CORVUS GOLD INC.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

May 31, 2011 and 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

"Jeffrey Pontius"
Jeffrey Pontius,
Chief Executive Officer

"Peggy Wu"
Peggy Wu,
Chief Financial Officer

August 26, 2011
Vancouver, Canada

CORVUS GOLD INC.
(An Exploration Stage Company)
Consolidated Financial Statements
(Expressed in Canadian dollars)

May 31, 2011 **Page**

Audited Consolidated Financial Statements

CHARTERED ACCOUNTANTS
MacKay LLP

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Independent Auditor's Report

To the Shareholders of
Corvus Gold Inc.

We have audited the accompanying consolidated financial statements of Corvus Gold Inc. and its subsidiaries, which comprise the consolidated balance sheets as at May 31, 2011 and May 31, 2010, and the consolidated statements of operations and comprehensive loss, cash flows, and shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Corvus Gold Inc. and its subsidiaries to continue as a going concern.

"MacKay LLP"

Chartered Accountants
Vancouver, British Columbia
August 26, 2011

CORVUS GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
AS AT MAY 31,

	2011	2010
ASSETS		
Current		
Cash	$ 7,355,406	$ -
Accounts receivable	191,660	97
Prepaid expenses	61,271	13,566
	7,608,337	13,663
Property and equipment (note 5)	44,872	-
Mineral properties (notes 6 and 7)	15,110,358	12,245,690
	$ 22,763,567	$ 12,259,353
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	$ 393,315	$ 85,094
Shareholders' equity		
Share capital (note 7)	27,751,004	1
Contributed surplus (note 7)	8,262,735	23,013,646
Deficit	(13,643,487)	(10,839,388)
	22,370,252	12,174,259
	$ 22,763,567	$ 12,259,353

Plan of Arrangement and Transfer of Assets (note 1)
Nature and continuance of operations (note 2)
Subsequent event (note 13)

Approved on behalf of the Directors:

"Jeffrey Pontius" Director

"Anton Drescher" Director

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

CORVUS GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
YEARS ENDED MAY 31,

		2011		2010
Expenses				
Administration (note 9)	$	4,587	$	8,712
Amortization		7,849		-
Charitable donations		6,413		14,819
Consulting fees (notes 7 and 9)		1,653,417		1,089,274
Insurance		28,001		37,633
Investor relations (notes 7 and 9)		464,824		327,092
Office and miscellaneous		41,148		36,713
Professional fees (notes 7 and 9)		314,820		182,477
Property investigations		6,473		83
Rent (note 9)		10,177		26,180
Regulatory		129,048		66,040
Travel		22,877		37,757
Wages and benefits (notes 7 and 9)		485,531		1,769,408
Loss before other items		(3,175,165)		(3,596,188)
Other items				
Interest income		23		-
Loss on foreign exchange		(9,559)		(7,181)
Operator fee income (note 6(a)(i))		380,602		-
		371,066		(7,181)
Net and comprehensive loss for the year	$	(2,804,099)	$	(3,603,369)
Basic and diluted loss per common share	$	(0.07)	$	(0.12)
Weighted average number of common shares outstanding		37,647,905		29,801,597

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

CORVUS GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
YEARS ENDED MAY 31,

	2011	2010
Operating Activities		
Net loss for the year	$ (2,804,099)	$ (3,603,369)
Add items not affecting cash:		
Amortization	7,849	-
Stock-based compensation (note 7)	2,202,759	2,241,363
Loss on foreign exchange	9,559	7,181
Changes in non-cash items:		
Accounts receivable	(18,301)	(97)
Prepaid expenses	(55,542)	-
Accounts payable and accrued liabilities	86,464	-
Cash Used in Operating Activities	(571,311)	(1,354,922)
Financing Activities		
Additional funding by ITH	764,512	1,713,749
Funding provided by ITH under Plan of Arrangement (note 1)	3,300,000	-
Issuance of share capital	7,040,000	-
Share issuance costs	(424,140)	-
Cash Provided by Financing Activities	10,680,372	1,713,749
Investing Activities		
Expenditures on property and equipment	(52,721)	-
Expenditures on mineral properties	(6,500,265)	(2,566,702)
Recovery on mineral properties	3,808,889	2,217,852
Cash Used in Investing Activities	(2,744,097)	(348,850)
Effect of Foreign Exchange on Cash	(9,558)	(9,977)
Increase in cash	7,355,406	-
Cash, beginning of year	-	-
Cash, end of year	$ 7,355,406	$ -

Supplemental cash flow information (note 12)

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

CORVUS GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	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	-	-	1,455,074	-	1,455,074
Share issuance costs	-	(569,224)	145,084	-	(424,140)
Net loss	-	-	-	(2,804,099)	(2,804,099)
Balance, May 31, 2011	**41,660,261**	**$ 27,751,004**	**$ 8,262,735**	**$ (13,643,487)**	**$ 22,370,252**

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

(Expressed in Canadian dollars)

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 Toronto Stock Exchange ("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 TSX.

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.) ("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 consolidated financial statements reflect the balance sheets, statements of operations, comprehensive loss, cash flows and equity of the Nevada and Other Alaska Business as if Corvus existed in its present form during the years reported. The statements of operations and comprehensive loss for the year ended May 31, 2010 and the period to August 25, 2010 which is included in the results to May 31, 2011, include an allocation of ITH's general and administrative expenses incurred in each of these years. 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 years. The consolidated 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 consolidated 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.

Total funding from ITH through the Nevada and Other Alaska Business on August 25, 2010 are summarized in the table below:

Type of funding		**Amount**
Stock-based compensation (note 7)	$	821,171
Cash		764,512
Total	$	1,585,683

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 May 31, 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 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

The period prior to the Spin-out 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 years.

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 year presented as compared to the costs incurred on all mineral properties of ITH in each of these years. 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 year-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 and Comprehensive Loss.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Mineral properties (cont'd)

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.

h) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Given the shareholders of ITH received one common share of the Company for each two ITH common shares, the weighted average number of shares used is half of the weighted number of shares of ITH for May 31, 2010. Diluted loss per share has not been presented separately as the outstanding options and warrants are anti-dilutive for the year ended May 31, 2011. There were no outstanding options and warrants for the year ended May 31, 2010.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 granted 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.

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 the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 years 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.

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.

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

2011	**Level 1**	**Level 2**	**Level 3**
Cash	$ 7,355,406	$ -	$ -

2010	**Level 1**	**Level 2**	**Level 3**
Cash	$ -	$ -	$ -

(Expressed in Canadian dollars)

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

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

a) Credit risk

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:

	2011	2010
Cash	$ 7,355,406	$ -

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 May 31, 2011, the Company had cash of $7,355,406, which will be sufficient to meet its obligations related to its accounts payable and accrued liabilities of $393,315. As of May 31, 2011, the Company's mineral property expenditures are all optional per the agreements.

All its non-derivative financial liabilities are made up of accounts payable and accrued liabilities and 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	$ 393,315	$ -	$ -	$ 393,315

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

c) Market risk

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

(i) Interest rate risk

The Company is not subject to material interest rate risk.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in United States funds, nor entered into any hedging arrangements with respect to mineral property expenditure commitments denominated in United States dollars. The Company's sensitivity analysis suggests that a consistent 9% change in the absolute rate of exchange for the United States dollars, the foreign currency for which the Company has net assets employed, would affect net assets and foreign exchange gain (loss) by approximately $226,000. As at May 31, 2011, the Company had the following financial instruments in USD$:

	CAD equivalent	USD
Cash	$ 1,147,647	$ 1,184,851
Accounts receivable	$ 173,262	$ 178,879
Accounts payable and accrued liabilities	$ 265,613	$ 274,224

As at May 31, 2011, USD amounts were converted at a rate of USD 1.00 to CAD 0.9686.

(iii) Other price risk

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

5. PROPERTY AND EQUIPMENT

	2011			2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 16,793	$ 5,342	$ 11,451	$ -	$ -	$ -
Vehicles	35,928	2,507	33,421	-	-	-
	$ 52,721	$ 7,849	$ 44,872	$ -	$ -	$ -

(Expressed in Canadian dollars)

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**
Aircraft services	-	692	-	-	7,740	**8,432**
Assay	2,680	13,960	3,034	-	-	**19,674**
Field costs	991	40,896	14,865	830	(60,865)	**(3,283)**
Equipment rental	1,356	2,440	10,547	16,577	-	**30,920**
Geological/geophysical	5,233	1,011,688	77,991	2,913	23,208	**1,121,033**
Land maintenance & tenure	18,562	232,505	88,612	27,916	164,864	**532,459**
Professional fees	-	60,870	7,617	-	-	**68,487**
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	-	-	110,186	-	-	**110,186**
Common shares issued	-	-	43,475	-	-	**43,475**
	-	-	153,661	-	-	**153,661**
Deferred exploration costs:						
Advance to contractors	-	(512,115)	-	-	-	**(512,115)**
Aircraft services	-	945,983	-	-	1,125	**947,108**
Administration	-	19,942	-	-	-	**19,942**
Assay	-	204,503	428,680	-	-	**633,183**
Drilling	-	655,996	1,024,964	-	-	**1,680,960**
Field costs	-	269,712	246,758	-	99	**516,569**
Equipment rental	-	121,568	2,430	-	-	**123,998**
Geological/geophysical	-	1,704,738	296,482	1,458	4,834	**2,007,512**
Land maintenance & tenure	44	269,069	143,190	556	647	**413,506**
Professional fees	3,680	2,764	-	11,216	38,178	**55,838**
Transportation	-	24,716	15,121	356	317	**40,510**
Travel	317	421,757	49,557	66	-	**471,697**
Operator fee	-	380,602	-	-	-	**380,602**
	4,041	4,509,235	2,207,182	13,652	45,200	**6,779,310**
Total expenditures for the year	4,041	4,509,235	2,360,843	13,652	45,200	**6,932,971**
Cost Recovery	-	(4,050,861)	-	(17,442)	-	**(4,068,303)**
Balance, May 31, 2011	**$ 506,709**	**$ 2,019,621**	**$ 6,220,885**	**$ 2,267,812**	**$ 4,095,331**	**$ 15,110,358**

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, 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.

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.

6. MINERAL PROPERTIES (cont'd)

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

(i) Chisna Property (cont'd)

Raven Gold was the operator of the OPV/Raven JV during the first year. In year two Subco is the operator and in years three and thereafter, Subco will be entitled to continue to be the operator 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 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 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.

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 May 31, 2011, the Company has received USD 5,000,000 from OPV toward its initial contribution and ITH received an additional 200,000 common shares of OPV on March 15, 2011. As Operator, Raven Gold was entitled to earn an operator's fee. For the year ended May 31, 2011, Raven Gold earned a total of $380,602 (2010 - $Nil) in Operator fee income, of this amount, $173,362 remains receivable as at May 31, 2011.

On March 24, 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.

6. MINERAL PROPERTIES (cont'd)

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

(i) Chisna Property (cont'd)

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.

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.

6. MINERAL PROPERTIES (cont'd)

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

(ii) West Pogo Property

The West Pogo property is located approximately 50 kilometres north of Delta Junction, Alaska, 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 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, USD 20,000 on July 14, 2010 and USD 40,000 on April 27, 2011). If 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 is 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.

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.

6. MINERAL PROPERTIES (cont'd)

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

(i) LMS Property (cont'd)

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 cut-off grade, whichever costs less. An NSR royalty of 3% or 4% on gold/silver and 1% on all other products will be payable to Raven. The royalty can be reduced by 1% by paying Raven 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, USD 30,000 on July 14, 2010 and USD 60,000 on April 27, 2011). If 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 consists of State of Alaska unpatented lode mining claims held by the Company and State of Alaska unpatented lode mining claims 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 USD$100,000 on March 21, 2011), and thereafter USD 125,000 until the expiry of the lease (all of which are recoverable from production royalties). The lessor is entitled to receive a NSR production royalty on gold equal to 3.0% if the gold price is USD 450 per ounce or lower and 4% if the gold price is USD 450 per 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 re-acquire a 20% interest (for an aggregate 60% interest) and become manager of the joint venture by incurring a further USD 4,000,000 in exploration expenditures over a further two years. In either case, following 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.

6. MINERAL PROPERTIES (cont'd)

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

(ii) Terra Property (cont'd)

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").

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.

6. MINERAL PROPERTIES (cont'd)

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

(ii) Terra Property (cont'd)

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.

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 and the fifth payment of USD 50,000 is due by March 15, 2011 (acquisition completed on October 9, 2009).

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.

6. MINERAL PROPERTIES (cont'd)

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) patented mining claims located adjacent to its North Bullfrog project in south-western Nevada. The terms of the lease/option are as follows:

- *Terms*: Initial term of five years, commencing December 1, 2007, with the option to extend the lease for an additional five years. The lease will continue for so long thereafter as the property is in commercial production or, alternatively, for an additional three years if 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 108,750 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.

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)).

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Share issuances

During the year ended May 31, 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 November 30, 2012. The SBC associated with the Agents Warrants is $145,084.

(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. In connection with the financing, the Company paid an additional $116,140 in share issuance costs.

(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.

Warrants

Warrant transactions are summarized as follows:

	2011		2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	-	$ -	-	$ -
Issued (Agents' Warrants)	325,000	1.10	-	-
Balance, end of year	325,000	$ 1.10	-	$ -

Warrants outstanding are as follows:

	2011		2010	
Expiry Date	Exercise Price	Number of Warrants	Exercise Price	Number of Warrants
November 30, 2012	$ 1.10	325,000	$ -	-

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd)

Options and SBC

Stock options awarded to employees and non-employees by the Company are measured and recognized in the Consolidated Statement of Operations and Comprehensive Loss 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.

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.

On May 31, 2011 the Company granted incentive stock options to a consultant of the Company to purchase 100,000 common shares in the capital stock of the Company. The options are exercisable on or before May 30, 2013 at a price of $0.69 per share.

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

	2011		2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	-	$ -	-	$ -
Granted	3,490,000	0.76	-	-
Balance, end of year	3,490,000	$ 0.76	-	$ -

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd)

Options and SBC (cont'd)

Stock options outstanding are as follows:

	2011			2010		
Expiry Date	Exercise Price	Number of Options	Exercisable	Exercise Price	Number of Options	Exercisable
September 8, 2012	$ 0.75	3,000,000	3,000,000	$ -	-	-
January 20, 2013	$ 0.82	390,000	390,000	$ -	-	-
May 31, 2013	$ 0.69	100,000	100,000	$ -	-	-
		3,490,000	3,490,000		-	-

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 amounted to $821,171. The Company uses the fair value method for determining SBC expense for all options granted during the fiscal years. The fair value of options granted was $1,455,074, determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2011 Grants	2010 Grants
Risk-free interest rate	1.45%	NA
Expected life of options	2 years	NA
Annualized volatility	100%	NA
Dividend yield	0.0%	NA
Exercise price	$0.76	NA

	Weighted average fair value of options granted	
	2011	2010
Exercise price		
exceeds	$0.41	-
less than	$0.42	-
The market price of the stock on the grant date		

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd)

Options and SBC (cont'd)

Stock-based compensation has been allocated as follows:

	2011	2010
Consulting	$ 1,418,972	$ 964,235
Investor relations	274,387	207,781
Professional fees	93,677	17,405
Wages and benefits	415,723	1,051,942
	2,202,759	2,241,363
Mineral properties – Geological/geophysical	73,486	-
	$ 2,276,245	$ 2,241,363

8. INCOME TAXES

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

	2011	2010
Loss before income taxes	$ (2,804,099)	$ (3,603,369)
Statutory Canadian corporate tax rate	27.67%	29.38%
Income tax recovery at statutory rates	$ (775,894)	$ (1,058,670)
Stock-based compensation	400,262	-
Unrecognized items for tax purposes	262,189	1,177,992
Effect of tax rate change	7,078	39
Difference in tax rates in other jurisdictions	(9,252)	(119,928)
Change in valuation allowance	115,617	567
	$ -	$ -

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

	2011	2010
Future income tax assets (liabilities)		
Property and equipment	$ 2,496	$ -
Share issuance costs	113,845	-
Non-capital losses available for future periods	476,677	335,096
Cumulative eligible capital	385	385
	593,403	335,481
Valuation allowance	(593,403)	(335,481)
	$ -	$ -

(Expressed in Canadian dollars)

8. INCOME TAXES (cont'd)

At May 31, 2011, the Company has available non-capital tax losses for Canadian income tax purposes of approximately $379,000 and net operating loss for US tax purposes of approximately $1,123,000 available for carry-forward to reduce future years' taxable income, if not utilized, expiring as follows:

	Canada	United States
2029	$ -	$ 985,000
2031	379,000	138,000
	$ 379,000	$ 1,123,000

In addition, the Company has available mineral resource expenses that are related to the Company's exploration activities in the United States of approximately $15,110,000, which may be deductible for US tax purposes. Future tax benefits, which may arise as a result of applying these deductions to taxable income, have not been recognized in these accounts due to the uncertainty of future taxable income.

9. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2011, the Company paid or accrued $241,876 (2010 - $520,310) in consulting, investor relations, wages and benefits to officers, directors and companies controlled by directors of the Company and $13,210 (2010 - $14,494) in rent and administration to a company with common officers and directors. Professional fees of $39,367 (2010 - $14,533) were paid to a company related to an officer of the Company. Geological/geophysical deferred mineral property expenditures of $3,600 (2010 - $nil) were paid to a company related to a director of the Company. These figures do not include stock-based compensation (note 7).

At May 31, 2011, included in accounts payable and accrued liabilities was $20,983 (May 31, 2010 - $Nil) in expenses owing to a company related by common directors and officers and $725 (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.

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.

(Expressed in Canadian dollars)

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:

	2011			**2010**		
	Canada	United States	Total	Canada	United States	Total
Mineral properties	$ -	$ 15,110,358	$15,110,358	$ -	$ 12,245,690	$12,245,690
Property and equipment	$ -	$ 44,872	$ 44,872	$ -	$ -	$ -

	2011	**2010**
Net loss for the year – Canada	$ (3,020,565)	$ (2,752,594)
Net loss (income) for the year – United States	216,466	(850,775)
Net loss for the year	$ (2,804,099)	$ (3,603,369)

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 year ended May 31, 2011. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION

		2011		2010
Supplemental cash flow information				
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-
Non-cash transactions				
Shares issued to acquire mineral properties	$	12,435,883	$	-
Shares issued for mineral properties option payments	$	43,475	$	-
ITH shares issued for mineral properties option payments	$	-	$	801,000
Agent's Warrants issued for share issuance costs	$	145,084	$	-
Accounts receivable included in mineral property expenditures	$	173,262	$	-
Prepaid expenses included in mineral property expenditures	$	5,729	$	-
Accounts payable and accrued liabilities included in mineral property expenditures	$	268,715	$	53,783

13. SUBSEQUENT EVENT

a) On July 29, 2011, the Company granted incentive stock options to directors and an employee of the Company to purchase 650,000 common shares in the capital stock of the Company. The options are exercisable on or before July 29, 2016 at a price of $0.50 per share and will vest over a three-year period.