensive Income.

IAS 21 – *"The effects of Changes in Foreign Exchange Rates"* differs from the Canadian GAAP equivalent, applied by the Group until May 31, 2011. IAS 21 requires an entity to measure its assets, liabilities, revenue and expenses in its functional currency. It has been determined that as at the transition date of June 1, 2010, TH Alaska and TH US is US dollars ("USD") and for all other entities within the Group, the functional currency is Canadian dollars. Prior to the adoption of IFRS, the functional currency of the Group was the CAD.

Under IAS 21, the assets and liabilities of the Group are translated from TH Alaska and TH US' functional currency USD, to the presentation currency at the reporting date. The income and expenses are translated to the Group's presentation currency, which is CAD at the dates of the transactions. Foreign currency differences are recognized directly in other comprehensive income within the foreign currency translation reserve.

Impact on Consolidated Financial Statements

	May 31, 2011	June 1, 2010
Exploration and evaluation assets	$ (9,066,545)	$ (2,349,207)
Long-term assets related to discontinued operations	$ -	$ (572,982)
Accumulated to other comprehensive income	$ (6,767,665)	$ -
Adjustment to deficit	$ (2,298,880)	$ (2,922,189)

e) Fair value as deemed cost

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an asset at the opening balance sheet date. The Company has elected to use historical cost for its assets.

f) Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has applied IAS 27 prospectively.

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

First time adoption of IFRS (cont'd)

g) Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

Reconciliation to previously reported financial statements

A reconciliation of the above noted changes is included in these following Consolidated Statements of Financial Position and Consolidated Statements of Comprehensive Loss for the dates and periods noted below.

- Transitional Consolidated Statement of Financial Position Reconciliation – June 1, 2010
- Consolidated Statement of Financial Position Reconciliation – May 31, 2011.
- Consolidated Statement of Comprehensive Loss Reconciliation – May 31, 2011.

As there have been no adjustments to net cash flows, no reconciliation of the Statement of Cash Flows has been prepared.

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Reconciliation to previously reported financial statements (cont'd)

Transition Consolidated Statement of Financial Position Reconciliation – June 1, 2010

	Canadian GAAP	Effect of Transition to IFRS	Ref	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	$ 43,460,324	$ -		**$ 43,460,324**
Marketable securities	360,000	-		**360,000**
Accounts receivable	110,214	-		**110,214**
Prepaid expenses	274,246	-		**274,246**
Current assets related to discontinued operations	13,663	-		**13,663**
Total current assets	44,218,447	-		**44,218,447**
Property and equipment	80,040	-		**80,040**
Exploration and evaluations assets	41,849,485	(2,349,207)	**d)**	**39,500,278**
Long-term assets related to discontinued operations	12,245,690	(572,982)	**d)**	**11,672,708**
Total assets	$ 98,393,662	$ (2,922,189)		**$ 95,471,473**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$ 1,187,865	$ -		**$ 1,187,865**
Current liabilities of discontinued operations	85,094	-		**85,094**
Total liabilities	1,272,959	-		**1,272,959**
Shareholders' equity				
Share capital	124,277,370	-		**124,277,370**
Contributed surplus	14,240,223	-		**14,240,223**
Accumulated other comprehensive loss	-	-		**-**
Deficit	(41,396,890)	(2,922,189)	**d)**	**(44,319,079)**
Total shareholders' equity	97,120,703	(2,922,189)		**94,198,514**
Total liabilities and shareholders' equity	$ 98,393,662	$ (2,922,189)		**$ 95,471,473**

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Reconciliation to previously reported financial statements (cont'd)

Consolidated Statement of Financial Position Reconciliation – May 31, 2011

	Canadian GAAP	Effect of Transition to IFRS	Ref	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	$ 111,165,126	$ -		**$ 111,165,126**
Marketable securities	662,500	-		**662,500**
Accounts receivable	185,733	-		**185,733**
Prepaid expenses	378,492	-		**378,492**
Current assets related to discontinued operations	-	-		**-**
Total current assets	112,391,851	-		**112,391,851**
Property and equipment	143,571	-		**143,571**
Exploration and evaluations assets	80,169,668	(9,066,545)	**d)**	**71,103,123**
Long-term assets related to discontinued operations	-	-		**-**
Total assets	$ 192,705,090	$ (9,066,545)		**$ 183,638,545**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$ 4,037,428	$ -		**$ 4,037,428**
Current liabilities of discontinued operations	-	-		**-**
Total liabilities	4,037,428	-		**4,037,428**
Shareholders' equity				
Share capital	215,544,180	-		**215,544,180**
Contributed surplus	12,967,996	321,000	**a)**	**13,288,996**
Accumulated other comprehensive loss	-	(6,767,665)	**d)**	**(6,767,665)**
Deficit	(39,844,514)	(2,619,880)	**a) d)**	**(42,464,394)**
Total shareholders' equity	188,667,662	(9,066,545)		**179,601,117**
Total liabilities and shareholders' equity	$ 192,705,090	$ (9,066,545)		**$ 183,638,545**

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Reconciliation to previously reported financial statements (cont'd)

Consolidated Statement of Comprehensive Loss Reconciliation – May 31, 2011

	Canadian GAAP	Effect of Transition to IFRS	Ref	IFRS
Expenses				
Administration	$ 31,544	$ -		**$ 31,544**
Charitable donations	64,637	-		**64,637**
Consulting fees	1,570,146	-		**1,570,146**
Depreciation	42,375	-		**42,375**
Insurance	215,228	-		**215,228**
Investor relations	1,148,359	90,849	**a)**	**1,239,208**
Office and miscellaneous	281,840	-		**281,840**
Professional fees	667,405	(11,786)	**a)**	**655,619**
Property investigations	2,557	-		**2,557**
Regulatory	188,121	-		**188,121**
Rent	167,697	-		**167,697**
Telephone	49,688	-		**49,688**
Travel	210,192	-		**210,192**
Wages and benefits	5,263,652	241,937	**a)**	**5,505,589**
Loss before other items	(9,903,441)	(321,000)		**(10,224,441)**
Other items				
Gain on foreign exchange	41,225	50,327	**d)**	**91,552**
Interest income	675,146	-		**675,146**
Income from mineral property earn-in	311,312	-		**311,312**
Spin-out cost	(593,754)	-		**(593,754)**
Unrealized gain on marketable securities	182,500	-		**182,500**
	616,429	50,327		**666,756**
Loss from continuing operations	(9,287,012)	(270,673)		**(9,557,685)**
Loss from discontinued operations	(934,157)	-		**(934,157)**
Net loss for the year	(10,221,169)	(270,673)		**(10,491,842)**
Other comprehensive loss				
Exchange difference on translating foreign operations	-	(6,767,665)	**d)**	**(6,767,665)**
Total other comprehensive loss	-	(6,767,665)		**(6,767,665)**
Comprehensive loss for the year	$ (10,221,169)	$ (7,038,338)		**$ (17,259,507)**
Basic and fully diluted loss per share from continuing operations	$ (0.12)	$ -		**$ (0.12)**
Basic and fully diluted loss per share from discontinued operations	$ (0.01)	$ -		**$ (0.01)**
Weighted average number of shares outstanding	77,550,644	-		**77,550,644**

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

FORM 51-102F1
MANAGEMENT DISCUSSION & ANALYSIS

March 16, 2012

Introduction

During 2011, International Tower Hill Mines Ltd. (the "Company" or "ITH") changed its fiscal year end to December 31. This Management Discussion & Analysis ("MD&A") covers the seven month fiscal year ended December 31, 2011 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of March 16, 2012 and should be read in conjunction with the Company's audited consolidated financial statements for the seven month period ended December 31, 2011 and for the year ended May 31, 2011. The Company's audited consolidated financial statements for the seven month period ending December 31, 2011 are the first annual financial statements that will be prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company has adopted IFRS on June 1, 2011 with a transition date of June 1, 2010. Except where otherwise noted, all dollar amounts are stated in Canadian dollars.

Caution Regarding Forward Looking Statements

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

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

- the potential for cost savings due to the high gravity gold concentration component of some of the Livengood mineralization;
- the sequence of decisions regarding the timing and costs of development programs with respect to, and the issuance of the necessary permits and authorizations required for the Livengood project;
- the Company's estimates of the quality and quantity of the resources at Livengood;
- the timing and cost of the planned future exploration programs at Livengood, and the timing of the receipt of results therefrom;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations on acceptable terms, if at all;
- the use of the proceeds from the financing which closed November 10, 2010;
- the ability of the Company to continue to refine the project economics for the Livengood project, including by increasing proposed production and shortening the proposed mine life; and
- the potential for the production of placer gold, whether near-term or at all, on certain placer mining claims acquired in December 2011.

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

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

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

- conditions in the financial markets generally;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms in connection with not only its ongoing exploration program at Livengood but also in connection with the completion of its pre-feasibility study and in connection with any feasibility study that may be commissioned;
- the Company's ability to attract and retain key staff, particularly in connection with the carrying out of a feasibility study and the development of any mine at Livengood;
- the accuracy of the Company's resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the timing of the ability to commence and complete the planned work at Livengood;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration and development programs at Livengood and the Company's ability to comply with such terms on a safe and cost-effective basis;
- the ongoing relations of the Company with its underlying lessors and the applicable regulatory agencies;
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole;
- the continued development of and potential construction of any mine at the Livengood property not requiring consents, approvals, authorizations or permits that are materially different from those identified to date by the Company;
- the ability of the Company to predict how the net proceeds of the financing which closed on November 10, 2010 will be used; and
- the timetables for the completion of a pre-feasibility study at Livengood and for any feasibility study that may be commissioned.

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

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

Caution Regarding Adjacent or Similar Mineral Properties

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

Cautionary Note to US Investors Concerning Reserve and Resource Estimates

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

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

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

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

Current Business Activities

General

During the seven month period ended December 31, 2011, and to the date of this MD&A, the Company advanced its Livengood Gold Project in Alaska with the continuation of activities in support of the Pre-feasibility Study ("PFS"). This included completion of drill programs, analyzing results thereof, the advancement of engineering and environmental studies, and the build-up of its team in Fairbanks, Alaska and Englewood, Colorado.

Highlights of activities during and subsequent to the period include:

- The PFS work proceeded as planned with substantial progress, including that the majority of engineering studies have been timely completed. A detailed metallurgical review of the flow- sheet utilized in the Company's Preliminary Economic Assessment ("PEA") of the Livengood Project as contained in the August 25, 2011 NI43-101 technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" ("August 2011 Report") indicated further optimization is possible. The PFS will be completed in the third quarter of 2012 to include results of these optimization studies.
- The 2011 summer drill program at the Livengood Project was completed. Based on the latest results, new internal resource estimates calculated for three areas of the deposit have been verified within 1% to contain the same tonnage, grade and contained ounces of gold as those calculated from the nominal 50-metre-spaced grid drilling used to calculate the May 2011 resource.
- Ongoing environmental baseline data gathering for Livengood permitting activities continued with samples developed for large scale field testing of material geochemical characteristics.
- Request for Proposals ("RFP") were issued to third party firms to perform various engineering, geotechnical design, and metallurgical test work for the Livengood Project Feasibility Study ("FS") planned to be completed within the next fifteen months.
- The Company's 2011 annual general meeting of shareholders was held in November with three new members being elected to the board of directors.
- In December 2011, the Company completed two acquisitions in connection with the Livengood Project. The first acquisition consisted of the exercise of an existing lease buyout option with respect to certain mining claims leased by the Company, thereby giving the Company a 100% ownership interest. The second acquisition was of certain placer mining claims and related rights in the vicinity of the Livengood Project, and included all the shares of LPI (which corporation holds some of the subject placer mining claims). This land was previously vacant or was used for placer gold mining. The acquisitions complete a planned lease buyout and also enable the Company to pursue additional site facility locations and to investigate other land use opportunities including the potential for placer gold extraction.
- In January 2012, two major contracts were awarded: process engineering services and geotechnical infrastructure engineering services for the FS. Feasibility level work commenced in February 2012.

Corporate Personnel

Mr. Robert D. Comer was appointed as the Company's new Chief Administrative Officer and General Counsel, effective January 1, 2012. Mr. Comer has nearly 25 years of experience practicing natural resource and mineral law in the United States and will be responsible for all legal affairs and corporate administration matters at the Company. He will play an influential role in the Company's permitting activities at the Livengood Project.

Mr. Comer served at the Department of the Interior from 2002 to 2010 in the executive positions of Associate Solicitor for Minerals, Land and Water, Regional Solicitor and Counselor to the Solicitor. During 2007, Mr. Comer also served as General Counsel and Principal Deputy to the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects where he helped to establish a new federal office involved with permitting an international natural gas pipeline from Alaska to the Alberta hub. Additional responsibilities included development and implementation of original office programmatic policy, procedures, hiring and procurement. From 1994 to 2000, Mr. Comer served as Mining Attorney and Associate General Counsel with Asarco Incorporated, a Fortune 500 mining, mineral processing and specialty chemical company. In that capacity, he performed legal services for their mining and smelting operations. Mr. Comer has also held positions with significant national law firms providing strategic legal services to mineral and natural resource companies and also is known for his expertise in environmental law. He holds a B.A., *cum laude* from the University of Colorado in Environmental Biology and Conservation, a Masters of Forest Science from Yale University and Juris Doctorate from the University of Colorado's School of Law.

The Company appointed Mr. Allen R. Thabit as the Company's new Manager of Engineering, effective November 15, 2011. Mr. Thabit has over 33 years of experience in project engineering, construction, maintenance and management of mining and milling equipment with companies such as Cyprus Mines Corporation and Newmont Gold Company.

Mr. Thabit is the president of Jade Diamond Consulting Inc., which has provided consulting services to mining and petrochemical industries on management training and project management, troubleshooting, maintenance and construction since 2001. Prior to that, he was the President of Garfield Steel and Machine, Inc. which also consulted to the mining and petrochemical industries. Among the projects that he has consulted on are Kennecott's Utah Copper-MAP project, IAMGOLD's Rosebel gold mine in Suriname, Anglo Nevada Metals Corporation's Taylor silver project, Alacer Gold Corp's Copler project in Turkey, Goldfields Peru's Cerro Corona project and AngloGold Ashanti's Cripple Creek & Victor mine.

From 1987 to 1995, Mr. Thabit was a Project Manager/Senior Project Engineer and Mill Maintenance Superintendent for Newmont Gold Company where he was responsible for engineering design and construction of treatment plants and mine de-watering projects with a total budget in excess of $300 million. From 1983 to 1987, he was the Maintenance Manager of the Atlas Plant for Atlas Powder Company responsible for the total maintenance function in a large industrial complex manufacturing chemicals and explosives with a $3 million annual maintenance budget. From 1973 to 1983, he served as Maintenance, Construction and Project Engineer for numerous mining and petrochemical companies, including Cyprus Mines Corporation, where he was responsible for design and specification review for a $400 million surface mine and mill project. Mr. Thabit has a Bachelor of Science degree in Mechanical Engineering from the Polytechnic Institute of Brooklyn, New York.

At its 2011 annual general meeting of shareholders on November 17, 2011, ITH shareholders elected eight directors, including the following three new directors; Donald C. Ewigleben, Mark R. Hamilton, and Roger R. Taplin.

Mr. Ewigleben is a lawyer with 35 years of experience in the mining industry overseeing legal, regulatory environmental and government affairs. He is currently the President and Chief Executive Officer of Uranium Resources, Inc., a uranium producer with ISR mining projects in the state of Texas. Previously, he was President and Chief Executive Officer of AngloGold Ashanti North America and served as the Executive Officer – Sustainability & Legal Affairs for AngloGold Ashanti in the Americas. Mr. Ewigleben served as the Executive Officer – Law, Safety, Health & Environment for AngloGold Ashanti Ltd. in Johannesburg, South Africa in 2006 and 2007. Prior to becoming the CEO of AngloGold in 2004, Mr. Ewigleben served as President and CAO and as Vice President and General Counsel. Before joining AngloGold in 2000, he was the Vice President, Environmental and Public Affairs, for Echo Bay Mines. Prior to AngloGold and Echo Bay, Mr. Ewigleben served in various capacities for AMAX Gold and AMAX Coal Industries. He began his career as a governmental affairs representative for AMAX in Washington, DC and multiple state legislatures. He has been responsible for the development of several award-winning environmental programs and has directed the permitting for many successful operations in the United States, Canada, Mexico, Russia, New Zealand and the Philippines.

Mr. Ewigleben has served on the Board of Directors for the National Mining Association, the Gold Institute, the Mining Association of Canada, numerous state and provincial coal and hard-rock mining associations and as a trustee of the Northwest Mining Association, the Eastern Mineral Law Foundation and the Rocky Mountain Mineral Law Foundation. A graduate of the Indiana University School of Law, he also holds Bachelor of Science degrees in American history, political science and music from Ball State University. Mr. Ewigleben is a member of the American Bar Association and is admitted to the practice of law in Colorado and Indiana.

Mr. Hamilton retired as a U.S. Army Major General following 31 years of active military duty, primarily in the fields of teaching, management and administration. Most recently, he was the past president of the University of Alaska System from 1998 to 2011. Prior to 1998, Mr. Hamilton served as Chief of Staff of the Alaskan Command at Elmendorf Air Force Base and Commander of Division Artillery at Fort Richardson. He is a graduate of the U.S. Military Academy at West Point and is the recipient of the Army's highest peacetime award, the Distinguished Service Medal. He received his Masters degree in English Literature from Florida State University. In addition, he graduated from the Armed Forces Staff College in Virginia, and the U.S. Army War College in Pennsylvania. Mr. Hamilton currently serves as a director of the Aerospace Corporation Board, the BP Advisory Board and the Alaska Sealife Center Board. He previously served as a Director of Alaska Air Group Inc. from 2001 to February 9, 2011.

Mr. Taplin is a partner in McCarthy Tétrault's Business Law Group and is the co-leader of the Global Mining Group. His practice is primarily focused on the areas of mergers and acquisition and securities, particularly in the mining sector.

Mr. Taplin advises on significant mining M&A transactions, including friendly and hostile takeover bids. Prior to joining McCarthy Tétrault in May 2003, he was a partner at Deneys Reitz Attorneys in Johannesburg, South Africa. During 1998, he was seconded to Slaughter and May solicitors in London, UK, as a visiting lawyer. He received a BA in Political Science (cum laude) and Law in 1992 and his LLB in 1994 from the University of Witwatersrand. Mr. Taplin was called to the British Columbia bar in 2003 and was admitted as an attorney of the High Court of South Africa in 1997.

Effective January 10, 2012, the Company added Jonathan A. Berg to its Board of Directors. The appointment of Mr. Berg increases the number of directors on the ITH board from eight to nine.

Mr. Berg has over 36 years of experience in finance and investments. Currently, he is a member of the board of directors, chairman of the compensation committee and member of the audit committee at Scorpio Mining Corporation. Previously, Mr. Berg was a member of the board of directors and non-executive chairman at Colombia Goldfields from March 2007 to October 2009 when Colombia merged into Medoro Resources. From 2005 to 2010, he was the vice-president, finance, of PeriCor Therapeutics Inc. where he was responsible for various medical support and business activities of the company. Formerly, Mr. Berg was president, chief information officer and founder of Berg Capital Corp., a registered investment adviser based in New York, where he was involved with the start-up of several companies; acted as a consultant on finance and corporate structure; and assisted in the financing of early-stage companies in the fields of energy, technology, health care and consumer electronics. Prior to Berg Capital, he held positions as vice-president/portfolio manager with Oppenheimer Capital Corp. and Standard & Poor's InterCapital. He holds a Bachelors of Science from the University of California at Berkeley and an MBA from the Wharton School of Finance at the University of Pennsylvania.

Livengood Project

Pre-feasibility Study

A PFS for the Livengood Project is currently underway and scheduled to be released in the third quarter of 2012. The PFS work continued as planned during the quarter, with the majority of engineering studies having been timely completed. A detailed metallurgical review of the flow-sheet utilized in the PEA has indicated further optimization is possible. The Livengood PFS will provide an update of the anticipated project configuration and an overview of the geological, exploration, surface mine planning, metallurgical test work, process plant and infrastructure engineering, and environmental baseline studies that have been completed to date. The PFS will update the PEA, which was based on a surface mining operation supplying mineralized material to a processing plant with average throughput of 91,000 tonnes per day. The processing plant would produce gravity and flotation concentrates with gold recovered by Carbon-in-Leach processing of the concentrates.

Environmental baseline data gathering for Livengood permitting activities continues and includes samples for field geochemical testing.

RFPs were issued to third party firms to perform various engineering, geotechnical design, metallurgical test work and chemical analyses for the FS to be completed within the next fifteen months.

In January 2012, the Company selected Samuel Engineering, Inc. of Greenwood Village, Colorado, to provide process engineering services for its feasibility study. The Company has also engaged AMEC Environment & Infrastructure, Inc. of Denver, Colorado, to provide geotechnical infrastructure engineering services for the feasibility study. Feasibility level work commenced in February 2012

Samuel Engineering is a highly respected engineering firm known for its work on large-scale gold projects around the world. Important work elements include:

- Identifying potential enhancements to the prefeasibility study design basis;
- Participating in the metallurgical optimization program;
- Developing feasibility-level design documents such as process flow sheets, design criteria, piping and instrumentation drawings, control philosophy, general arrangement drawings, construction and equipment specifications; and
- Completing feasibility-level design of the concentrator, primary crusher, overland conveyor and ancillary facilities such as the administration building, truck shop/warehouse, laboratory building, main substation, site-wide power distribution, and fresh, potable water systems.

Services to be provided by AMEC Environment & Infrastructure, a division of AMEC Americas Ltd. and one of the world's leading engineering companies, include:

- Hydrogeological and geotechnical field investigations supporting the feasibility-level design work;
- Feasibility level design of the tailing management facility, overburden storage facility, pro temp ore storage facility, water storage facility, topsoil storage facility and sanitary landfill;
- Identification of suitable borrow sources for construction of the facilities;
- Design of the main access and site roads; and
- Development of a site-wide water balance.

Selection of these firms was based on their extensive experience in cold weather climates as well as previous work performed in Alaska. Both firms have assembled a first-class team of engineers to work on the Livengood FS. The Company anticipates that the FS will be completed by the first half of calendar year 2013 and, if the results are favourable, will be followed by a detailed design effort.

The Company will continue its investigations and studies at the Livengood Project. For the seven months ended December 31, 2011, total expenditures on the Livengood Project were $80,578,180 which includes the December 2011 acquisitions of $48,777,927 (inclusive of the initial measurement value of the derivative liability of $23,649,780), drilling related to exploration activities of $9,982,001 (see Drilling below) and field costs and other investigations and studies of $21,818,252.

Drilling

During the summer 2011 field program, completion of several studies to demonstrate grade continuity and confirm precision of modeling with increased drill density provided important verification of the current resource estimation (as at May 31, 2011).

Results from 92 drill holes completed since June 2011 were released in November 2011; these findings enable the Company to define the higher grade zones in the Livengood gold deposit which may be targeted during the initial phase of mining and support the identification of potential infrastructure locations. An initial district-wide geophysical program was completed, which confirmed a strong response to alteration directly associated with the currently known deposit. Analysis of geophysical data along trend is in process and will greatly aid further definition for the next phase of district exploration drill targets.

Exploration drilling was completed on the Moose and Lucky target areas located approximately 5 kilometers to the northeast of the current Money Knob deposit. These targets were previously identified through surface soil geochemistry. While these holes did not produce any significant intercepts, previous holes and surface geochemical anomalies in the area warrant additional exploration.

In March 2012 the Company received the results for 73 in-fill drill holes completed late in 2011 which confirm the integrity of the May 2011 resource estimate reported in the August 2011 Report. Based on the latest results, new internal resource estimates calculated for three areas of the deposit have been verified within 1% to contain the same tonnage, grade and contained ounces of gold as those calculated from the nominal 50-metre-spaced grid drilling used to calculate the May 2011 resource. This positive outcome marks the conclusion of confirmation drilling at the Livengood Project as the Company focuses on district-wide exploration within its 145 km^2 land package as well as condemnation/geotechnical drilling in support of permitting activities in 2012.

Use of Financing Proceeds

The Company closed a bought deal short form prospectus and a private placement financing on November 10, 2010. The Company disclosed that it intended to use the net proceeds from the two financings for continued work on the Livengood Project and for general working capital purposes. The "Use of Proceeds" plan contained in the Company's short form prospectus dated November 5, 2010, projected total Livengood project expenditures dating from September 1, 2010 (beginning of Q2 for the Fiscal Year ending May 31, 2011) to May 31, 2014. The use of proceeds plan totalled $136,575,000 for the period ending May 31, 2014. Table 1 shows the expenditures to December 31, 2011 compared with the intended use of proceeds.

Table 1: Comparison of Proposed Use of Proceeds with Actual Use of Proceeds to December 31, 2011

Project Cost Center	Total Budget Year ended May 2011 to Period ended May 2014[2]	Total Plan (Year Ended May 31, 2011 and Period ended May 31, 2012)[2]	Actual Sept 1, 2010 through December 31, 2011[1]	Variance (Plan – Actual through December 31, 2011)
Project administration	$ 31,101,700	$ 13,813,500	$ 5,755,868	$ 8,057,632
Geological and field operations	67,136,000	37,748,800	49,935,510	(12,186,710)
Metallurgical studies	6,883,400	5,369,500	3,568,571	1,800,929
Infrastructure and engineering	8,887,400	4,721,900	7,747,429	(3,025,529)
Environmental and community engagement	14,431,300	5,352,100	6,025,668	(673,568)
Mining studies	2,415,400	1,094,200	512,410	581,790
Project integration	1,882,300	600,000	464,178	135,822
Land purchases[3]	-	-	25,137,346	(25,137,346)
Subtotal	132,737,500	68,700,000	99,146,980	(30,446,980)
Offering costs	3,837,500	-	502,208	(502,208)
Total	**$ 136,575,000**	**$ 68,700,000**	**$ 99,649,188**	**$ (30,949,188)**

(1) Unaudited Livengood Project Reporting

(2) As disclosed in the prospectus dated November 5, 2010

(3) Land purchases amount includes $8,644,500 payable within 30 days of December 31, 2011. The amount does not include the value of the Company's derivative liability related to the land purchase.

Table 1 shows a variance of approximately $30.9M from the $68.7M for the total plan period ending May 31, 2012, and total spending of $99.6M is approximately 73% of the total budget to mid-2014.

The activities planned for the total plan period are generally on schedule and the completion of the PFS is expected in the third quarter of 2012, including additional optimization opportunities that have been identified to date. Project administration expenditures are below the plan rate but are adequate for the needs of the project; during the period of reported results the Company has added several key employees in both the Alaska and in its corporate offices. Geological and field operations have been accelerated to support detailed evaluation and increased confidence in the resource as well as for geotechnical studies. Metallurgical studies were nominally below plan and have advanced as necessary to support the PFS. Field programs in support of infrastructure geotechnical investigations have been expanded and accelerated, helicopter supported drills were increased from two to six working outside the resource area during the June 1 to December 31, 2011 period. The acceleration has added confidence in the infrastructure characterization, which is a critical path item in the PFS. Engineering expenditures were nominally on plan. Environmental and community engagement is on schedule, and has required less expenditure than planned. Expenditure for mining studies was nominally on plan for the period ending December 31, 2011. Project integration is below plan, as the technical components of the PFS were just beginning to be compiled near the end of the period. The land purchases were not originally budgeted for the period prior to May, 2014, but were accelerated to facilitate infrastructure engineering and permitting. Offering costs were higher than expected due to the length of time in filing the short form prospectus incurred in the quarter ended February 2011.

Livengood Land Purchases

During December 2011 the Company completed two acquisitions in connection with the Livengood project. The first acquisition consisted of the exercise of an existing lease buyout option on the interests in 169 State of Alaska claims. Total cash consideration of USD 11,044,000 was paid by the Company for the acquisition of these claims.

The second acquisition was of certain mining claims and related rights in the vicinity of the Livengood Project, and included all of the shares of Livengood Placers, Inc. (which corporation holds a number of the subject mining claims). These assets were purchased for aggregate consideration of USD 36,600,000 allocated between cash consideration of USD 13,500,000 and a derivative liability of USD 23,100,000. The derivative liability is a contingent payment based on the five-year average daily gold price (“Average Gold Price”) from the date of the Acquisitions. The contingent payment (due in December 2016) will equal USD 23,148 for every dollar that the Average Gold Price exceeds USD 720 per troy ounce. If the Average Gold Price is less than USD 720, there will be no additional contingent payment. The ground acquired in such acquisition was previously vacant or was used for placer gold mining.

These acquisitions enable the Company to pursue additional site facility locations and to investigate other land use opportunities including the potential for placer gold extraction.

Qualified Person and Quality Control/Quality Assurance

Development work at the Livengood Project was directed by Carl E. Brechtel (Colorado PE 23212, Nevada PE 8744) until Oct 24, 2011. Thomas E. Irwin, Alaska General Manager has assumed the responsibility for directing the development work at the Livengood Project. Mr. Irwin has over 37 years of experience in the natural resource industry having constructed, optimized, operated and permitted major mining projects with companies such as Amax Gold and Kinross. Prior to joining ITH, Mr. Irwin served for six years as the Commissioner of the Alaska Department of Natural Resources. From 1996 to 1999, he was the Operations Manager responsible for mine start-up and operation at the Fort Knox mine located 60 miles southeast of the Livengood project and General Manager of the mine from 1999 to 2001. From 2001 to 2003, he was the Vice President, Business Development for Fairbanks Gold Mining Inc., a subsidiary of Kinross Gold, responsible for new project permitting, business development and governmental and public relations in Alaska. Prior to his work at Fort Knox, Mr. Irwin was General Manager of Amax Gold’s Sleeper Mine in Nevada and manager of the Climax Mine in Colorado.

The geologic work program at Livengood was designed and is supervised by Chris Puchner, Chief Geologist (CPG 07048) of the Company who is a qualified person as defined by National Instrument 43-101. Mr. Puchner is responsible for all aspects of the work, including the quality control/quality assurance program. On-site project personnel photograph the core from each individual borehole prior to preparing the split core. Duplicate reverse circulation drill samples are collected with one split sent for analysis. Representative chips are retained for geological logging. On-site personnel at the project log and track all samples prior to sealing and shipping. All sample shipments are sealed and shipped to ALS Chemex in Fairbanks, Alaska, for preparation and then on to ALS Chemex in Reno, Nevada, or Vancouver, B.C., for assay. ALS Chemex's quality system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025:1999. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference material and replicate samples. Quality control is further assured by the use of international and in-house standards. Finally, representative blind duplicate samples are forwarded to ALS Chemex and an ISO compliant third party laboratory for additional quality control.

Risk Factors

Due to the nature of the Company's proposed business and the present stage of exploration of its Livengood property interests (which is an advanced stage exploration project, but with no known reserves), the following risk factors, among others, will apply:

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

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

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

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

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

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

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

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The Company's property is in the exploration stage and the Company has not defined or delineated any proven or probable reserves on its property. The Company's property is not currently under development. Continued exploration of its existing property 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 property, 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.

Market events and conditions: Since 2008, 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 2011 and into 2012, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

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

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

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

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the preparation of a feasibility study and, if a production decision is made, the construction of a mine at Livengood. The completion of a feasibility study, and any construction of a mine at Livengood following the making of a production decision, will therefore depend upon the Company's ability to obtain financing through the sale of its equity securities, a possible joint venturing of the project or the securing of significant debt financing. There is no assurance that the Company will be successful in obtaining the required financing to complete a feasibility study or construct and operate a mine at Livengood (should a production decision be made). Failure to raise the required funds could result in the interest of the Company in the Livengood project being significantly diluted or lost altogether or the Company being unable to complete a feasibility study or construct a mine at Livengood (following any production decision that may be made).

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

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

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

Dependence Upon Others and Key Personnel : The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely upon consultants and others for operating expertise.

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

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

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

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

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

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

Estimates of Mineral Reserves and Resources and Production Risks : The mineral resource estimates included in this MD&A are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described in this MD&A should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

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

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

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

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

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

Selected Financial Information

The Company's audited consolidated financial statements for the seven month period ended December 31, 2011 and the fiscal year ended May 31, 2011 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards and practices. The following selected financial information is taken from the Company's Financial Statements for the period ended December 31, 2011 and the year ended May 31, 2011 and should be read in conjunction with those statements. The Company changed its year end to December 31 from May 31 effective December 31, 2011. Selected annual financial information appears below.

Description	December 31, 2011 $ (seven months) IFRS	May 31, 2011 $ (annual) IFRS
Operations:		
Interest Income	$ 590,913	$ 675,146
Consulting fees (including share-based payments)	1,807,563	1,570,146
Property investigation	-	2,557
Wages and benefits (including share-based payments)	9,981,236	5,505,589
Investor relations (including share-based payments)	322,777	1,239,208
Foreign exchange gain (loss)	72,624	91,552
Gain on derivative liability	2,354,740	-
Loss from continuing operations	(11,039,887)	(9,557,685)
Loss from discontinued operations	-	(934,157)
Exchange difference on translating foreign operations	6,850,624	(6,767,665)
Net and comprehensive loss	$ (4,189,263)	$ (17,259,507)
Basic and fully diluted loss per share from continuing operations	$ (0.13)	$ (0.12)
Basic and fully diluted loss per share from discontinued operations	$ -	$ (0.01)
Statement of Financial Position:		
Cash and cash equivalents	$ 55,642,179	$ 111,165,126
Total Current Assets	56,599,339	112,391,851
Exploration and Evaluation Assets – continuing operations	158,041,441	71,103,123
Exploration and Evaluation Assets – discontinued operations	-	-
Long term financial liabilities	21,153,600	-
Cash dividends	$ -	$ -

Period Ended December 31, 2011

The Company ended the year with $56,642,179 of cash and cash equivalents. The Company spent $50,407,378 (May 31, 2011 - $35,896,786) in acquisition and exploration costs of continuing operations, used $5,583,284 (May 31, 2011 - $6,670,925) in operating activities of continuing operations, and raised $229,950 (May 31, 2011 – $113,817,925) through the issuance of common shares, net of costs. Share-based payment charges of $7,475,071 (May 31, 2011 - $3,575,815) from continuing operations in the period ended December 31, 2011 was due to the granting of options and recognizing the expense associated with the vesting of certain stock options granted in the period and in the prior year to employees and consultants. The Company also recognized a gain of $2,354,740 from the change in the estimated fair value of its derivative liability (May 31, 2011 - $nil).

Seven Months ended December 31, 2011 compared to the year ended May 31, 2011

Due to the Company changing its fiscal year end to December 31 from May 31, the Company's results and activity will not be comparable to the previous audited financial statements for the year ended May 31, 2011. The following discussion highlights certain selected financial information and changes in operations between the year ended May 31, 2011 and the seven month period ended December 31, 2011.

The Company incurred a net loss of $11,039,887 for the period ended December 31, 2011, compared to a net loss of $10,491,842 for the year ended May 31, 2011. Share-based payment charges were $7,475,071 during the seven month period ended December 31 compared to $3,575,815 for the year ended May 31, 2011. The increase in share-based payment charges during the period was mainly the result of stock option grants to new employees and vesting of prior stock option grants. The Company granted 2,700,000 options during the seven months ended December 31, 2011 compared to 1,760,000 during the year ended May 31, 2011.

Excluding share-based payment charges of $5,925,071 and $2,031,835 (May 31, 2011), wages and benefits for the period ended December 31, 2011 increased to $4,056,165 from $3,473,754 (May 31, 2011) as a result of certain severance payments along with increased personnel and hiring of new officers during the period.

Professional fees decreased to $649,763 (May 31, 2011 - $655,619) due to share-based payment charges of $18,594 during the current period compared to $75,570 in the year ended May 31, 2011. Additional professional fees were incurred in the current period for additional personnel hired to perform legal and accounting services.

Aside from the impact of share-based payment charges, most other expense categories reflected only moderate change period over period.

Other items amounted to a gain of $2,509,620 during the current period compared to a gain of $666,756 in year ended May 31, 2011. The increased gain in the current period resulted from a gain of $2,354,740 on the revaluation of a derivative liability at December 31, 2011. In addition to the gain on derivative liability the Company recognized interest income of $590,913 (May 31, 2011 – $675,146) and foreign exchange gain of $72,624 (May 31, 2011 - $91,552). Offsetting these other gains were unrealized losses on marketable securities of $360,000 (May 31, 2011 - $182,500 gain) and net spin-out costs of $148,657 (May 31, 2011 - $282,442).

Share-based payment charges

Share-based payment charges for the period ended December 31, 2011 of $7,475,071 (May 31, 2011 - $3,575,815) were allocated as follows:

Seven months ended December 31, 2011	Before allocation of share-based payment charges	Share-based payment charges	After Allocation of share-based payment charges
Consulting	$ 345,886	$ 1,461,677	$ 1,807,563
Investor relations	253,048	69,729	322,777
Professional fees	631,169	18,594	649,763
Wages and benefits	4,056,165	5,925,071	9,981,236
		$ 7,475,071	

Year ended May 31, 2011	Before allocation of share-based payment charges	Share-based payment charges	After Allocation of share-based payment charges
Consulting	$ 559,252	$ 1,010,894	$ 1,570,146
Investor relations	781,692	457,516	1,239,208
Professional fees	580,049	75,570	655,619
Wages and benefits	3,473,754	2,031,835	5,505,589
		$ 3,575,815	

Discontinued Operations and Transfer of the Nevada and Other Alaska Business under the Arrangement

On August 26, 2010, the Company completed an arrangement under a Plan of Arrangement (the "Arrangement") pursuant to which it transferred its other existing Alaska (other than the Livengood project) and Nevada assets to a new public company, Corvus Gold Inc. ("Corvus").

Under the Arrangement, each shareholder of the Company received one Corvus common share for every two ITH common shares held as at the effective date of the Arrangement as a return of capital and exchanged each existing common share of ITH for a new common share of ITH. The "new" ITH common shares are identical in every respect (other than CUSIP number) to the "old" ITH common shares. ITH has transferred its wholly-owned subsidiaries, Raven Gold Alaska Inc. ("Raven Gold"), incorporated in Alaska, and Corvus Gold Nevada Inc. (formerly "Talon Gold Nevada Inc."), incorporated in Nevada to Corvus. As a result of the Arrangement, there was an effective spin-out by ITH of certain of its mineral properties, being Chisna, West Pogo, Terra and LMS in Alaska, and North Bullfrog in Nevada (the "Spin-out Properties"), together the "Nevada and Other Alaska Business", to Corvus.

The Company did not realize any gain or loss on the transfer of the Nevada and Other Alaska Business, which was comprised of a working capital contribution of $3,300,000 in cash and the Nevada and Other Alaska Business assets and liabilities as at the effective date of the Arrangement. Costs of the Arrangement, comprised principally of legal and regulatory expense, off-set by property facilitation payments and interest from payments made in connection with the Chisna spin-out property, amounted to a net expense of $148,657 (May 31, 2011 - $593,754) during the year.

As a result of the Arrangement being completed, the Company has accounted for results related to the Nevada and Other Alaska Business up to the effective date of the Arrangement as discontinued operations (see below) and as a result the statement of financial position of the Company at May 31, 2011 excludes the assets and liabilities related to the discontinued operations and reflects the decreased deficit which arises on the transfer of the Nevada and Other Alaska Business assets to Corvus. Due to the ongoing exploration at Livengood and the transfer of $3.3 million in cash and the Nevada and Other Alaska Business to Corvus, the net assets of the Company have decreased by approximately $12.8 million.

The Company has, in accordance with International Financial Reporting Standards ("IFRS") 5, "Non-current Assets Held for Sale and Discontinued Operations", accounted for the financial results associated with the Nevada and Other Alaska Business up to the date of the Arrangement as discontinued operations in its consolidated financial statements and has reclassified the related amounts for the current and prior period.

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

The following table shows the results related to discontinued operations for the seven months ended December 31, 2011 and the year ended May 31, 2011. Included therein is $nil (May 31, 2011 - $756,202) of share-based payment charges:

	December 31, 2011	May 31, 2011
Administration	$ -	$ 1,780
Charitable donations	-	5,413
Consulting fees	-	265,721
Foreign exchange gain	-	(20,318)
Insurance	-	10,099
Investor relations	-	130,737
Office and miscellaneous	-	7,214
Professional fees	-	40,741
Property investigations	-	291
Regulatory	-	3,816
Rent	-	5,302
Telephone	-	2,418
Travel	-	5,625
Wages and benefits	-	475,318
	$ -	$ 934,157

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

	August 25, 2010
Cash and cash equivalents	$ 1,203,240
Accounts receivable	199
Prepaid expenses	3,200
Mineral Properties	12,392,408
Accounts payable	(773,264)
Net assets transferred to Corvus	$ 12,825,783

Comparison to Selected Prior Quarterly Periods

The following selected financial information is a summary of results for the four months ended December 31, 2011 and the three months ended May 31, 2011 taken from the audited consolidated financial statements of the Company. The information relates to the Company's continuing operations.

	December 31, 2011	May 31, 2011
Interest Income	$ 270,350	$ 317,865
Stock-based compensation	1,697,704	190,868
Net loss from continuing operations	(2,675,646)	(1,603,186)
Basic and diluted loss per common share from continuing operations	$ (0.03)	$ (0.02)

As at	December 31, 2011	May 31, 2011
Working capital from continuing operations	$ 46,104,290	$ 108,354,423
Total assets from continuing operations	$ 214,765,524	$ 183,638,545
Total liabilities from continuing operations	$ 31,648,649	$ 4,037,428
Share capital	$ 215,865,086	$ 215,544,180

Supplemental Information: Comparison to Prior Quarterly Periods

The following selected financial information is a summary of quarterly results taken from the Company's unaudited quarterly consolidated financial statements:

Description	4 months December 31, 2011 (IFRS)	August 31, 2011 (IFRS)	May 31, 2011 (IFRS)	February 28, 2011 (IFRS)
Interest Income	$ 270,350	$ 320,563	$ 317,865	$ 269,602
Net loss – continuing operations	(2,675,646)	(8,364,241)	(1,904,306)	(1,424,785)
Net loss	(2,675,646)	(8,364,241)	(1,904,306)	(1,424,785)
Basic and diluted loss per common share	$ (0.03)	$ (0.10)	$ (0.01)	$ (0.02)

Description	November 30, 2010 (IFRS)	August 31, 2010 (IFRS)
Interest Income	$ 27,142	$ 60,537
Net loss – continuing operations	(2,134,304)	(4,094,290)
Net loss – discontinued operations	-	(934,157)
Net loss	(2,134,304)	(5,028,447)
Basic and diluted loss per common share from continuing operations	$ (0.03)	$ (0.06)

The discussion above provides certain reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn, an interest, its working capital and its number of shares outstanding. The results over quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties (following the spin-out of its non-Livengood properties to Corvus, its only mineral property is the Livengood project), none of which are possible to predict with any accuracy. There are no general trends regarding the Company's quarterly results, and the Company's business of mineral exploration is not seasonal. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options or paid any employee bonuses. These are factors that account for material variations in the Company's quarterly net losses, none of which are predictable. The write-off of mineral properties can have a material effect on quarterly results as and when they occur. Another factor which can cause a material variation in net loss on a quarterly basis is the grant of stock options due to the resulting share based payment charges which can be significant. The payment of employee bonuses (which have tended to be awarded in November/December), being once-yearly charges can also materially affect operating losses. During the period ended December 31, 2011, net loss was significantly impacted by the change in value of the Company's derivative liability. General operating costs other than the specific items noted above tend to be quite similar from period to period, although they will increase quarter over quarter as the Company increases the number of employees as necessary to meet the requirements of its increased work at the Livengood project. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and the subsequent exercise of share purchase and broker warrants and options issued in connection with such private placements. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study for the Livengood projects.

As at December 31, 2011, the Company reported cash and cash equivalents of $55,642,179 compared to $111,165,126 at May 31, 2011. The decrease of approximately $55.5 million resulted mainly from expenditures on the Livengood Project through the 2011 exploration season, advancing work towards the PFS, as well as the acquisition of certain mining claims and related rights in the vicinity of the Livengood Project. The Company continues to utilize its cash resources to fund the Livengood Project exploration, permitting, prefeasibility data compilation, including related metallurgical and geotechnical studies, and administrative requirements. Investing activities comprised primarily of mineral property expenditures of $50,407,378 (May 31, 2011 - $35,896,786). General operating costs during the period were $5,583,284 (May 31, 2011 - $6,670,925). Financing activities provided $229,950 (May 31, 2011 - $113,817,925) on the issuance of common shares as a result of the exercise of stock options.

As at December 31, 2011, the Company had working capital of $46,104,290 compared to working capital of $108,354,423 at May 31, 2011. The Company expects that it will operate at a loss for the foreseeable future, but believes the current cash and cash equivalents will be sufficient for it to complete the mandatory drilling programs, pre-feasibility and permitting activities at Livengood, and its currently anticipated general and administrative costs, for the next fiscal year to December 31, 2012. However, the Company will require significant additional financing to continue its operations (including general and administrative expenses) beyond that date, particularly in connection with any post FS activities at Livengood and the development of any mine that may be determined to be built at Livengood, and there is no assurance that the Company will be able to obtain the additional financing required on acceptable terms, if at all. In addition, any significant delays in the issuance of required permits for the ongoing work at Livengood, or unexpected results in connection with the ongoing work, could result in the Company being required to raise additional funds to complete the planned FS.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets – see "Risk Factors – Insufficient Financial Resources/Share Price Volatility". The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Colorado, all of the Company's cash reserves are on deposit with a major Canadian chartered bank or invested in Government of Canada Treasury Bills or Banker's Acceptances issued by major Canadian chartered banks. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

The following table discloses, as of December 31, 2011, the Company's contractual obligations for optional mineral property payments and work commitments and committed office and equipment lease obligations. The table also includes amounts payable under the purchase agreement related to the acquisition of certain mining claims and related rights in the vicinity of the Livengood project ("Livengood Property Purchase"). The Company does not have any other long-term debt or loan obligations. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease and/or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but no other lease purchase or royalty buyout options:

Contractual Obligations	**Payments Due by Period**(5)			
	Total	***Prior to December 31, 2012 (12 months)***	***January 1, 2013 to December 31, 2015 (36 months)***	***January 1, 2016 to December 31, 2018 (36 months)***
Livengood Property Purchase(1)	$ 29,798,100	$ 8,644,500	$ -	$21,153,600
Mineral Property Leases(2)(3)	3,800,275	791,480	1,983,913	1,024,882
Mining Claim Government Fees	379,941	54,277	162,832	162,832
Office and Equipment Lease Obligations(4)	965,000	278,659	602,533	83,808
Total Contractual Obligations	$ 34,943,316	$ 9,768,916	$ 2,749,278	$22,425,122

Notes:

1. The amount payable in December 2016 of $21,153,600 represents the fair value of the Company's derivative liability as at December 31, 2011 and will be revalued at each subsequent reporting period.
2. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work for which will actually be carried out by the Company.
3. Does not include potential royalties that may be payable (other than annual minimum royalty payments).
4. Assumes that current office and storage leases are extended beyond current termination dates at the same terms.
5. Assumes the exchange rate at December 31, 2011 of USD to CAD of 1.017 remains constant.

Transactions with Related Parties

During the seven months ended December 31, 2011, the Company incurred the following related party expenditures. These figures do not include share-based payments.

Name	Relationship	Purpose of transaction		Amount
Anton Drescher	Director of the Company	Director's fees	$	14,500
Daniel Carriere	Director of the Company	Director's fees	$	15,000
Ronald Sheardown	Director of the Company (ceased on November 17, 2011)	Director's fees	$	12,500
Steve Aaker	Director of the Company (ceased on November 17, 2011)	Director's fees	$	12,000
Timothy Haddon	Director of the Company	Director's fees	$	14,500
Donald Ewigleben	Director of the Company (as of November 17, 2011)	Director's fees	$	3,000
Mark Hamilton	Director of the Company (as of November 17, 2011)	Director's fees	$	3,000
Roger Taplin	Director of the Company (as of November 17, 2011)	Director's fees	$	2,500
James Komadina	Director and CEO of the Company	Wages & Benefits (including signing bonus)	$	394,263
Jeff Pontius	Director and former CEO of the Company (resigned as CEO on	Wages & Benefits (including severance pay)	$	879,120
	June 1, 2011, director since June 1,	Professional fees	$	105,983
	2011)	Director's fees	$	2,500
Carl Brechtel	President & COO of the Company (resigned on October 24, 2011)	Wages & Benefits	$	121,510
Lawrence Talbot	VP & General Counsel of the Company	Wages & Benefits	$	29,167
Winslow Associates Management and Communications Inc.	Company controlled by the former CFO of the Company (resigned on September 7, 2011)	Consulting (including severance pay)	$	57,500
Tom Yip	CFO of the Company	Wages & Benefits (including signing bonus)	$	197,889
Marla Ritchie	Corporate Secretary	Consulting	$	7,000
Shirley Zhou	VP Corporate Communications	Investor relations	$	84,000
		Rent	$	6,000
Lawrence W. Talbot Law Corporation	Company controlled by VP& General Counsel of the Company	Professional fees	$	41,667
McCarthy Tetrault	Law firm in which a director is a partner	Professional fees	$	49,625
Cardero Resource Corp.	Company with common officers and directors	Administration	$	4,389
Cardero Resource Corp.	Company with common officers and directors	Rent	$	18,010

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 the consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

As at the date of this MD&A there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with and that have not been publicly disclosed, except that management of the Company, having been granted authority to do so by the board, is currently negotiating with a number of landowners to acquire additional ground in the vicinity of the Livengood project and believes that it will be successful in negotiating one or more of such acquisitions at prices acceptable to the Company. If this is the case, the Company will proceed with such acquisitions. However, to date, no agreements regarding any such acquisitions have been executed and there can be no certainty that any such agreements will be successfully concluded or executed.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates in the preparation of the Company's consolidated financial statements include rates of depreciation and useful lives of property and equipment, impairment and recoverability of exploration and evaluation expenditures, amounts of provisions for environmental rehabilitation and restoration, accrual of liabilities, assumptions used to determine the fair value of share-based payments and the derivative liability, allocation of administrative expenses to discontinued operations and the determination of the valuation allowance for deferred income tax assets. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

Changes in Accounting Policies Including Initial Adoption

Please refer to Note 3 of the audited consolidated financial statements for a comprehensive list of the accounting policies adopted upon transition to IFRS.

Financial Instruments and Other Instruments

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

The Company's cash and cash equivalents at December 31, 2011 was $55,642,179 of which $8,709,370 was held in US dollars.

The Company's accounts receivables and payables at December 31, 2011 were normal course business items that are settled on a regular basis. The Company's investment in Millrock Resources Inc. ('Millrock") and Ocean Park Ventures Corp. ("OPV") were carried at quoted market value, and were classified as "fair value through profit and loss" for accounting purposes. The Company has no current plans to dispose of any significant portion of its investments in Millrock and OPV.

The Company acquired certain mining claims and related rights in the vicinity of the Livengood Project located near Fairbanks, Alaska. The assets were purchased for aggregate consideration of USD 36,600,000 allocated between cash consideration of USD 13,500,000 and a derivative liability of USD 23,100,000. The derivative liability is a contingent payment based on the five-year average gold price ("Average Gold Price") from the date of the acquisitions. The contingent payment will equal USD 23,148 for every dollar that the Average Gold Price exceeds USD 720 per troy ounce. If the Average Gold Price is less than USD 720, there will be no additional contingent payment. This additional contingent payment is classified as a derivative liability.

At initial recognition on December 13, 2011, the derivative liability was valued at USD 23,100,000. The key assumption used in the valuation of the derivative is the estimate of the future Average Gold Price. The estimate of the future Average Gold Price was determined using a forward curve on future gold prices as published by the CME Group. The CME Group represents the merger of the Chicago Mercantile Exchange (CME), the Chicago Board of Trade (CBOT), the New York Mercantile Exchange (NYMEX) and its commodity exchange division, Commodity Exchange, Inc. (COMEX). Using this forward curve, the Company estimated an Average Gold Price five years from the date of acquisition of USD 1,720 per ounce of gold.

At December 31, 2011, the derivative was revalued using the same methodology as above. The Company estimated an Average Gold Price over the term of the agreement at December 31, 2011 of USD 1,619 per ounce of gold. This estimate of the Average Gold Price resulted in a fair value of the derivative liability of USD 20,800,000. The change in fair value of the derivative from initial recognition to December 31, 2011 was recognized as a gain on the Consolidated Statements of Comprehensive Loss. The derivative will revalued at each reporting period with any changes in value recorded to profit or loss.

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 IFRS. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company's assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's consolidated financial statements would be prevented or detected.

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

Changes in Internal Control Over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. 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 period ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure of Outstanding Share Data (as at March 16, 2012)

Authorized and Issued capital stock:

Authorized	Issued	Value
500,000,000 common shares without par value	86,683,919	$ 215,865,086

Incentive Stock Options Outstanding:

Number	Exercise Price	Expiry Date
2,485,000	$ 7.34	April 14, 2012
1,165,000	$ 6.57	August 19, 2012
215,000	$ 9.15	January 10, 2013
1,000,000	$ 8.35	May 9, 2016
950,000	$ 7.47	July 28, 2013
650,000	$ 8.07	August 23, 2016
100,000	$ 5.64	November 15, 2016
650,000	$ 4.43	January 3, 2017
30,000	$ 4.60	January 9, 2017
7,245,000		

Warrants Outstanding:

There were no share purchase warrants outstanding at the date of this MD&A.

The Company's consolidated financial statements for the seven month period ending December 31, 2011 (the Company changed its year end from May 31 to December 31 effective December 31, 2011) are the first annual financial statements that will be prepared in accordance with IFRS. The Company has adopted IFRS on June 1, 2011 with a transition date of June 1, 2010. Under IFRS 1, *"First time adoption of International Financial Reporting Standards"* ("IFRS 1"), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit, and IFRS 1 providing for certain optional and mandatory exemptions to this principle.

Below are the adjustments necessary for the IFRS transition, including exemptions taken at the transition date:

a) Share-based payment transactions

IFRS 1 allows that a first-time adopter can elect to not apply IFRS 2 to share-based payments granted after November 7, 2002 that vested before the later of (a) the date of transition to IFRS and (b) January 1, 2005. The Company has elected this exemption and will apply IFRS 2 only to unvested stock options as at June 1, 2010, being the transition date.

IFRS 2 and Canadian GAAP are largely converged, with the exception of two main differences affecting the Company's stock option grants. IFRS 2 does not allow straight-line amortization of share-based payments related to stock options granted with a graded vesting schedule. The attribution method is required which effectively splits the grant into separate units for valuation purposes based on the vesting schedule. Additionally, IFRS 2 requires the incorporation of an estimate of forfeiture rates. Under Canadian GAAP, the Company's policy was to account for forfeitures as they occurred.

Impact on Consolidated Financial Statements

		May 31, 2011		**June 1, 2010**
Contributed surplus	$	(321,000)	$	-
Adjustment to deficit	$	321,000	$	-
Adjustment to share-based payment charges	$	321,000	$	-

b) Business combinations

IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations (IFRS 3) retrospectively to business combinations prior to the date of transition, avoiding the requirement to restate prior business combinations. The Company has elected to only apply IFRS 3 to business combinations that occur on or after June 1, 2010.

c) Marketable securities

IAS 39 permits a financial asset to be designated on initial recognition as available-for-sale or a financial instrument (provided it meets certain criteria) to be designated as a financial asset or financial liability at fair value through profit or loss. The Company has taken this election as at the transition date.

d) Cumulative translation differences

IFRS 1 allows first-time adopter to elect to deem all cumulative translation differences to be zero at the date of transition. The Company has elected this exemption and as such all cumulative translations amounts to June 1, 2010 have been included in the deficit.

Functional and presentation currency

The functional currency of the Company's two significant subsidiaries, Tower Hill Mines, Inc. and Tower Hill Mines (US) LLC, is the US dollar and for all other entities within the Company's corporate group ("Group"), the functional currency is the Canadian dollar, as at the transition date of June 1, 2010. The consolidated financial statements are presented in Canadian Dollar ("CAD") which is the Group's presentation currency.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that financial period end;
- Income and expenses for each Statement of Comprehensive Loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized in other comprehensive income and reported as a separate component of equity.

On consolidation, exchange differences arising from the translation of functional to presentation are taken to Accumulative Other Comprehensive Income.

IAS 21 – *"The effects of Changes in Foreign Exchange Rates"* differs from the Canadian GAAP equivalent, applied by the Group until May 31, 2011. IAS 21 requires an entity to measure its assets, liabilities, revenue and expenses in its functional currency. It has been determined that as at the transition date of June 1, 2010, the functional currency of Tower Hill Mines, Inc. and Tower Hill Mines (US) LLC is US dollars ("USD") and for all other entities within the Group, the functional currency is Canadian dollars. Prior to the adoption of IFRS, the functional currency of the Group was the CAD.

Under IAS 21, the assets and liabilities of the Group are translated from Tower Hill Mines Inc. and Tower Hill Mines (US) LLCs' functional currency USD, to the presentation currency at the reporting date. The income and expenses are translated to the Group's presentation currency, which is CAD at the dates of the transactions. Foreign currency differences are recognized directly in other comprehensive income within the foreign currency translation reserve.

Impact on Consolidated Financial Statements

	May 31, 2011	June 1, 2010
Exploration and evaluation assets	$ (9,066,545)	$ (2,349,207)
Long-term assets related to discontinued operations	$ -	$ (572,982)
Accumulated other comprehensive income	$ (6,767,665)	$ 2,922,189
Adjustment to deficit	$ (2,298,880)	$ -

e) Fair value as deemed cost

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an asset at the opening balance sheet date. The Company has elected to use historical cost for its assets.

f) Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has applied IAS 27 prospectively.

g) Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

Reconciliation to previously reported financial statements

A reconciliation of the above noted changes is included in the following Consolidated Statements of Financial Position and Consolidated Statements of Comprehensive Loss for the dates and periods noted below.

- Transitional Consolidated Statement of Financial Position Reconciliation – June 1, 2010
- Consolidated Statement of Financial Position Reconciliation – May 31, 2011.
- Consolidated Statement of Comprehensive Loss Reconciliation – May 31, 2011.

As there have been no adjustments to net cash flows, no reconciliation of the Statement of Cash Flows has been prepared.

Transition Consolidated Statement of Financial Position Reconciliation – June 1, 2010

	Canadian GAAP	Effect of Transition to IFRS	Ref	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	$ 43,460,324	$ -		**$ 43,460,324**
Marketable securities	360,000	-		**360,000**
Accounts receivable	110,214	-		**110,214**
Prepaid expenses	274,246	-		**274,246**
Current assets related to discontinued operations	13,663	-		**13,663**
Total current assets	44,218,447	-		**44,218,447**
Property and equipment	80,040	-		**80,040**
Exploration and evaluations assets	41,849,485	(2,349,207)	**d)**	**39,500,278**
Long-term assets related to discontinued operations	12,245,690	(572,982)	**d)**	**11,672,708**
Total assets	$ 98,393,662	$ (2,922,189)		**$ 95,471,473**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities	$ 1,187,865	$ -		**$ 1,187,865**
Current liabilities of discontinued operations	85,094	-		**85,094**
Total liabilities	1,272,959	-		**1,272,959**
Shareholders' equity (deficiency)				
Share capital	124,277,370	-		**124,277,370**
Contributed surplus	14,240,223	-		**14,240,223**
Accumulated other comprehensive loss	-	-		**-**
Deficit	(41,396,890)	(2,922,189)	**d)**	**(44,319,079)**
Total shareholders' equity (deficiency)	97,120,703	(2,922,189)		**94,198,514**
Total liabilities and shareholders' equity (deficiency)	$ 98,393,662	$ (2,922,189)		**$ 95,471,473**

Consolidated Statement of Financial Position Reconciliation – May 31, 2011

	Canadian GAAP	Effect of Transition to IFRS	Ref	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	$ 111,165,126	$ -		**$ 111,165,126**
Marketable securities	662,500	-		**662,500**
Accounts receivable	185,733	-		**185,733**
Prepaid expenses	378,492	-		**378,492**
Current assets related to discontinued operations	-	-		**-**
Total current assets	112,391,851	-		**112,391,851**
Property and equipment	143,571	-		**143,571**
Exploration and evaluations assets	80,169,668	(9,066,545)	**d)**	**71,103,123**
Long-term assets related to discontinued operations	-	-		**-**
Total assets	$ 192,705,090	$ (9,066,545)		**$ 183,638,545**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities	$ 4,037,428	$ -		**$ 4,037,428**
Current liabilities of discontinued operations	-	-		**-**
Total liabilities	4,037,428	-		**4,037,428**
Shareholders' equity (deficiency)				
Share capital	215,544,180	-		**215,544,180**
Contributed surplus	12,967,996	321,000	**a)**	**13,288,996**
Accumulated other comprehensive loss	-	(6,767,665)	**d)**	**(6,767,665)**
Deficit	(39,844,514)	(2,619,880)	**a) d)**	**(42,464,394)**
Total shareholders' equity (deficiency)	188,667,662	(9,066,545)		**179,601,117**
Total liabilities and shareholders' equity (deficiency)	$ 192,705,090	$ (9,066,545)		**$ 183,638,545**

Consolidated Statement of Comprehensive Loss Reconciliation – May 31, 2011

	Canadian GAAP	Effect of Transition to IFRS	Ref	IFRS
Expenses				
Administration	$ 31,544	$ -		**$ 31,544**
Charitable donations	64,637	-		**64,637**
Consulting fees	1,570,146	-		**1,570,146**
Depreciation	42,375	-		**42,375**
Insurance	215,228	-		**215,228**
Investor relations	1,148,359	90,849	**a)**	**1,239,208**
Office and miscellaneous	281,840	-		**281,840**
Professional fees	667,405	(11,786)	**a)**	**655,619**
Property investigations	2,557	-		**2,557**
Regulatory	188,121	-		**188,121**
Rent	167,697	-		**167,697**
Telephone	49,688	-		**49,688**
Travel	210,192	-		**210,192**
Wages and benefits	5,263,652	241,937	**a)**	**5,505,589**
Loss before other items	(9,903,441)	(321,000)		**(10,224,441)**
Other items				
Gain on foreign exchange	41,225	50,327	**d)**	**91,552**
Interest income	675,146	-		**675,146**
Income from mineral property earn-in	311,312	-		**311,312**
Spin-out cost	(593,754)	-		**(593,754)**
Unrealized gain on marketable securities	182,500	-		**182,500**
	616,429	50,327		**666,756**
Loss from continuing operations	(9,287,012)	(270,673)		**(9,557,685)**
Loss from discontinued operations	(934,157)	-		**(934,157)**
Net loss for the year	(10,221,169)	(270,673)		**(10,491,842)**
Other comprehensive loss				
Cumulative translation adjustments – exploration and evaluation assets	-	(6,717,338)	**d)**	**(6,717,338)**
Cumulative translation adjustments – foreign subsidiaries	-	(50,327)	**d)**	**(50,327)**
Total other comprehensive loss	-	(6,767,665)	¤	**(6,767,665)**
Comprehensive loss for the year	$ (10,221,169)	$ (7,038,338)		**$ (17,259,507)**
Basic and fully diluted loss per share from continuing operations	$ (0.12)	$ -		**$ (0.12)**
Basic and fully diluted loss per share from discontinued operations	$ (0.01)	$ -		**$ (0.01)**
Weighted average number of shares outstanding	77,550,644	-		**77,550,644**

Additional Sources of Information

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

Exhibit 99.4

CERTIFICATION

I, James J. Komadina, certify that:

1. I have reviewed this annual report on Form 40-F of International Tower Hill Mines Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-5(f) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

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

Date: March 23, 2012

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

Exhibit 99.5

CERTIFICATION

I, Tom S. Q. Yip, 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: March 23, 2012

By: /s/ Tom S. Q. Yip
Name: Tom S. Q. Yip
Title: Chief Financial Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of International Tower Hill Mines Ltd. (the "Company") on Form 40-F for the period ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Komadina, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: March 23, 2012

/s/ James J. Komadina

Name: James J. Komadina
Title: Chief Executive Officer

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

Exhibit 99.7

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of International Tower Hill Mines Ltd. (the "Company") on Form 40-F for the period ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tom S. Q. Yip, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: March 23, 2012

/s/ Tom S. Q. Yip
Name: Tom S. Q. Yip
Title: Chief Financial Officer

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

CHARTERED ACCOUNTANTS

MacKay LLP

1100 – 1177 West Hastings Street
Vancouver, BC V6E 4T5
Tel: (604) 687-4511
Fax: (604) 687-5805
Toll Free: 1-800-351-0426
www.MacKayLLP.ca

mackay.ca

Exhibit 99.8

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the inclusion in this Annual Report on Form 40-F of our audit report dated March 16, 2012 with respect to the consolidated financial statements of International Tower Hill Mines Ltd. (the "Company") for the period ended December 31, 2011 and for the year ended May 31, 2011 and to the incorporation by reference of this Annual Report on Form 40-F, together with our audit report contained herein, in the Company's Form S-8 Registration Statement (SEC File No. 333-158533).

/s/ **MacKay** LLP

Chartered Accountants
Vancouver, British Columbia, Canada
March 23, 2012

Exhibit 99.9

CONSENT OF EXPERT

March 16, 2012

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Timothy Carew, P.Geo., do hereby consent to the filing of the written disclosure (the "Disclosure") regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated March 16, 2012.

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 March 16, 2012, and to the incorporation by reference of this Annual Report on Form 40-F in the Company's Form S-8 Registration Statement (SEC File No. 333-158533).

By: /s/ Timothy Carew
Timothy Carew, P.Geo., MIMMM
Professional Geoscientist
Reserva International LLC

Exhibit 99.10

CONSENT OF EXPERT

March 16, 2012

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, William J. Pennstrom, Jr., M.A., do hereby consent to the filing of the written disclosure regarding the technical report entitled “August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska” dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the “Company”) dated March 16, 2012.

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 March 16, 2012, and to the incorporation by reference of this Annual Report on Form 40-F in the Company’s Form S-8 Registration Statement (SEC File No. 333-158533).

By: /s/ William Pennstrom Jr.
William J. Pennstrom, Jr.
QPMMSA, SME
Pennstrom Consulting Inc.

Exhibit 99.11

CONSENT OF EXPERT

March 16, 2012

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Carl E. Brechtel, P.E., do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated March 16, 2012.

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 March 16, 2012, and to the incorporation by reference of this Annual Report on Form 40-F in the Company's Form S-8 Registration Statement (SEC File No. 333-158533).

By: /s/ Carl E. Brechtel
Carl E. Brechtel, P.E., SME
Manager of Project Development
Corvus Gold Inc.

Exhibit 99.12

CONSENT OF EXPERT

March 16, 2012

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Russell Myers, CPG, do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated March 16, 2012.

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 March 16, 2012, and to the incorporation by reference of this Annual Report on Form 40-F in the Company's Form S-8 Registration Statement (SEC File No. 333-158533).

By: /s/ Russell Myers
Russell Myers, CPG
President
Corvus Gold Inc.

Exhibit 99.13

CONSENT OF EXPERT

March 16, 2012

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Chris Puchner, CPG, do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated March 16, 2012.

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 March 16, 2012, and to the incorporation by reference of this Annual Report on Form 40-F in the Company's Form S-8 Registration Statement (SEC File No. 333-158533).

By: /s/ Chris Puchner
Chris Puchner, CPG
Chief Geologist
International Tower Hill Mines Ltd.

Exhibit 99.14

CONSENT OF EXPERT

March 16, 2012

International Tower Hill Mines Ltd.

United States Securities and Exchange Commission

Ladies and Gentlemen:

Re: International Tower Hill Mines Ltd.

I, Scott Wilson, CPG, do hereby consent to the filing of the written disclosure regarding the technical report entitled "August 2011 Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 25, 2011 in the Form 40-F Annual Report, and any amendments thereto, and the Annual Information Form of International Tower Hill Mines Ltd. (the "Company") dated March 16, 2012.

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 March 16, 2012, and to the incorporation by reference of this Annual Report on Form 40-F in the Company's Form S-8 Registration Statement (SEC File No. 333-158533).

By: /s/ Scott Wilson
Scott Wilson, CPG
Scott E. Wilson Consulting, Inc.