



Corvus Gold Inc.
(An Exploration Stage Company)

Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

February 28, 2011

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CORVUS GOLD INC.
(An Exploration Stage Company)
Interim Consolidated Balance Sheets
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	February 28, 2011	May 31, 2010
ASSETS		
Current		
Cash	\$ 8,729,355	\$ -
Accounts receivable	31,080	97
Prepaid expenses	41,338	13,566
	8,801,773	13,663
Property and Equipment (note 5)	11,791	-
Mineral properties (note 6)	14,231,594	12,245,690
	\$ 23,045,158	\$ 12,259,353
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 440,538	\$ 85,094
SHARE CAPITAL AND DEFICIT		
Share capital (note 7)	27,612,461	1
Contributed surplus (note 7)	9,482,667	23,013,646
Deficit	(14,490,508)	(10,839,388)
	22,604,620	12,174,259
	\$ 23,045,158	\$ 12,259,353

Plan of Arrangement and Transfer of Assets (note 1)
Nature and continuance of operations (note 2)

Approved on behalf of the Directors:

“Jeffrey Pontius” Director

“Anton Drescher” Director

CORVUS GOLD INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Three months ending		Nine months ended	
	February 28		February 28	
	2011	2010	2011	2010
Expenses				
Administration (note 9)	\$ 538	\$ 2,375	\$ 2,318	\$ 7,415
Amortization	463	-	940	-
Charitable donations	-	3,185	6,413	6,526
Consulting fees (notes 7 and 9)	153,450	11,361	2,494,003	122,193
Insurance	6,129	10,466	16,228	30,124
Investor relations (notes 7 and 9)	66,419	66,245	572,294	152,170
Office and miscellaneous	1,657	9,117	18,792	29,464
Professional fees (notes 7 and 9)	93,860	35,340	240,206	106,701
Property investigations	3,227	38	4,349	287
Rent (note 9)	-	7,050	5,302	21,718
Regulatory	20,967	53,924	100,891	61,679
Travel	5,294	10,349	10,919	30,887
Wages and benefits (notes 7 and 9)	1,956	328,735	485,580	898,512
	(353,960)	(538,185)	(3,958,235)	(1,467,676)
Other items				
Interest income	21	-	21	-
Gain (loss) on foreign exchange	(62,548)	6,531	(59,111)	17,370
Operator fee income (note 6(a)(i))	16,972	-	366,205	-
	(45,555)	6,531	307,115	17,370
Net loss and comprehensive loss for the period				
	\$ (399,515)	\$ (531,654)	\$ (3,651,120)	\$ (1,450,306)
Basic and diluted loss per share				
	\$ (0.01)	\$ (0.02)	\$ (0.10)	\$ (0.05)
Weighted average number of shares outstanding				
	41,659,245	29,925,796	36,285,969	29,064,604

See accompanying notes to the interim unaudited consolidated financial statements

CORVUS GOLD INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Three months ended		Nine months ended	
	February 28		February 28	
	2011	2010	2011	2010
Operating Activities				
Net loss for the period	\$ (399,515)	\$ (531,654)	\$ (3,651,120)	\$ (1,450,306)
Add items not affecting cash:				
Amortization	463	-	940	-
Stock-based compensation	157,557	269,577	3,284,149	280,156
Loss (gain) on foreign exchange	62,548	(6,531)	59,111	(17,370)
Changes in non-cash items:				
Accounts receivable	348,652	-	(30,983)	-
Prepaid expenses	(38,093)	-	(41,122)	-
Accounts payable and accrued liabilities	(14,338)	-	146,463	-
Cash Provided by (Used in) Operating Activities	117,274	(268,608)	(232,562)	(1,187,520)
Financing Activities				
Additional funding by ITH	-	429,795	726,375	1,921,814
Funding provided by ITH under Plan of Arrangement (note 1)	-	-	3,300,000	-
Issuance of share capital	-	-	7,040,000	-
Share issuance costs	(25,274)	-	(424,141)	-
Cash (Used in) Provided by Financing Activities	(25,274)	429,795	10,642,234	1,921,814
Investing Activities				
Expenditures on property and equipment	-	-	(12,731)	-
Expenditures on mineral properties	(264,776)	(167,649)	(1,586,385)	(750,789)
Cash Used in Investing Activities	(264,776)	(167,649)	(1,599,116)	(750,789)
Effect of foreign exchange on cash	(83,128)	6,462	(81,201)	16,495
Increase (decrease) in cash	(255,904)	-	8,729,355	-
Cash, beginning of period	8,985,259	-	-	-
Cash, end of period	\$ 8,729,355	\$ -	\$ 8,729,355	\$ -

Supplemental cash flow information (note 12)

CORVUS GOLD INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Equity
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, May 31, 2009	1	\$ 1	\$ 18,257,534	\$(7,236,019)	\$11,021,516
Cash funding provided by ITH	-	-	1,713,749	-	1,713,749
Shares issued for property acquisition by ITH	-	-	801,000	-	801,000
Stock-based compensation funding provided by ITH	-	-	2,241,363	-	2,241,363
Net loss (note 1)	-	-	-	(3,603,369)	(3,603,369)
Balance, May 31, 2010	1	1	23,013,646	(10,839,388)	12,174,259
Nevada and Other Alaska Business	1	1	1,585,682	-	1,585,683
ITH working capital contribution	-	-	3,300,000	-	3,300,000
Shares issued under Plan of Arrangement	33,614,009	27,899,328	(27,899,328)	-	-
Reclassify contributions by way of stock- based compensation from share capital to contributed surplus	-	(6,662,577)	6,662,577	-	-
Private placement	8,000,000	7,040,000	-	-	7,040,000
Shares issued for property acquisition	46,250	43,475	-	-	43,475
Stock-based compensation	-	-	2,536,464	-	2,536,464
Share issuance costs	-	(707,767)	283,626	-	(424,141)
Net loss	-	-	-	(3,651,120)	(3,651,120)
Balance, February 28, 2011	41,660,261	\$27,612,461	\$ 9,482,667	\$(14,490,508)	\$ 22,604,620

See accompanying notes to the interim unaudited consolidated financial statements

CORVUS GOLD INC.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
Nine months ended February 28, 2011 and 2010
(Expressed in Canadian dollars)
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1. PLAN OF ARRANGEMENT AND TRANSFER OF ASSETS

On August 25, 2010, International Tower Hill Mines Ltd. (“ITH”) completed a Plan of Arrangement (the “Arrangement”) under the British Columbia Business Corporations Act whereby its existing Alaska mineral properties (other than the Livengood project) and related assets and the North Bullfrog mineral property and related assets in Nevada (collectively, the “Nevada and Other Alaska Business”) were indirectly spun out into a new public company, being Corvus Gold Inc. (“Corvus” or the “Company”).

The Arrangement was approved by the board of directors of each of ITH and Corvus and by the shareholders of ITH and was accepted for filing by the TSX on behalf of both ITH and Corvus. In connection with the completion of the Arrangement, the common shares of Corvus were listed on the Toronto Stock Exchange.

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. (“Corvus Nevada”), 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’s unaudited interim consolidated financial statements reflect the balance sheets, statements of operations, comprehensive loss and deficit and cash flows of the Nevada and Other Alaska Business as if Corvus existed in its present form during the periods reported. The statements of operations, comprehensive loss and deficit for the periods ended February 28, 2011 and 2010, include an allocation of ITH’s general and administrative expenses incurred in each of these periods. The allocation of general and administrative expenses 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 ITH in each of these periods. The financial statements have been presented under the continuity of interests basis of accounting with balance sheet amounts based on the amounts recorded by ITH. Management cautions readers of these financial statements that the allocation of expenses does not necessarily reflect future general and administrative expenses.

The opening deficit of the Company at June 1, 2009 was calculated by applying the same allocation principles outlined above to the cumulative transactions relating to the Spin-out Properties from the date of acquisition of those mineral properties to May 31, 2009 and includes an allocation of ITH’s general and administrative expenses from the date of acquisition of those mineral properties to May 31, 2009. The allocation of general and administrative expense was calculated on the basis of the ratio of costs incurred on the Spin-out Properties in each prior year as compared to the costs incurred on all mineral properties of ITH in each of those prior years.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated on April 13, 2010 under the British Columbia Business Corporation Act.

The Company is an exploration stage entity engaged 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 February 28, 2011, the Company was in the exploration stage and had interests in properties in Alaska and Nevada, U.S.A.

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

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and/or obtaining additional financing. The Company has sustained losses from operations, and has an ongoing requirement for capital investment to explore its mineral properties. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Corvus Gold Nevada (a Nevada corporation) and Raven Gold (an Alaska corporation). All intercompany transactions and balances have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Basis of presentation

These consolidated financial statements have been prepared on a carve-out basis from ITH as if the Company had operated as a stand-alone entity during the reporting periods.

Assets, liabilities and equity contributions directly attributable to the Company have been allocated to the Company. Revenues and expenses have generally been allocated based on the allocation of ITH and each subsidiary head office general and administrative expenses based upon 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 ITH in each of these periods. Amounts were allocated using management's best estimates in order to provide the most reasonable allocation. As a result of this basis of presentation, these consolidated financial statements may not necessarily be indicative of the results that would have been obtained if the Company had operated as a stand-alone entity, nor are they necessarily indicative of the results for any future periods.

c) Foreign currency translation

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

d) Property and equipment

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

Computer equipment – 30% declining balance.

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

e) Mineral properties

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Mineral properties (cont'd)

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

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

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

f) Asset retirement obligations

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

g) Share capital

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Loss per share

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

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

i) Income tax

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

j) Stock-based compensation

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

k) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Measurement uncertainty

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

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

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

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

The Company classified its financial instruments as follows:

- Cash is classified as held-for-trading.
- Accounts receivable as other loans and receivables.
- Accounts payable and accrued liabilities are classified as other liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Comprehensive Income

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

o) Future accounting changes

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

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

(ii) Business combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to IFRS on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. This standard is not expected to be adopted prior to the transition to IFRS.

(iii) Consolidated financial statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard is not expected to be adopted prior to the transition to IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Future accounting changes (cont'd)

(iv) Non-controlling interests

In January 2009, the CICA issued Handbook Section 1602, “Non-controlling Interests”, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to IFRS on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard is not expected to be adopted prior to the transition to IFRS.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The fair values of amounts due to related parties included in accounts payable and accrued liabilities have not been disclosed as their fair values cannot be reliably measured since the parties are not at arm's length.

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

Fair Value Hierarchy

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

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

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

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

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

	Level 1	Level 2	Level 3
Cash	\$ 8,729,355	\$ -	\$ -

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

a) Credit risk

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto in Canada is as follows:

	February 28, 2011	May 31, 2010
Cash	\$ 8,729,355	\$ -
Accounts receivable	\$ 31,080	\$ -

The credit risk associated with cash is minimized by ensuring that substantially all Canadian and US dollar amounts are held with a major Canadian financial institution with strong investment-grade rating by a primary ratings agency.

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 from operations and anticipated investing and financing activities. At February 28, 2011, the Company had cash of \$8,729,355, which will be sufficient to meet its obligations related to its accounts payable and accrued liabilities of \$440,538.

All its non-derivative financial liabilities, made up of accounts payable and accrued liabilities, are due within three months of the period end as shown below. The Company does not have any derivative financial liabilities.

	0 to 3 months	3 to 6 months	6 to 12 months	Total
Accounts payable and accrued liabilities	\$ 440,538	\$ -	\$ -	\$ 440,538

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

c) Market risk

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

(i) Interest rate risk

(ii) The Company is not subject to interest rate risk. Foreign currency risk

The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in United States funds, nor entered into any hedging arrangements with respect to mineral property expenditure commitments denominated in United States dollars. The Company's sensitivity analysis suggests that a consistent 6% 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 \$268,000. As at February 28, 2011, the Company had the following financial instruments in USD\$:

	CAD equivalent	USD
Cash	\$ 1,401,156	\$ 1,442,409
Accounts payable and accrued liabilities	\$ 294,737	\$ 303,415

As at February 28, 2011, USD amounts were converted at a rate of USD 1.00 to CAD 0.9714.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign exchange risk or commodity price risk. The Company has no financial instruments exposed to such risk.

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5. PROPERTY AND EQUIPMENT

	February 28, 2011		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 12,731	\$ 940	\$ 11,791

	May 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ -	\$ -	\$ -

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6. MINERAL PROPERTIES

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

	West Pogo	Chisna	North Bullfrog	LMS	Terra	Total
	(note 6(a)(ii))	(note 6(a)(i))	(note 6(c))	(note 6(b)(i))	(note 6(b)(ii))	
Balance, May 31, 2009	\$ 463,131	\$ 1,849,613	\$ 2,594,580	\$ 2,221,208	\$ 3,925,881	\$ 11,054,413
Acquisition costs:						
Cash payments	-	-	250,000	-	-	250,000
Common shares issued	-	-	801,000	-	-	801,000
	-	-	1,051,000	-	-	1,051,000
Deferred exploration costs:						
Advance to contractors	-	512,115	-	-	-	512,115
Contract services	5,233	1,073,250	96,155	16,064	30,948	1,221,650
Assay	2,680	13,960	3,034	-	-	19,674
Drilling	-	-	-	-	-	-
Field costs	991	40,896	14,865	830	(60,865)	(3,283)
Equipment rental	1,356	2,440	-	3,426	-	7,222
Land maintenance & tenure	18,562	232,505	88,612	27,916	164,864	532,459
Transportation	8,917	29,255	11,796	2,158	152	52,278
Travel	1,798	14,216	-	-	-	16,014
	39,537	1,918,637	214,462	50,394	135,099	2,358,129
Total expenditures for the year	39,537	1,918,637	1,265,462	50,394	135,099	3,409,129
Cost Recovery	-	(2,207,003)	-	-	(10,849)	(2,217,852)
Balance, May 31, 2010	502,668	1,561,247	3,860,042	2,271,602	4,050,131	12,245,690
Acquisition costs:						
Cash payments	-	-	109,230	-	-	109,230
Common shares issued	-	-	43,475	-	-	43,475
	-	-	152,705	-	-	152,705
Deferred exploration costs:						
Advance to contractors	-	(487,830)	119,861	-	-	(367,969)
Contract services (note 7)	3,680	3,204,296	216,789	12,376	43,803	3,480,944
Assay	-	204,503	254,184	-	-	458,687
Drilling	-	-	491,087	-	-	491,087
Field costs	-	264,258	130,807	-	98	395,163
Equipment rental	-	113,200	1,975	-	-	115,175
Land maintenance & tenure	-	179,293	101,248	464	1,088	282,093
Transportation	-	22,659	3,298	356	317	26,630
Travel	317	404,402	26,503	-	-	431,222
Operator fee	-	366,205	-	-	-	366,205
	3,997	4,270,986	1,345,752	13,196	45,306	5,679,237
Total expenditures for the period	3,997	4,270,986	1,498,457	13,196	45,306	5,831,942
Cost Recovery	-	(3,828,596)	-	(17,442)	-	(3,846,038)
Balance, February 28, 2011	\$ 506,665	\$ 2,003,637	\$ 5,358,499	\$ 2,267,356	\$ 4,095,437	\$ 14,231,594

6. MINERAL PROPERTIES (cont'd)

Pursuant to the Arrangement, the obligations and interests in the Spin-out Properties under the various property and related agreements have been transferred from ITH to the Company.

a) 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 ITH, AngloGold Ashanti (U.S.A.) Exploration Inc. (“AngloGold”) and Talon Gold Alaska, Inc. (ITH’s wholly-owned Alaskan subsidiary) (“Talon Gold”), ITH 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 USD50,000 on August 4, 2006, and the issuance of 5,997,295 ITH common shares, representing approximately 19.99% of ITH’s issued shares following the closing of the acquisition and two private placement financings raising an aggregate of \$11,479,348. AngloGold had the right to maintain its percentage equity interest in ITH, 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, ITH 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 ITH acquires an interest and which interest ITH proposes to farm out or otherwise dispose of. If AngloGold’s equity interest in ITH is reduced to less than 10%, then this right of first offer will terminate. AngloGold’s rights to maintain its interest and right of first offer do not apply to the Company or to the Company’s mineral properties.

Pursuant to the Arrangement, ITH spun-out the Chisna and West Pogo properties to the Company. Details of the Chisna and West Pogo properties are as follows:

(i) Chisna Property

The Chisna property is located in the eastern Alaska Range, Alaska, and consists of 608 State of Alaska mining claims divided into five blocks (approximately 32,935 hectares total) owned 100% by the Company pursuant to an agreement dated July 8, 2010 between Talon Gold, as vendor, and Raven Gold, as purchaser, which closed effective upon the completion of the Arrangement.

On November 2, 2009, ITH and Talon Gold entered into an agreement (as amended) with Ocean Park Ventures Corp. (“OPV”). Pursuant to the agreement, an Alaskan subsidiary of OPV (“Subco”) and Raven Gold, an Alaskan subsidiary of the Company, formed a joint venture (the “OPV/Raven JV”) for the purpose of exploring and developing the Chisna property.

6. MINERAL PROPERTIES (cont'd)

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

(i) Chisna Property (cont'd)

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

Raven Gold will be the operator of the OPV/Raven JV during the first two years. After two years, Subco will be entitled to assume the operatorship of the OPV/Raven JV and to maintain operatorship until and unless it ceases to hold a majority interest in the OPV/Raven JV. Any work program proposed by the operator will be subject to approval by the five member OPV/Raven JV management committee. After Subco has completed its USD 20,000,000 initial contribution, the OPV/Raven JV participant with the greatest interest in the OPV/Raven JV will be entitled to nominate three members of the management committee.

If Subco funds the entire required USD 20,000,000 within five year period, it will have the option to acquire a further 19% interest in the OPV/Raven JV by producing a positive bankable feasibility study in respect of the Chisna Project within five years after electing to exercise such option, and by funding and additional exploration required to produce such a study. The feasibility study must support a mining operation at a minimum level of 300,000 ounces per year of gold equivalent production. If Subco does not fund the entire required USD 20,000,000 within five year period, then Subco will be deemed to have withdrawn from the OPV/Raven JV and will thereafter have no residual interest in the Chisna property.

In consideration for the ITH providing the resources for Raven Gold to enter into the OPV/Raven JV, OPV is required to issue 200,000 common shares (received on March 15, 2010) to ITH following satisfaction of the conditions precedent to the formation of the OPV/Raven JV and an additional 200,000 shares each anniversary thereafter (ITH received 200,000 shares on March 15, 2011), to a total of 1,000,000 shares, provided the OPV/Raven JV is in good standing.

6. MINERAL PROPERTIES (cont'd)

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

(i) Chisna Property (cont'd)

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

The formation of the OPV/Raven JV was accepted for filing by the TSXV on behalf of OPV on March 15, 2010 and ITH received the initial 200,000 common shares of OPV required under the November 2, 2009 OPV/Raven JV Agreement. As at February 28, 2011, the Company has received USD 5,000,000 from OPV toward its initial contribution. As Operator, Raven Gold is entitled to earn an operator's fee. For the period ended February 28, 2011, Raven Gold earned a total of \$366,205 (2010 - \$Nil) in Operator fee income, of this amount, \$16,541 remains outstanding as at February 28, 2011.

On March 20, 2010, Raven Gold entered into a Mineral Exploration Agreement with Option to Lease with Ahtna Incorporated ("Ahtna"), an Alaska Native Regional Corporation, concerning approximately 26,516 hectares of fee simple lands in the Athell Area of Alaska surrounding portions of the Chisna project (the "Ahtna Agreement"). Pursuant to the agreement, Ahtna has consented to the transfer of Raven Gold's rights to the OPV/Raven JV. Further consent will be required if Raven Gold ceases to be the operator under the OPV/Raven JV.

The key terms of the Ahtna Agreement include the following:

- exclusive right to explore, and the option to enter into a mining lease to develop and mine, the subject lands for a six-year period.
- annual option payments of USD 1.00 – USD 1.25 per acre.
- minimum exploration expenditures of USD 4.00 – USD 8.00 per acre, provided that if the agreement is not terminated at the end of any option year, the exploration expenditures for the next year become a firm commitment.
- at the end of the third year, Raven Gold will release at least 50% of the original lands subject to the agreement.
- preferential contracting, hiring and training practice for Ahtna shareholders or designees.
- scholarship contributions to the Ahtna Heritage Foundation (USD 10,000/year, subject to increase for inflation).
- all surface work subject to Ahtna archaeological and cultural clearance.

6. MINERAL PROPERTIES (cont'd)

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

(i) Chisna Property (cont'd)

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

- exclusive mining rights for an initial term of ten years and so long thereafter as commercial production continues.
- minimum exploration expenditures of USD 4.00 – USD 9.00 per acre subject to the lease until commercial production is achieved, escalating over time.
- advance minimum royalty payments of USD 6.00 – USD 12.00 per acre escalating over time (50% deductible from production royalties)
- NSR production royalties for gold and silver scaled from 2.5% (gold price USD 550 per ounce or less) to 14% (gold price USD 1,900 per ounce or higher). 2.5% on base metals and 3% on all minerals other than gold, silver or base metals.
- in the event Raven Gold acquires rights to minerals within the area subject to the lease, the acquired minerals lands are subject to a production royalty in favour of Ahtna of 2% of the gross value of any gold and silver and a NSR of 1% on base metals.
- Ahtna is also entitled to receive an amount by which 20% of the net profits realized by Raven Gold from its mining operations on Ahtna minerals (10% in the case of non-Ahtna minerals) in any year exceed the aggregate royalties paid by Raven Gold to Ahtna in that year.
- Ahtna has the right to acquire a working interest in the lands subject to the lease, which is to be greater than or equal to 10% but not more than 15%, upon Raven Gold having made a production decision, and in consideration, Ahtna will be required to fund ongoing operations after such exercise in an amount equal to 200% of Athna's percentage share of the pre-production expenditures incurred by Raven Gold (not including advance minimum royalty payments to Ahtna). Should Athna exercise such option, it would become a participant in the OPV/Raven JV.

(ii) West Pogo Property

The West Pogo property is located approximately 50 kilometres north of Delta Junction, Alaska, and consists of 96 State of Alaska mining claims (1,944 hectares) owned 100% by the Company pursuant to an agreement dated July 8, 2010 between Talon Gold, as vendor, and Raven Gold, as purchaser, which closed effective upon the completion of the Arrangement.

6. MINERAL PROPERTIES (cont'd)

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

(ii) West Pogo Property (cont'd)

On March 24, 2010, ITH entered into a binding letter of intent with First Star Resources Inc. (“First Star”) in connection with the West Pogo Property (the “WP LOI”). Under the terms of the WP LOI, a US subsidiary of First Star (“First Star US”) has the ability to earn an initial 55% interest, and a second option to earn a further 45%, for a total of 100% interest. To earn the 55% interest, First Star US is required to expend USD 2,800,000 in exploration expenditures. To acquire a 100% ownership, First Star will fund the project through to an advanced exploration stage by spending a further USD 2,000,000 prior to December 31, 2015, or by producing, filing and having accepted by the TSXV a NI 43-101 compliant inferred resources of 1,000,000 ounces of gold using a 0.5g/t cut-off grade, whichever costs less. An NSR royalty of 3% or 4% on gold/silver and 1% on all other producers will be payable to Raven Gold. The royalty can be reduced by 1% by paying Raven Gold USD 3,000,000. In pursuance of the WP LOI, Raven and First Star US have entered into an earn-in agreement dated August 16, 2010. In consideration for ITH providing the resources to allow Raven Gold to enter into the WP LOI, First Star or First Star US is required to pay USD 250,000 to ITH (ITH received USD 10,000 on April 9, 2010 and USD 20,000 on July 14, 2010). If either First Star US does not complete the expenditures, or if the required payments to ITH are not made, First Star US will be deemed to have withdrawn from the agreement and will thereafter have no residual interest in the West Pogo Property.

b) Properties optioned from AngloGold, Alaska

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

Pursuant to the Arrangement, ITH spun-out the LMS and Terra properties to the Company. Details of the LMS and Terra properties are as follows:

(i) LMS Property

The LMS property consists of 92 State of Alaska unpatented lode mining claims (5,691 hectares) now owned 100% by the Company pursuant to an agreement dated July 8, 2010 between Talon Gold, as vendor, and Raven Gold, as purchaser, which closed effective upon the completion of the Arrangement.

With respect to the LMS Property, ITH had the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3,000,000 by January 30, 2010 (incurred), of which ITH has committed to incur minimum exploration expenditures of USD 1,000,000 during the 2006 calendar year and of USD 750,000 during the 2007 calendar year.

6. MINERAL PROPERTIES (cont'd)

b) Properties optioned from AngloGold, Alaska (cont'd)

(i) LMS Property (cont'd)

Upon ITH having earned its 60% interest in the LMS Property, AngloGold had the right to re-acquire a 20% interest (for an aggregate 60% interest) and become manager of the joint venture by incurring a further USD 4,000,000 in exploration expenditures over a further two years.

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

On March 24, 2010, ITH entered into a binding letter of intent (the "LMS LOI") with First Star, in connection with the LMS Property. Under the terms of the LMS LOI, First Star US has the ability to earn an initial 55% interest, and a second option to earn a further 45%, for a total 100% interest. To earn the 55% interest, First Star US is required to expend USD 3,500,000 on exploration. To acquire a 100% ownership, First Star US is required to fund the project through to an advanced exploration stage by spending a further USD 3,000,000 prior to December 31, 2015, or by producing, filing and having accepted by the TSXV a NI 43-101 compliant inferred of 2,000,000 ounces of gold using a 0.5g/t cutoff grade, whichever costs less. An NSR royalty of 3% or 4% on gold/silver and 1% on all other products will be payable to Raven. The royalty can be reduced by 1% by paying Raven Gold USD 3,000,000. In pursuance of the LMS LOI, Raven and First Star US have entered into an earn-in agreement dated August 16, 2010. In consideration for ITH providing the resources to allow Raven Gold to enter into the LMS LOI, First Star or First Star US is required to pay USD 280,000 (ITH received USD 10,000 on April 9, 2010 and USD 30,000 on July 14, 2010). If either First Star US does not complete the expenditures, or if the required payments to ITH are not made, First Star US will be deemed to have withdrawn from the agreement and will thereafter have no residual interest in the LMS Property.

(ii) Terra Property

The Terra Property now consists of 235 State of Alaska unpatented lode mining claims (15,552 hectares) held by the Company and 5 State of Alaska unpatented lode mining claims (324 hectares) leased from an individual. The lease requires a payment on execution of USD 25,000 (paid), and advance minimum royalties of USD 25,000 on or before March 22, 2006 (paid), USD 50,000 on or before March 22, 2007 (paid), USD 75,000 on or before March 22, 2008 (paid), USD 100,000 on or before March 22, 2009 (paid) and each subsequent March 22 until March 22, 2015 (paid USD 100,000 on February 2, 2010), and thereafter USD 125,000 until the expiry of the lease (all of which are recoverable from production royalties). The lessor is entitled to receive a NSR production royalty on gold equal to 3.0% if the gold price is USD 450 per ounce

6. MINERAL PROPERTIES (cont'd)

b) Properties optioned from AngloGold, Alaska (cont'd)

(ii) Terra Property (cont'd)

or lower and 4% if the gold price is USD 450 per ounce or higher, plus a NSR royalty of 4% on all other mineral products other than gold. 1% of the royalty may be purchased for USD 1,000,000 and a further 1% for USD 3,000,000.

With respect to the Terra Property, ITH had the right to earn a 60% interest by incurring aggregate exploration expenditures of USD 3,000,000 by January 30, 2010, of which ITH committed to incur minimum exploration expenditures of USD 500,000 during the 2006 calendar year and of USD 750,000 during the 2007 calendar year. Upon ITH having earned its 60% interest in the Terra Property, AngloGold had the right to reacquire a 20% interest (for an aggregate 60% interest) and become manager of the joint venture by incurring a further USD 4,000,000 in exploration expenditures over a further two years. In either case, following ITH and AngloGold having earned their final respective interests, each party will be required to contribute its pro rata share of further exploration expenditures or be diluted. A party that is diluted to 10% or less was to have its interest converted to a 2% NSR royalty.

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

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

On February 26, 2010, ITH signed a letter of intent ("LOI") to enter into a joint venture with American Mining Corporation ("AMC"), a private Nevada corporation, on the Terra Property. Pursuant to the LOI, an Alaskan subsidiary of AMC and Raven Gold were to form a joint venture with the aim of developing the Terra Property to production. On May 17, 2010, AMC assigned the Terra Project LOI to Terra Mining Corporation ("TMC"), a company incorporated under the laws of British Columbia. On September 15, 2010, Raven Gold and Terra Gold Corporation (a US subsidiary of TMC) ("TGC") entered into the formal joint venture agreement (as amended) to give effect to the joint venture ("Terra JV").

6. MINERAL PROPERTIES (cont'd)

b) Properties optioned from AngloGold, Alaska (cont'd)

(ii) Terra Property (cont'd)

Effective September 15, 2010, TGC will have an initial 51% interest in the Terra Property, subject to TGC funding an aggregate of USD 6,000,000 in direct exploration and development expenditures on or before December 31, 2013 with initial USD 1,000,000 being required prior to December 31, 2011. As part of the funding, TGC will pay Raven Gold an aggregate of USD 200,000 as payment for the camp and equipment previously constructed by ITH and acquired by Raven Gold.

TGC is required to pay to ITH, the former holder of the Terra Property, an aggregate of USD 300,000 (USD 50,000 paid and an additional USD 100,000 is due on or before December 31, 2011) in stages to December 31, 2012. TGC/TMC are required to deliver to ITH an aggregate of 750,000 common shares of TMC prior to December 31, 2012, with the initial 250,000 common shares due on or before September 15, 2011.

TGC has granted Raven Gold a sliding scale NSR royalty between 0.5% and 5% on all precious metal production for the Terra Property and a 1% NSR royalty on all base metal production.

If TGC fails to fund any portion of the initial first year commitment and eventual three year commitment, or if the required payments and shares are not delivered to ITH, Raven Gold will be entitled to terminate the agreement and retain 100% of the property.

After it has completed its initial USD 6,000,000 contribution, TGC will have the option to increase its interest in the project by 29% (to a total of 80%) by funding an additional USD 3,050,000 of development work. To exercise such option, TGC/TMC will be required to pay ITH an additional USD 150,000 and deliver an additional 250,000 common shares of TMC.

Following TGC having completed its initial contribution (if it does not elect to acquire an additional 29% interest) or having earned an 80% interest (if it does), each party will be required to contribute to its pro rata shares of further expenditures. Should the interest of Raven Gold be diluted below 10% as a consequence of it not funding its proportionate share of the joint venture expenditures, the residual interest of Raven Gold interest will be converted to an additional property wide 1% NSR royalty on all metals produced.

6. MINERAL PROPERTIES (cont'd)

c) Properties optioned from Redstar Gold Corp., Nevada

On March 15, 2007, ITH signed a binding letter of intent with Redstar Gold Corp. of Vancouver, B.C. (“Redstar”), pursuant to which a US subsidiary of ITH (Corvus Nevada) could earn up to a 70% interest in the North Bullfrog project located in Nevada. Corvus Nevada could earn an initial 60% interest in the project by making payments and exploration expenditures and delivering ITH shares, and had the option to earn an additional 10% interest (aggregate 70%) by funding all expenditures to take the project to feasibility. There was no time limit by which a feasibility study is required to be delivered.

To earn its initial 60% interest, Corvus Nevada was required to make total payments of USD 190,000 and incur total expenditures of USD 4,000,000 over 4 years to March 15, 2011. The first year requirement is a payment of USD 20,000 on TSXV acceptance (paid) plus exploration expenditures of USD 500,000 (incurred). The second payment of USD 30,000 is due by September 15, 2008 (paid). The third payment of USD 40,000 is due by March 15, 2009 (paid). The fourth payment of USD 50,000 is due by March 15, 2010 (acquisition completed on October 9, 2009) and the fifth payment of USD 50,000 is due by March 15, 2011.

Corvus Nevada is also required to pay the advance minimum royalty payments to the owners of certain patented mining claims which are fully recoupable against production royalties. The advance minimum royalty in year 1 to 3 is USD 32,300 per year and year 4 onwards is USD 37,000.

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

The Company acquired all of the shares of Corvus Nevada on August 26, 2010 upon the completion of the Arrangement.

d) Mayflower Property, Nevada

Pursuant to a mining lease and option to purchase agreement made effective December 1, 2007 between Corvus Nevada and a group of arm’s length limited partnerships, Corvus Nevada has leased (and has the option to purchase) 11 patented mining claims (approximately 76 hectares) located adjacent to its North Bullfrog project in south-western Nevada. The terms of the lease/option are as follows:

6. MINERAL PROPERTIES (cont'd)

d) Mayflower Property, Nevada (cont'd)

- *Terms:* Initial term of five years, commencing December 1, 2007, with the option to extend the lease for an additional five years. The lease will continue for so long thereafter as the property is in commercial production or, alternatively, for an additional three years if Corvus Nevada makes advance minimum royalty payments of USD 100,000 per year (which are recoupable against actual production royalties).
- *Lease Payments:* USD 5,000 (paid) and 25,000 common shares of ITH (delivered) following regulatory acceptance of the transaction; and an additional USD 5,000 and 20,000 common shares on each of the first through fifth lease anniversaries (USD 5,000 paid on each of December 10, 2008, October 14, 2009, and November 10, 2010 and 20,000 common shares of ITH delivered on each of September 8, 2008 and November 25, 2009). Pursuant to an agreement with the lessors, in lieu of the 20,000 ITH shares due December 1, 2010, Corvus Nevada paid USD 84,750 on November 10, 2010 and delivered 46,250 common shares of the Company on December 2, 2010). If Corvus Nevada elects to extend the lease for a second five-year term, it will pay USD 10,000 and deliver 50,000 common shares of ITH upon election being made, and an additional 50,000 common shares of ITH on each of the sixth through tenth anniversaries.
- *Work Commitments:* USD 100,000 per year for the first three years (incurred), USD 200,000 per year for the years 4 – 6 and USD 300,000 for the years 7 – 10. Excess expenditures in any year may be carried forward. If Corvus Nevada does not incur the required expenditures in year one, the deficiency is required to be paid to the lessors.
- *Retained Royalty:* Corvus Nevada will pay the lessors a NSR royalty of 2% if the average gold price is USD 400 per ounce or less, 3% if the average gold price is between USD 401 and USD 500 per ounce and 4% if the average gold price is greater than USD 500 per ounce.
- *Purchase Option:* Corvus Nevada has the right to purchase all the interest of the lessors in the property during the first ten years for USD 7,500,000 plus a 0.5% NSR if the gold price is under USD 500 per ounce and 1% if the gold price is USD 500 per ounce or above. After the initial ten-year period, the cash portion of the purchase price will be escalated annually based on the US annual Consumer Price Index increase for that year.

The Company acquired all of the shares of Corvus Nevada on August 26, 2010 upon the completion of the Arrangement.

6. MINERAL PROPERTIES (cont'd)

e) Connection Property, Nevada

Pursuant to a mining lease and option to purchase agreement made effective October 27, 2008 between Redstar and an arm's length limited liability company, Redstar has leased (and has the option to purchase) 12 patented mining claims located adjacent to the North Bullfrog project and referred to as the "Connection" property. The ten-year, renewable mining lease requires payments of USD 10,800 (paid) on signing and annual payments for the first three anniversaries of USD 10,800 and USD 16,200 for every year thereafter (USD 10,800 paid on each of September 30, 2009 and September 30, 2010). Redstar has an option to purchase the property for USD 1,000,000 at any time during the life of the lease. Production is subject to a 4% NSR royalty, which may be purchased for USD 5,000,000.

Corvus Nevada acquired all of the interest of Redstar and Redstar US in the Connection property and associated lease on October 9, 2009 (Note 6(c)).

7. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Share issuances

During the period ended February 28, 2011:

- (i) An aggregate of 33,614,010 shares were issued as a result of the Plan of Arrangement (note 1).
- (ii) On November 30, 2010 the Company closed a brokered private placement equity financing ("the Offering") and issued 6,500,000 common shares at a price of \$0.88 per common share for gross proceeds of \$5,720,000. In connection with the Offering, the agents received a cash commission equal to 5% of the gross proceeds raised through the Offering, amounting to \$286,000 in share issuance costs. As well, the Agents received Agents' Warrants equal to 5% of common shares issued in the Offering, being 325,000 Agents' Warrants. Each Agents' Warrant is exercisable to acquire one common share of the Company at a price of \$1.10 until March 13, 2012. The SBC associated with the Agents Warrants is \$283,626.
- (iii) On November 30, 2010 the Company closed a non-brokered private placement equity financing and issued 1,500,000 common shares at a price of \$0.88 per common share for gross proceeds of \$1,320,000. A finder's fee equal to 5% of the proceeds raised from the sale of 500,000 common shares was paid, amounting to \$22,000.
- (iv) On December 2, 2010, the Company issued 46,250 common shares in connection with the lease on the Mayflower property (note 6(d)), with a fair value of \$43,475.

There were no share issuances during the year ended May 31, 2010.

CORVUS GOLD INC.
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7. SHARE CAPITAL (cont'd)

Warrants

Warrant transactions are summarized as follows:

	February 28, 2011		May 31, 2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants exercisable, beginning of period	-	\$ -	-	\$ -
Issued (Agents' Warrants)	325,000	1.10	-	-
Warrants exercisable, end of period	325,000	\$ 1.10	-	\$ -

Warrants outstanding are as follows:

	February 28, 2011			May 31, 2010	
Expiry Date	Exercise Price	Number of Shares Outstanding and Exercisable	Exercise Price	Number of Shares Outstanding and Exercisable	
March 31, 2012	\$ 1.10	325,000	\$ -	-	

Options and SBC

Stock options awarded to employees and non-employees by the Company are measured and recognized in the consolidated statement of operations, comprehensive loss and deficit or added to mineral properties at the fair value of the award. The fair value of all forms of stock-based compensation is charged to operations or capitalized to mineral properties over the vesting period of the options granted. Fair value is estimated using the Black-Scholes Option Pricing Model.

SBC compensation amounts included in the consolidated financial statements and related to options granted prior to August 26, 2010 represent an allocation of ITH's related stock-based compensation amounts on a direct basis for employees and non-employees working directly on the Spin-out Properties and on a pro rata basis for head office employees and directors as outlined in note 1.

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7. SHARE CAPITAL (cont'd)

Options and SBC (cont'd)

The Company has adopted an incentive stock option plan (the “2010 Plan”). The essential elements of the 2010 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 2010 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 2010 Plan will have a maximum term of ten years. The exercise price of options granted under the 2010 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 2010 Plan vest immediately, unless otherwise determined by the directors at the date of grant.

Pursuant to the 2010 Plan, on September 8, 2010 the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase 3,000,000 common shares in the capital stock of the Company. The options are exercisable on or before September 8, 2012 at a price of \$0.75 per share.

On January 20, 2011, the Company granted incentive stock options to directors, officer and consultants of the Company to purchase 390,000 common shares in the capital stock of the Company. The options are exercisable on or before January 20, 2013 at a price of \$0.82 per share.

A summary of the status of the stock option plan as of February 28, 2011, and changes during the period is presented below:

	February 28, 2011		May 31, 2010	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, beginning of period	-	\$ -	-	\$ -
Granted	3,390,000	0.76	-	-
Options outstanding, end of period	3,390,000	\$ 0.76	-	\$ -

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7. SHARE CAPITAL (cont'd)

Options and SBC (cont'd)

Stock options outstanding are as follows:

Expiry Date	February 28, 2011		May 31, 2010	
	Exercise Price	Number of Shares Outstanding and Exercisable	Exercise Price	Number of Shares Outstanding and Exercisable
September 8, 2012	\$ 0.75	3,000,000	\$ -	-
January 20, 2013	\$ 0.82	390,000	\$ -	-
		3,390,000		-

The Company uses the fair value method for determining SBC expense for all options granted during the fiscal periods. The fair value of options granted was \$2,536,464, determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

	February 28, 2011
Expected life (years)	2
Interest rate	1.44%
Annualized Volatility	100%
Dividend yield	0%
Exercise price	\$ 0.76
Stock price on the grant date	\$ 0.78
Fair value	\$ 0.75

Stock-based compensation has been allocated as follows:

For the nine months ended February 28,	2011	2010
Consulting	\$ 2,366,527	\$ -
Investor relations	423,023	54,204
Professional fees	75,160	-
Wages and benefits	419,439	225,952
	3,284,149	280,156
Mineral properties – Contract services	73,486	-
	\$ 3,357,635	\$ 280,156

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7. SHARE CAPITAL (cont'd)

Options and SBC (cont'd)

For the three months ended February 28,	2011	2010
Consulting	\$ 102,200	\$ -
Investor relations	29,807	43,625
Professional fees	25,550	-
Wages and benefits	-	225,952
	<u>157,557</u>	<u>269,577</u>
Mineral properties	8,517	-
	<u>\$ 166,074</u>	<u>\$ 269,577</u>

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows for the nine months ended February 28:

	2011	2010
Loss before income taxes	\$ (3,651,120)	\$ (1,450,306)
Statutory Canadian corporate tax rate	27.67%	29.38%
Income tax recovery at statutory rates	\$ (1,010,265)	\$ (426,100)
Stock-based compensation	701,840	-
Unrecognized items for tax purposes	271,774	535,012
Effect of tax rate change	12,789	-
Difference in tax rates in other jurisdictions	35,140	(108,912)
Change in valuation allowance	(11,278)	-
	<u>\$ -</u>	<u>\$ -</u>

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

	February 28, 2011	May 31, 2010
Future income tax assets (liabilities)		
Equipment	\$ 157	\$ -
Share issuance costs	90,130	-
Mineral properties	(146,248)	-
Non-capital losses available for future periods	496,137	345,419
Cumulative eligible capital	222	222
	<u>440,398</u>	<u>345,641</u>
Valuation allowance	(440,398)	(345,641)
	<u>\$ -</u>	<u>\$ -</u>

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8. INCOME TAXES (cont'd)

At February 28, 2011, the Company has available non-capital tax losses for Canadian income tax purposes of approximately \$543,000 and net operating loss for US tax purposes of approximately \$1,022,000 available for carry-forward to reduce future years' taxable income, if not utilized, expiring as follows:

	Canada	United States
2029	\$ -	\$ 978,000
2031	543,000	44,000
	<u>\$ 543,000</u>	<u>\$ 1,022,000</u>

In addition, the Company has available mineral resource expenses that are related to the Company's exploration activities in the United States of approximately \$13,895,000, which may be deductible for US tax purposes. Future tax benefits, which may arise as a result of applying these deductions to taxable income, have not been recognized in these accounts due to the uncertainty of future taxable income.

9. RELATED PARTY TRANSACTIONS

During the nine months ended February 28, 2011, the Company paid or accrued \$175,158 (2010 - \$508,980) in consulting, investor relations, wages and benefits to officers, directors and companies controlled by directors of the Company and \$2,962 (2010 - \$12,337) in rent and administration to a company with common officers and directors. Professional fees of \$30,367 (2010 - \$13,057) were paid to a company related to an officer of the Company. These figures do not include stock-based compensation (note 7).

At February 28, 2011, included in accounts payable and accrued liabilities was \$657 (May 31, 2010 - \$Nil) in expenses owing to a company related by common directors and officers and \$45,360 (May 31, 2010 - \$Nil) in expenses owing to officers 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.

ITH's purchase of AngloGold's interest in the Terra and LMS Projects in Alaska (note 6(a)) completed on November 24, 2008 is considered a related party transaction by virtue of a common directorship and the ownership by AngloGold of in excess of 10% of the ITH's outstanding common shares.

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

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10. GEOGRAPHIC SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral resources industry, and in two geographical segments, Canada and the United States. All current exploration activities are conducted in the United States. The significant asset categories identifiable with these geographical areas are as follows:

	Canada	United States	Total
February 28, 2011			
Mineral properties	\$ -	\$ 14,231,594	\$ 14,231,594
Property and equipment	-	11,791	11,791
May 31, 2010			
Mineral properties	\$ -	\$ 12,245,690	\$ 12,245,690
For the nine months ended February 28,			
		2011	2010
Net loss for the period – Canada		\$ (3,943,337)	\$ (676,583)
Net loss (income) for the period – United States		292,217	(773,723)
Net loss for the period		\$ (3,651,120)	\$ (1,450,306)
For the three months ended February 28,			
		2011	2010
Net loss for the period – Canada		\$ (372,111)	\$ (403,068)
Net loss for the period – United States		(27,404)	(128,586)
Net loss for the period		\$ (399,515)	\$ (531,654)

11. 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 significant 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 February 28, 2011. The Company is not subject to externally imposed capital requirements.

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12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended		Nine months ended	
	February 28		February 28	
	2011	2010	2011	2010
Supplemental cash flow information				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Non-cash transactions				
Shares issued to acquire mineral properties	\$ 43,475	\$ -	\$ 12,435,883	\$ -
Accounts payable included in mineral property expenditures	\$ 294,121	\$ 23,499	\$ 294,121	\$ 23,499