FORM 6-K

Current report of foreign issuer pursuant to Rules 13a-16 and 15d-16 Amendments

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INTERNATIONAL TOWER HILL MINES LTD
CIK:**1134115**| IRS No.: **000000000** | Fiscal Year End: **0531**
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FORM 6K

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

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 16d-16 of
the Securities Exchange Act of 1934

For the month of **August 2008**

Commission File Number **000-31096**

International Tower Hill Mines.
(translation of registrant' s name into English)

1901 – 1177 West Hastings Street
Vancouver, British Columbia V6E 2K3
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders:

Indicate by check mark if the registrant is submitted the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report on other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant' s "home country"), or under the rules of the home country exchange on which the registrant' s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant' s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in the Form, the registrant is also thereby furnishing the information to the Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b) 82- ☐.

Exhibits

1. Annual Information Form
2. Financial Statements of the Registrant dated, May 31, 2008
3. Managements Discussion and Analysis dated August 22, 2008
4. CEO Certification
5. CFO Certification

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

International Tower Hill Mines.

/s/ Jeffrey Pontius

Date: August 29, 2008

Name: Jeffrey Pontius
Title: President and CEO

In connection with the Company' s listing on the American Stock Exchange, LLC, the Company prepared its U.S. GAAP Balance Sheet as at August 3, 2007.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED

MAY 31, 2008

INTERNATIONAL TOWER HILL MINES LTD

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TSX.V - ITH

August 25, 2008

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PRELIMINARY NOTES

Documents Incorporated by Reference

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

(a) Consolidated Audited Financial Statements of the Company for the year ended May 31, 2008 ("Financial Statements");

(b) Management Discussion and Analysis of the Company for the year ended May 31, 2008 dated August 22, 2008 ("MD&A");

(c) Management Information Circular dated October 9, 2007 in respect of the 2007 Annual General Meeting ("Information Circular");

(d) Technical report dated August 19, 2008 entitled "Summary Report on the Terra Gold Project, McGrath District, Alaska" by Paul Klipfel, Ph.D., CPG#10821, Gary Giroux, M.Sc., P.Eng., and Chris Puchner, CPG#07048 (the "Terra Report");

(e) Technical report dated August 19, 2008 entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" by Paul Klipfel, Ph.D., CPG#10821 and Gary Giroux, M.Sc., P.Eng. (the "LMS Report");

(f) Technical report dated August 1, 2008 entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" by Paul Klipfel, Ph.D., CPG#10821, Gary Giroux, M.Sc., P.Eng., and Chris Puchner, CPG#07048 (the "Livengood Report"); and

(g) Technical Report dated August 25, 2008 entitled "Summary Report on the North Bullfrog Project and Resource at Mayflower, Bullfrog Mining District, Nye County, Nevada" by Roger Steininger, Ph.D., CPG#7417 and Gary Giroux, M.Sc., P.Eng. (the "Bullfrog Report").

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

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

Date of Information

All information in this AIF is as of May 31, 2008 unless otherwise indicated.

Currency and Exchange Rates

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated. The Company' s accounts are maintained in Canadian dollars and the Company' s financial statements are prepared in accordance with generally accepted accounting principles in Canada. All references to "U.S. dollars", "USD" or to "US$" are to U.S. dollars.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in United States dollars in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars.

	Year Ended May 31		
Canadian Dollars to U.S. Dollars	**2008**	**2007**	**2006**
Rate at end of period	1.0058	0.9347	0.9068
Average rate for period	0.9860	0.8800	0.8521
High for period	1.0905	0.9347	0.9099
Low for period	0.9298	0.8437	0.7951

Metric Equivalents

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Imperial	**To metric**	**Multiply by**
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

1 mile = 1.609 kilometres
1 acre = 0.405 hectares
2,204.62 pounds = 1 metric ton = 1 tonne
2000 pounds (1 short ton) = 0.907 tonnes
1 ounce (troy) = 31.103 grams
1 ounce (troy)/ton = 34.2857 grams/tonne

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

Forward-Looking Statements

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

Caution Regarding Adjacent or Similar Mineral Properties

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

Caution Regarding Reference to Resources and Reserves

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

United States shareholders are cautioned that the requirements and terminology of NI 43-101 and the CIM Standards differ significantly from the requirements and terminology of the SEC set forth Industry Guide 7. Accordingly, the Company' s disclosures regarding mineralization may not be comparable to similar information disclosed by companies subject to the SEC' s Industry Guide 7. Without limiting the foregoing, while the terms "mineral resources", "inferred mineral resources", "indicated mineral resources" and "measured mineral resources" are recognized and required by NI 43-101 and the CIM Standards, they are not recognized by the SEC and are not permitted to be used in documents filed with the SEC by companies subject to Industry Guide 7. Mineral resources which are not mineral reserves do not have demonstrated economic viability, and United States shareholders are cautioned not to assume that all or any part of a mineral resource will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category. In addition, the NI 43-101 and CIM Standards definition of a "reserve" differs from the definition adopted by the SEC in Industry Guide 7. In the United States, a mineral reserve is defined as a part of a mineral deposit which could be economically and legally extracted or produced at the time the mineral reserve determination is made. See "Glossary of Terms".

Glossary of Terms

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

"adit"	A passage driven horizontally into a mountainside providing access to a mineral deposit from the surface of the working of a mine
"Ag"	Silver
"alteration"	Changes in the chemical or mineralogical composition of a rock, generally produced by weathering or hydrothermal solutions
"AMEX"	American Stock Exchange
"anomalous"	Departing from the expected or normal
"anomaly"	A geological feature, especially in the subsurface, distinguished by geological, geophysical or geochemical means, which is different from the general surroundings and is often of potential economic value
"As"	Arsenic
"Au"	Gold
"basalt"	A dark coloured igneous rock, commonly extrusive – the fine grained equivalent of gabbro
"batholith"	A large, generally discordant plutonic mass that has more than 100 square kilometres of surface exposure and no known floor
"Board"	The board of directors of ITH
"breccia"	Angular broken rock fragments held together by a mineral cement or a fine-grained matrix
"BCBCA"	*Business Corporations Act* (British Columbia), ITH' s governing statute
"chip sample"	A series of small pieces of ore or rock taken at regular intervals across a vein or exposure
"clastic"	Pertaining to a rock or sediment composed principally of fragments derived from pre-existing rocks or minerals and transported some distance from their places of origin; also said of the texture of such a rock
"cm"	Centimetres
"Common Shares"	The common shares without par value in the capital stock of ITH as the same are constituted on the date hereof
"conglomerate"	A coarse grained clastic sedimentary rock, composed of rounded to sub-angular fragments larger than 2mm in diameter set in a fine-grained matrix of sand or silt, and commonly cemented by calcium carbonate, iron oxide, silica or hardened clay
"Cu"	Copper
"cutoff grade"	The lowest grade of mineralized material that qualifies as ore in a given deposit, that is, material of the lowest assay value that is included in a resource/reserve estimate
"deformation"	A general term for the processes of folding, faulting, shearing, compression, or extension of rocks as a result of various earth forces
"deposit"	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade

of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves or ore, unless final legal, technical and economic factors are resolved

"diamond drill"	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is recovered in long cylindrical sections, an inch or more in diameter
"dip"	The angle that a stratum or any planar feature makes with the horizontal, measured perpendicular to the strike and in the vertical plane
"dike"	A tabular body of igneous rock that cuts across the structure of adjacent rocks or cuts massive rocks
"Director"	A member of the Board of Directors of the Company
"disseminated"	Fine particles of mineral dispersed throughout the enclosing rock
"distal"	Said of an ore deposit formed at a considerable distance (e.g. tens of kilometres) from the volcanic source from which its constituents have been derived
"drift"	A horizontal tunnel driven along or parallel to the strike of the orebody, for the extraction or exploration of minerals
"epigenetic"	Said of a mineral deposit of origin later than that of the enclosing rocks
"epithermal"	Said of a hydrothermal mineral deposit formed within about 1 kilometre of the earth' s surface and in the temperature range of 50-200° C, occurring mainly as veins
"executive officer"	When used in relation to any issuer (including the Company) means an individual who is: (a) a chair, vice chair or president; (b) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; or (c) performing a policy-making function in respect of the issuer
"exsolved"	Said of a substance that has undergone "exsolution", being the process of the separation of an initially homogenous solution into at least two different crystalline minerals without the addition or removal of any materials – usually occurs upon cooling
"felsic"	An igneous rock having abundant light coloured minerals, also, applied to those minerals (quartz, feldspars, feldspathoids, muscovite) as a group
"footwall"	The mass of rock beneath a fault, orebody or mine working; especially the wall rock beneath an inclined vein or fault
"g/t"	Grams per metric tonne
"gabbro"	A group of dark coloured, basic intrusive igneous rocks – the approximate intrusive equivalent of basalt
"gneiss"	A foliated rock formed by regional metamorphism, in which bands or lenticles of granular materials alternate with bands or lenticles of minerals with flaky or elongate prismatic habit – mineral composition is not an essential factor in its definition

“grab sample”	A sample composed of one or more pieces of rock, collected from a mineralized zone that, when analyzed, do not represent a particular width of mineralization nor necessarily the true mineral concentration of any larger portion of a mineralized zone
“grade”	To contain a particular quantity of ore or mineral, relative to other constituents, in a specified quantity of rock
“hanging wall”	The overlying side of an orebody, fault or mine working,; especially the wall rock above an inclined vein or fault
“host”	A rock or mineral that is older than rocks or minerals introduced into it or formed within it
“host rock”	A body of rock serving as a host for other rocks or for mineral deposits, or any rock in which ore deposits occur
“hydrothermal”	A term pertaining to hot aqueous solutions of magmatic origin which may transport metals and minerals in solution
“ITH”	International Tower Hill Mines Ltd., a company subsisting under the laws of British Columbia
“intrusion”	The process of the emplacement of magma in pre-existing rock, magmatic activity. Also, the igneous rock mass so formed
“intrusive”	Of or pertaining to intrusion, both the process and the rock so formed
“km”	Kilometres
“m”	Metres
“mm”	Millimetres
“mafic”	Said of an igneous rock composed chiefly of dark, ferromagnesian minerals, also, said of those minerals
“magma”	Naturally occurring molten rock material, generated within the earth and capable of intrusion and extrusion, from which igneous rocks have been derived through solidification and related processes
“magmatic”	Of, or pertaining to, or derived from, magma
“massive”	Said of a mineral deposit, especially of sulphides, characterized by a great concentration of ore in one place, as opposed to a disseminated or veinlike deposit
“mesothermal”	Said of a hydrothermal mineral deposit formed at considerable depth and in the temperature range of 200 - 300° Centigrade, also, said of that environment
“metallogeny”	The study of the genesis of mineral deposits, with emphasis on their relationship in space and time to regional petrographic and tectonic features of the earth’ s crust
“mineral reserve”	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined and processed

"mineral resource"	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth' s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The term "mineral resource" covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase "reasonable prospects for economic extraction" implies a judgement by a qualified person (as that term is defined in NI 43-101) in respect of the technical and economic factors likely to influence the prospect of economic extraction. A mineral resource is an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable
"mineralization"	The concentration of metals and their chemical compounds within a body of rock
"National Instrument 43-101"/ "NI 43-101"	National Instrument 43-101 of the Canadian Securities Administrators entitled "Standards of Disclosure for Mineral Projects"
"NSR"	Net smelter return
"ophiolite"	An assemblage of mafic and ultramafic igneous rocks ranging from spilite and basalt to gabbro and peridotite, and always derived from them by later metamorphism, whose origin is associated with an early phase of the development of a geosyncline
"orogeny"	The process of natural mountain building, which may be studied as a tectonic structural event, as a geographical event and a chronological event, in that orogenic events cause distinctive structural phenomena and related tectonic activity, affect certain regions of rocks and crust and happen within a time frame
"outcrop"	That portion of a geologic formation or structure that appears at the surface of the earth; also, bedrock that is covered by surficial deposits such as alluvium
"plunge"	The inclination of a fold axis or other linear feature, measured in the vertical plane
"PPB" or "ppb"	Parts per billion
"PPM or "ppm"	Parts per million
"pyroclastic"	Pertaining to clastic rock material formed by volcanic explosion or aerial expulsion from a volcanic vent; also, pertaining to rock texture of explosive origin
"quartzite"	A granoblastic metamorphic rock consisting mainly of quartz, formed by recrystalization of sandstone by regional or thermal metamorphism
"relict texture"	In mineral deposits, an original texture that remains after total or partial replacement
"schist"	A strongly foliated crystalline rock, formed by dynamic metamorphism, that has well developed parallelism of more than 50% of the minerals present
"sedimentary"	Pertaining to or containing sediment (typically, solid fragmental material transported and deposited by wind, water or ice that forms in layers in loose unconsolidated form), or formed by its deposition
"shear zone"	A tabular zone of rock that has been crushed and brecciated by many parallel fractures due to shear strain (often mineralized by ore-forming solutions)

"silicification"	The introduction of, or replacement by, silica (especially in the form of fine-grained quartz, chalcedony or opal) which may fill pores and replace existing minerals (*adj.*: silicified)
'sill"	A tabular igneous intrusion that parallels the planar structure of the surrounding rock
"stock"	An igneous intrusion that is less than 100 square kilometres in surface exposure, is usually but not always discordant, and resembles a batholith except in size
"stockwork"	A mineral deposit consisting of a three-dimensional network of irregular veinlets closely enough spaced that the whole mass can be mined
"strike"	The direction taken by a structural surface
"tabular"	Said of a feature having two dimensions that are much larger or longer than the third, or of a geomorphic feature having a flat surface, such as a plateau
"Talon Alaska"	Talon Gold Alaska, Inc., a wholly owned subsidiary of ITH subsisting under the laws of Alaska
"Talon Gold"	Talon Gold (US) LLC, a wholly owned subsidiary of Talon Alaska subsisting under the laws of Colorado
"Talon Nevada"	Talon Gold Nevada Inc., a wholly owned subsidiary of ITH subsisting under the laws of Nevada
"tectonic"	Pertaining to the forces involved in, or the resulting structures of, tectonics
"tectonics"	A branch of geology dealing with the broad architecture of the outer part of the earth, that is, the major structural or deformational features and their relations, origin and historical evolution
"terrane"	A term applied to a rock or group of rocks and to the area in which they crop out
"tuff"	A general term for all consolidated pyroclastic rocks
"thrust sheet"	The body of rock above a large-scale thrust fault whose surface is horizontal or very gently dipping
"TSXV"	TSX Venture Exchange
"vein'	An epigenetic mineral filling of a fault or other fracture, in tabular or sheetlike form, often with the associated replacement of the host rock; also, a mineral deposit of this form and origin
'volcaniclastic"	Pertaining to a clastic rock containing volcanic material in whatever proportion, and without regard to its origin or environment

ITEM 3: CORPORATE STRUCTURE

Name, Address and Incorporation

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

The head office and principal business address of ITH is located at Suite 1901 – 1177 West Hastings Street, Vancouver, British Columbia, CANADA V6E 2K3, and its registered and records office is located at Suite 2300, Four Bentall Centre, 1055 Dunsmuir Street, P.O. Box 49122, Vancouver, B.C. V7X 1J1.

Intercorporate Relationships

ITH has three subsidiaries:

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

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

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

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

Throughout this AIF references to the "Company" refer to ITH and its consolidated subsidiaries, Talon Alaska, Talon Gold and Talon Nevada. References to ITH refer to ITH alone.

ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

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

Over the past three financial years, the Company has focussed primarily on the acquisition and exploration of mineral properties and, since current management assumed control of ITH in mid-2006, in Alaska and, more recently, Nevada. During the fiscal year ended May 31, 2006 the Company had one mineral property ion British Columbia (Siwash), but this property was sold following the Company' s determination to focus on Alaska. During the financial years ended May 31, 2007 and 2008, the Company has acquired by staking, purchase, lease or option (primarily from AngloGold Ashanti (U.S.A.) Exploration Inc. ("Anglogold") in a transaction which closed on August 4, 2006) interests in a number of mineral properties in the Alaska (Livengood, Terra, LMS, BMP, Chisna, Coffee Dome, West Tanana, Gilles, West Pogo, Caribou, Blackshell and South Estelle) and Nevada (North Bullfrog and Painted Hills) that it believes have the potential to host large precious or base metal deposits. Some of these, such as the Caribou and Blackshell properties have, in light of disappointing exploration results, since been dropped or returned to the respective optionors or lessors, and the associated costs written off while others, such as the South Estelle property, have been sold. During calendar 2007 and 2008, the Company' s primary focus has been the exploration of its Livengood project in Alaska and the majority of its resources have been directed to that end. The Company intends to seek partners to advance the majority of its other projects.

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

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

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

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

During the year ended, or subsequent to, May 31, 2008 the Company has acquired, either through original staking, or through lease or option agreements with third parties, an interest, or the right to acquire an interest, in a number of new properties, as follows:

Alaska

◦ South Estelle Property

Pursuant to a binding letter of intent dated June 15, 2007 ("LOI") with Hidefield Gold Plc of London, England and its partner, Mines Trust Ltd. of Alaska, the Company was granted the option to earn up to an 80% interest in the South Estelle project, located in southwest Alaska. The South Estelle project consists of 168 Alaska State mining claims located 30 kilometres east of the Company' s Terra project.

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

- The Company could earn an initial 51% interest by making payments of USD 42,000 upon TSXV acceptance of the transaction on behalf of the Company and an additional USD 50,000 on or before January 8, 2008, and incurring aggregate exploration expenditures of USD 2,000,000 prior to December 31, 2009 (USD 75,000 on or before December 31, 2007, which the Company has committed to incur).

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

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

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

The Company carried out an initial exploration program and, although the results were encouraging, the Company determined to concentrate its activities on its Livengood project and, accordingly, on April 2, 2008 the Company entered into an agreement with Millrock Resources Inc. ("Millrock"), whereby it sold all interest in the South Estelle project to Millrock in consideration of the issuance of 650,000 common shares of Millrock, and the grant of a 1% NSR royalty, to the Company. The transaction closed on April 16, 2008.

◦ BMP Project Expansion

The Company has entered into an exploration agreement dated February 26, 2008, with Cook Inlet Region, Inc. ("CIRI"), an Alaska Native Corporation, pursuant to which the Company has been granted an option to lease a 6,200 hectare area located immediately adjacent to the eastern side of the Company' s existing BMP claim block. The general terms of the agreement are as follows:

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

Payments: Annual rental payment of USD 20,000 per year for the first 2 years, increasing to USD 40,000 for years 3 through 5. At the end of year 2, the Company will be required to reduce the lands subject to the agreement by 50% unless otherwise justifiable geologically, in which case a bonus of USD 5.00 per acre is payable upon the renewal for all lands retained in excess of 3,100 hectares.

Work Commitments: USD 275,000 in year 1 escalating to USD 500,000 in year 5.

Lease Option: Upon having expended a minimum of USD 800,000, drilled 2,500 feet of core drilling and produced a positive pre-feasibility study over an area within the CIRI lands that contains mineralization and may be capable of development into a mine, the Company may elect to enter into a mining lease over the ground that is the subject to the positive prefeasibility study.

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

Advance Minimum Royalty: Payments of USD 150,000 in years 1-3, USD 200,000 in years 4-5 and USD 400,000 for year 6 and beyond (unless a feasibility study has been completed). AMR payments are 50% deductible from royalty payments.

Sliding Scale Royalty: An NSR Royalty of between 1 and 2.5% before payback and between 3 and 5% (depending upon the gold price) after payback is payable in respect of precious metals, and an NSR Royalty of 1% before payback and 3% after payback is payable in respect of base metals. In both cases, CIRI will have the option to replace the NSR Royalty with a Net Profits Interest Royalty (10% before payback and 20% after).

CIRI Participation Option: Upon a production decision being made, CIRI will have the right to acquire up to a 15% working interest in the leased area by contributing 2 times its pro rata share of the cumulative project expenditures by the Company (other than AMR payments) to the date of the exercise of CIRI' s participation option.

The Company will also make annual donations of USD 10,000 to The CIRI Foundation or other scholarship fund designated by CIRI during the continuance of the exploration agreement and term of any mining lease (increasing to USD 50,000 per year following commercial production).

- AngloGold Residual Interest Buyout – Terra, LMS, Gilles and West Pogo Properties

The Company has entered into a purchase agreement dated June 6, 2008 with AngloGold to acquire all of the interest of AngloGold in the Terra and LMS projects in Alaska, plus certain other AngloGold rights. The purchase agreement encompasses all royalties and residual rights held by AngloGold in the Terra and LMS properties, as well as AngloGold' s first refusal rights on transactions involving the West Pogo and Gilles properties held by the Company (and originally acquired from AngloGold).

Under the terms of the purchase agreement, the Company will acquire all of the right, title and interest of AngloGold in the Terra and LMS projects (including AngloGold' s right of first offer on any disposition thereof by the Company). In addition, AngloGold has also relinquished its right of first offer on two of the Company' s other 100% owned projects, being the West Pogo project (which is situated on the western boundary of the Pogo Joint Venture land package) and the Gilles project (which is located along the Pogo mine road, 25 kilometres southwest of the West Pogo property). The total purchase price is CAD 751,500, which will be satisfied by the issuance of an aggregate of 450,000 Common Shares (valued, for this purpose, at CAD 1.67 per share). The transaction is subject to the acceptance for filing thereof on behalf of the Company by the TSXV (accepted in principle, final acceptance outstanding) and AMEX (received), and is anticipated to close five business days after such acceptances for filing are both obtained.

AngloGold presently holds 5,997,295 Common Shares, representing approximately 15.02%, of the outstanding Common Shares. Following the closing of the transaction, AngloGold will hold 6,447,295 common shares, representing approximately 15.96% of the then issued Common Shares. The proposed transaction has been approved by the Audit Committee of ITH, which is composed solely of independent directors, and by the directors of ITH other than AngloGold' s nominee.

Nevada

- Mayflower Property

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

Term: Initial term of 5 years, commencing December 1, 2007, with the option to extend the lease for an additional 5 years. The lease will continue for so long thereafter as the property is in commercial production or, alternatively, for an additional three years if the Company makes advance minimum royalty payments of USD 100,000/year (which are recoupable against actual production royalties).

Lease Payments: USD 5,000 and 25,000 Common Shares following TSXV and AMEX acceptance of the transaction (both received) and an additional 20,000 Common Shares on each of the first through fifth lease anniversaries. If the Issuer elects to extend the lease for a second 5 year term, it will pay USD 10,000 and issue 50,000 Common Shares upon such election being made, and an additional 50,000 common shares on each of the sixth through tenth anniversaries.

Work Commitments: USD 100,000 per year for years 1 - 3, USD 200,000 per year for years 4-6 and USD 300,000 for years 7 - 10. Excess expenditures in any year may be carried forward. If the Issuer does not incur the required expenditures in year 1, any deficiency is required to be paid to the lessors.

Retained Royalty: The Company will pay the lessors a NSR royalty of 2% if the average gold price is USD 400 or less, 3% if the average gold price is USD 401-500 and 4% if the average gold price is greater than USD 500.

Purchase Option: The Company will have the right to purchase the property outright (together with the retained royalty) during the first 10 years for USD 10,000,000. Following year 10 the USD 10,000,000 purchase price will be escalated annually based on the US annual Consumer Price Index increase for that year.

The Mayflower property, and associated acquisition costs, will be added to the ITH/Redstar Gold Corp. option/joint venture properties in which the Company has the right to earn up to a 70% interest.

Significant Acquisitions

Since June 1, 2007, being the commencement of the Company' s last completed fiscal year, the Company has not entered into any significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

ITEM 5: NARRATIVE DESCRIPTION OF THE BUSINESS

General

Summary

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

The Company considers that the Livengood, Terra, LMS and North Bullfrog project are its material mineral properties at the present time. However, ongoing work on other properties may produce results that would cause the Company to consider them as material mineral properties in the future. The progress on, and results of, work programs on the Company' s material mineral properties is set out in the Mineral Projects section of this AIF.

The Company is in the exploration stage and does not mine, produce or sell any mineral products at this time, nor do any of its current properties (with the exception of the Livengood, Terra and LMS properties in Alaska which have inferred resources and the Mayflower (North Bullfrog) property in Nevada, which has indicated and inferred resources) have any known or identified mineral resources or mineral reserves. The Company does not propose any method of production at this time.

All aspects of the Company' s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs and accounting. While recent increased activity in the resource mining industry has made it more difficult to locate competent employees and consultants in such fields, the Company has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so.

All of the raw materials the Company requires to carry on its business are readily available through normal supply or business contracting channels in Canada and the United States. The Company has secured personnel to conduct its contemplated programs. Over the past 24 months the increased mineral exploration activity on a global scale has made some services difficult to procure, particularly skilled and experienced contract drilling personnel. It is possible that delays or increased costs may be experienced in order to proceed with drilling activities during the current period. Such delays could significantly affect the Company if, for example, commodity prices fall significantly thereby reducing the opportunity the Company may have had to develop a particular project had such activities been completed in a timely manner before the fall of such prices. In addition, assay labs are significantly backlogged, thus significantly increasing the time that the Company waits for assay results. Such delays can slow down work programs, thus increasing field expenses or other costs (such as property payments which may have to be made before all information to assess the desirability of making such payment is known, or causing the Company do not make such a payment and terminate its interest in a property rather than make a significant property payment before all information is available).

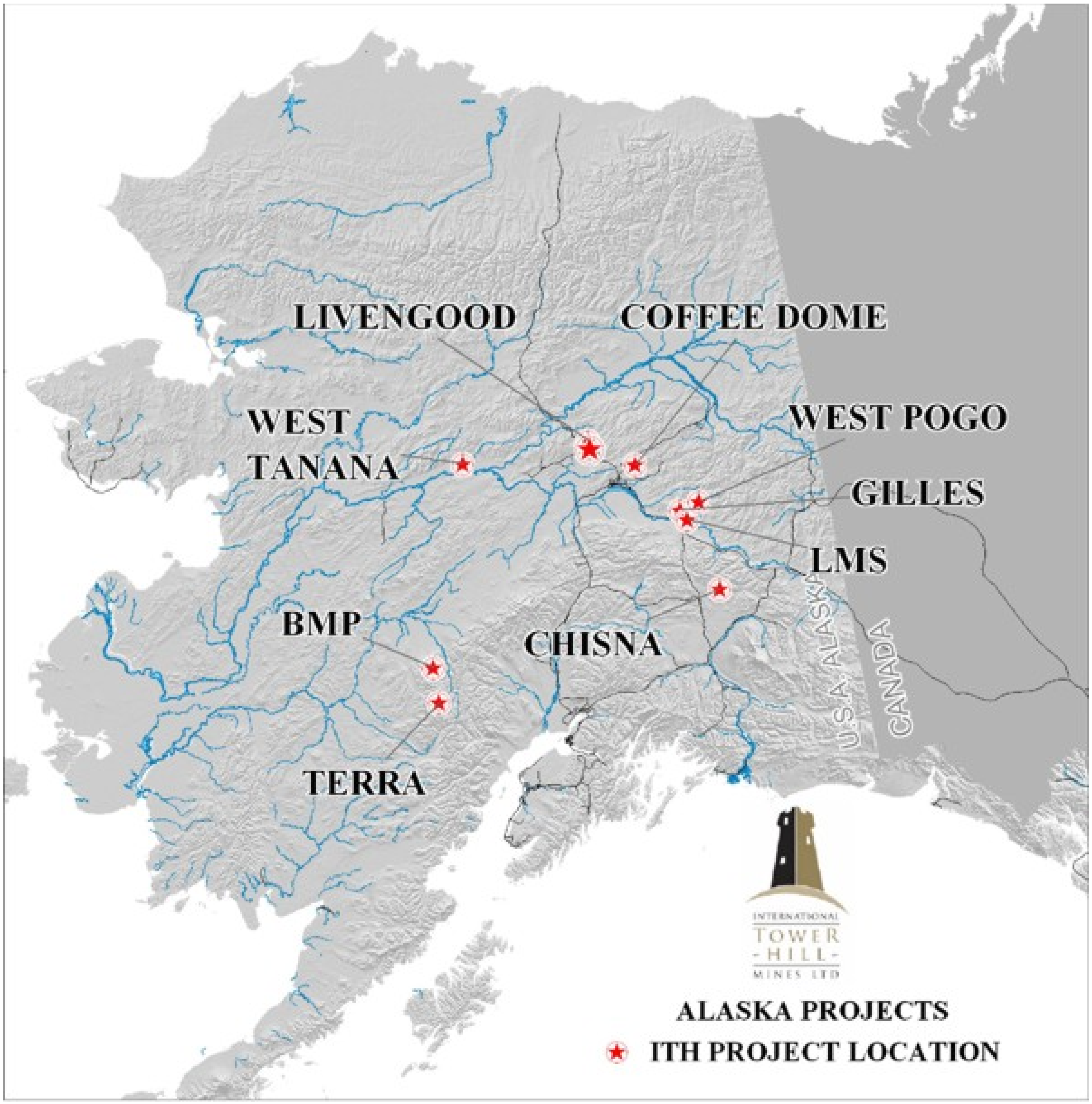

Figure 1: Location of the Company's Alaska Projects

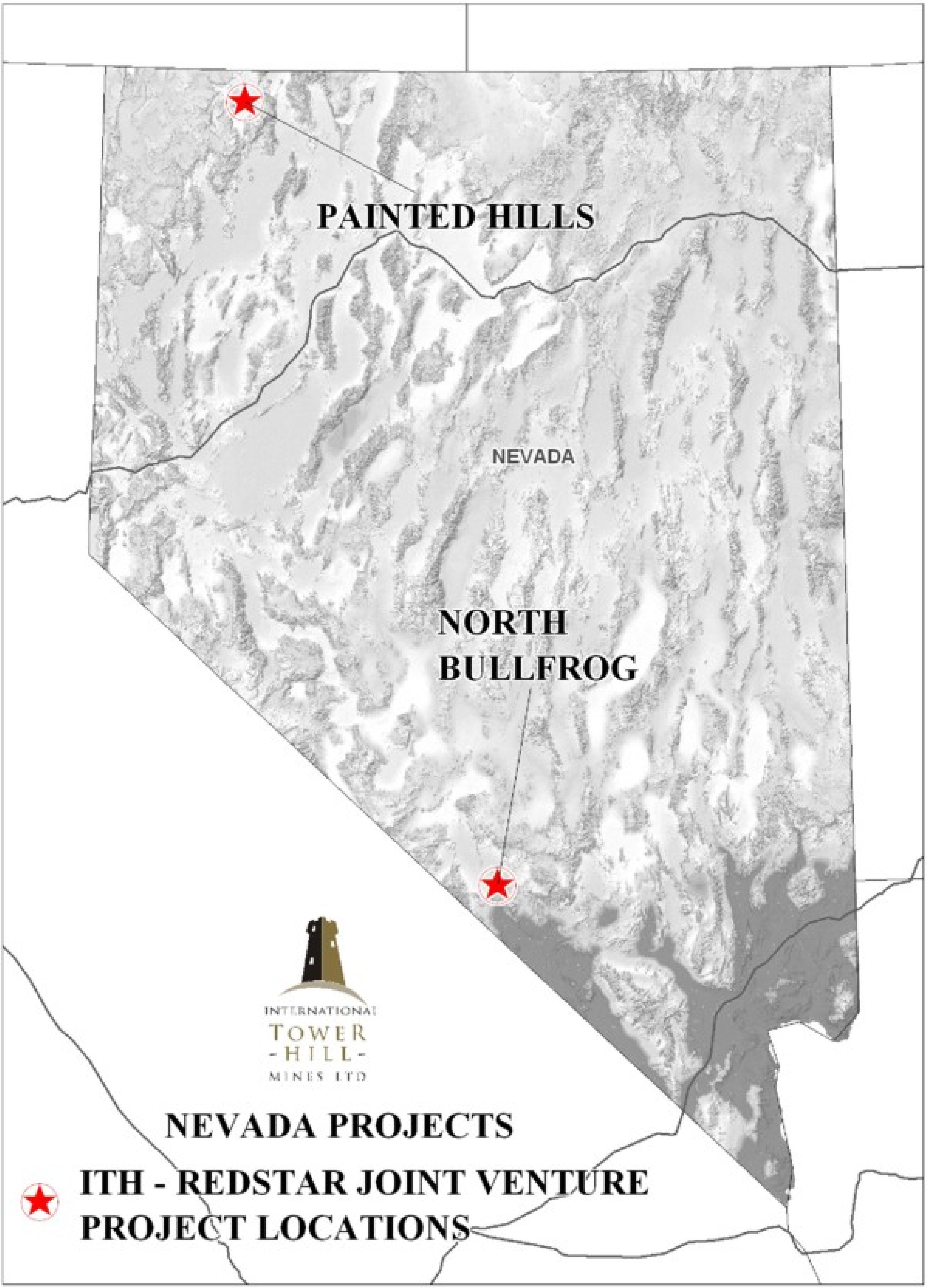

Figure 2: Location of the Company's Nevada Projects

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. At the present time, the significant demand for minerals in some countries (notably China and India) are driving increased commodity prices, but it is difficult to assess how long such demand may continue, and there are recent signs that such activity may be starting to slow down.

The Company' s business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. Rather, the Company' s ability to continue making the holding, assessment, lease and option payments necessary to maintain its interest in its mineral projects is of primary concern. The Company does not presently anticipate any difficulties in this regard in the current financial year.

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

As of August 1, 2008, ITH had one part-time employee and Talon Gold had five full-time employees. The Company also relies upon consultants and contractors to carry on many of its activities and, in particular, to supervise work programs on its mineral properties. However, as ITH expands its activities, it may choose to hire additional employees rather than relying on consultants.

Bankruptcy and Similar Procedures

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

Reorganizations

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

Social or Environmental Policies

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

(a) living within environmental limits,

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

(c) achieving a sustainable economy,

(d) using sound science responsibly, and

(e) promoting good governance.

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

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

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

Risk Factors

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

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

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

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

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

Acquisition of Mineral Claims under Agreements: The agreements pursuant to which the Company has the right to acquire interests in a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to make all payments and complete all expenditure obligations under its various property acquisition agreements. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Proposed Amendments to the United States General Mining Law of 1872: Many of the Company' s mineral properties comprise federal unpatented mining claims in the United States. There is a risk that a portion of the Company' s unpatented mining claims could be determined to be invalid, in which case the Company could lose the right to mine any minerals contained within those mining claims. Unpatented mining claims are created and maintained in accordance with the United States *General Mining Law of 1872* ("Mining Law"). Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the Mining

Law. Unpatented mining claims are always subject to possible challenges of third parties or contests by the United States federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. Title to the unpatented mining claims may also be affected by undetected defects such as unregistered agreements or transfers. The Company has not obtained full title opinions for the majority of its mineral properties. Not all the mineral properties in which the Company has an interest have been surveyed, and their actual extent and location may be in doubt. In recent years, the United States Congress has considered a number of proposed amendments to the Mining Law. If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse affect on the Company' s cash flow, results of operations and financial condition.

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

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

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

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

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company' s properties will therefore depend upon the Company' s ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Material Mineral Projects

Livengood Project, Alaska

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

Summary

The Livengood property is located in approximately 85 kilometres northwest of Fairbanks, Alaska in the Tolovana Mining District within the Tintina Gold Belt. The property consists of a combination of Alaska State mineral lands, patented and unpatented federal mining and placer claims and Alaska State mining claims covering approximately 4,150 hectares and held under lease by the Company. The area of interest is centered on a hill named Money Knob. Streams hosting placer gold drain Money Knob, consequently it has been considered the lode gold source for the Livengood placer deposits, the largest of which lies in the adjacent valley to the north, and has been actively mined since 1914 with production of more than 500,000 ounces of gold.

The property has been prospected and explored by several companies and private individuals since the 1970' s. Some of the past exploration data is available but most derives from the recent work conducted by AngloGold. Geochemical surveys by Cambior in 2000, AngloGold in 2003 and 2004, and the Company, current explorer of the property, in 2007 outlined a 1.6 x 0.8 kilometre area with anomalous gold in soil. Scattered anomalous samples continue along strike for an additional 2 kilometres to the northeast and 1.6 kilometres to the southwest. Eight reverse circulation holes were drilled by AngloGold in 2003 and a further 4 diamond core holes were drilled in 2004 to evaluate this anomaly. Favourable results from these holes include wide intervals of gold mineralization (BAF-7; 138.7 metres @ 1.07 g/t gold; MK-04-03; 55.3 metres @ 0.51 g/t gold) and lesser intervals over a broad area. The Company completed 8 and 15 diamond drill holes in 2006 and 2007, respectively, and has completed 48 reverse circulation and 4 diamond drill holes thus far in 2008.

Rocks at Livengood are part of the Livengood Terrane, an east-west belt, approximately 240 kilometres long consisting of tectonically interleaved assemblages of various ages. These assemblages include the Amy Creek Assemblage, consisting of latest Proterozoic and early Paleozoic basalt, mudstone, chert, dolomite, and limestone. Structurally above the Amy Creek Assemblage lies an early Cambrian ophiolite sequence, which in turn is structurally overlain by Devonian shale, siltstone, conglomerate, volcanic, and volcaniclastic rocks. A second thrust sheet of the ophiolite sequence sits on the Devonian assemblage. All of these rocks are intruded by Cretaceous multiphase monzonite, diorite, and syenite stocks, dikes, and sills. Gold mineralization is interpreted to be genetically related to this intrusive event. Spatially, mineralization occurs mostly in the Devonian volcanic rocks, and to a lesser, but significant degree, in the Devonian sedimentary section and the overlying sheet of mafic and ultramafic rocks.

Gold mineralization occurs in several styles; as multistage, fine quartz veins that have a general spatial association with intrusive dikes and sills, some of which appear to be structurally controlled, and as diffuse mineralization in volcanic, intrusive, and sedimentary rocks without a clear quartz vein association. Vein mineralization is interpreted as intrusion-related with an As±Sb±Hg geochemical association. Thrust-fold architecture is apparently key to providing pathways for magma (dikes and sills) and hydrothermal fluid.

Drill holes completed prior to the end of 2007 were used to estimate an inferred resource for the Money Knob area in late 2007. The estimated amount of contained gold varies significantly according to the choice of cutoff grade. A range of tonnes and grade with corresponding contained ounces have been estimated; at a 0.3 g/t gold cutoff, it is estimated that 188.01 Mt of material are present at a grade of 0.54 g/t gold and 0.30 g/t silver for a total of 3.269 M oz of gold and 1.789 M oz of silver. In accordance with the definitions in NI 43-101, this estimate is considered an inferred mineral resource. The additional drilling completed in 2008 not been included in the resource calculations; they will be updated in a separate report later this year. Mineralization has not been closed off in any direction.

The 2008 exploration program (in progress) consists of drilling on a grid within the known extent of mineralization and stepping out to expand the known extent of the gold mineralization. Assay data are available for 21 of the 48 holes drilled this year to date. Notable intersections include 199.6 metres at 1.44 g/t gold (MK-RC-0008), 57.9 metres at 2.51 g/t gold (MK-RC-0023), and 140.2 metres at 0.99 g/t gold (MK-RC-0011). Results indicate that the 2008 program is confirming continuity of mineralization in the areas previously drilled and significantly expanding the limits of mineralization. The authors of the Livengood Report recommend that the program should continue along the established plan of approximately 40,000 metres of infill and step out exploration drilling.

Planned Activities

The 2008 drilling program at Livengood is ongoing, and the Company anticipates completing the planned drilling program, utilizing reverse circulation (approximately 40,000 metres planned) and core (approximately 2,000 metres planned) drills. The primary goal of this program is to better define and expand the initial inferred resource estimate. As of August 1, 2008, the Company has completed 12,100 metres of RC drilling in 48 holes, 1,040 metres of HQ diamond drilling in 4 holes, and 2 trenches totalling 50 metres. In addition, further surface sampling and trenching is planned to provide surface data to correlate with drill data at depth. Structural analysis will continue and, in particular, the use of 3D modeling software to understand structure in 3D space. The Company believes that this will help predict and identify the lateral and depth extent of mineralization.

In addition, the Company plans to undertake mineralogical and metallurgical characterization studies to ascertain the nature of gold and how it occurs in the project area. These studies will include petrographic work, gold characterization studies and leach tests to help define the feasibility of extracting gold from host rock. The Company will also implement systematic specific gravity measurements to help better define the specific gravity for various rock types throughout the mineralized area.

The Company anticipates expenditures of approximately an additional CAD 6.0 million at Livengood to May 31, 2009.

Terra Project, Alaska

Information in this AIF regarding the Terra Project is based on information provided by the Terra Report. The following Summary is from the Terra Report and the detailed disclosure in the Terra Report is incorporated into this AIF by reference. Readers are encouraged to review the entire Terra Report, which is filed on SEDAR at www.sedar.com.

Summary

The Terra property is located approximately 212 kilometres west-northwest of Anchorage along the southwest portion of the Alaska Range in the McGrath Mining District. The property is centered on a series of gold-bearing bonanza quartz veins. The property consists of 199 contiguous unpatented State of Alaska mining claims covering an area of 12,885 hectares.

The Terra Property is currently being explored by the Company under an option earn-in joint venture with AngloGold and through a lease agreement between AngloGold and Mr. Ben Porterfield. The Company has earned its 60% interest in the property from AngloGold by having incurred aggregate exploration expenditures in excess of USD 3.0 million. On June 6, 2008, AngloGold agreed to sell all of its interest in the Terra project to the Company (together with its interest in other properties) for 450,000 Common Shares. The transaction is currently awaiting acceptance for filing by the TSXV.

Veins occur primarily in a ±150 metre wide, subvertical diorite 'dike' that is interpreted to be part of the Hartman intrusive suite. The dike intrudes Jurassic to Cretaceous Kahiltna Terrane sedimentary rocks consisting of shale, phyllite, siltstone, and minor conglomerate and carbonate. The sedimentary host rocks have undergone multiple stages of deformation prior to intrusion, with the principle deformation being a fold-thrust style. The host intrusive rocks are late Cretaceous age (~70 m.y.) diorite to quartz monzonite. This intrusive age and composition is the same as that for other intrusive-related gold deposits in western Alaska.

Reconnaissance sampling and mapping in 2004 and 2005 identified three other areas on the property with anomalous gold in rock, soil, and stream sediment samples. At least one of these areas consists of more bonanza veins and includes discovery of the Ice Vein.

AngloGold drilled 12 diamond core holes in 2005 to test the subsurface continuity of outcropping veins. In two zones, drill holes intersected high grade veins and numerous gold-bearing smaller veins. In the third zone, no veins were intersected indicating that fold and/or fault controls exist that need to be resolved. Samples of vein material from outcrop and drill core contain up to several hundred g/t gold (the highest being 960 g/t) although most samples contain more modest values.

In 2006 and 2007, the Company drilled a further 20 diamond core holes to test known veins, particularly the Ben Vein which is currently the best mineralized and most extensive vein known on the property.

Data from these drill holes has been used for an initial resource evaluation. The drill-tested portion of the Ben Vein shows the vein open to the north and at depth. The vein appears to pinch out to the south. An initial resource estimate of mineralization in the Ben Vein indicates the presence of an inferred resource on the order of 168,000 ounces of gold plus 318,000 ounces of silver in 428,000 tons grading 12.2 g/t gold and 23.1 g/t silver at a 5 g/t gold cutoff. This estimate does not include evaluation of mineralization in adjacent veins, some of which also contain significant high grade mineralization, nor does it include mineralization inferred to occur, but untested, to the north and at depth.

At this early stage of exploration, outcropping veins and drill hole intercepts indicate that the veins can be continuous for >350 metres along strike and >250 metres down dip. More drilling is required to assess further continuity. Lesser veins also appear to form vein zones. These veins are banded and exhibit relict open-space-fill dog-tooth textures. Various types of quartz exhibit a diffuse texture suggesting that there has been minor recrystallization. Veins are interpreted to have formed in the transition between mesothermal and epithermal settings.

An exploration program that includes 3,000 meters of diamond drilling, prospecting, sampling, mapping, and structural analysis is recommended to advance the project. It is anticipated that the drilling will enable some of the inferred resources to be upgraded to indicated status, as well as expand the basic inferred resource base. The cost of the recommended program will be approximately USD 2.92M. The Company is currently seeking a partner who will help finance the continued exploration at Terra with the hope of beginning an underground exploration program in the near future.

Planned Activities

At the present time, the Company has determined to focus substantially all of its resources on its Livengood Project and does not plan to proceed with the recommended program at Terra. It is currently seeking a partner to advance the project. The Company believes that the planned acquisition of the residual interest of AngloGold in the Terra project, thus giving the Company a 100% interest, will make the project significantly more attractive to potential partners.

LMS Project, Alaska

Information in this AIF regarding the LMS Project is based on information provided by the LMS Report. The following Summary is from the LMS Report and the detailed disclosure in the LMS Report is incorporated into this AIF by reference. Readers are encouraged to review the entire LMS Report, which is filed on SEDAR at www.sedar.com.

Summary

The LMS property is situated 25 kilometres north of Delta Junction, and 125 kilometres southeast of Fairbanks, Alaska at 64^{o}12' N, 145^{o}30' W in the Goodpaster Mining District. The property consists of ninety-two unpatented State of Alaska Mining Claims and covers an area of 5,960 hectares. The Company is currently exploring the property under an option earn-in joint venture with AngloGold. The Company can earn a 60% interest in the property by incurring aggregate exploration expenditures of USD 3.0 million in 4 years. The Company is currently up to date on its earn-in commitments to AngloGold. On June 6, 2008, AngloGold agreed to sell all of its interest in the LMS project to the Company (together with its interest in other properties) for 450,000 Common Shares. The transaction is currently awaiting acceptance for filing by the TSXV.

This part of the district has had no known previous exploration prior to regional reconnaissance surface sampling by AngloGold in 2004, even though the region has attracted considerable interest following the discovery of the Pogo deposit 40 kilometres to the northeast. Discovery of a gold-bearing outcrop (6.2 g/t gold) led to further sampling and drilling in 2005 which delineated two styles of gold mineralization: 1) gold within a folded, stratabound tabular zone consisting of silicified graphitic quartzite breccia; and 2) high grade narrow veins. Mineralization within the graphitic quartzite breccia zone has been defined through drilling to a down-plunge depth of 500 metres. Along with the high-grade veins, this area is known as the Camp Zone and is situated at the southeast end of a 6 kilometre long, northwest-trending zone of aligned surface geochemical samples containing anomalous gold, arsenic and lesser silver and copper.

A resource evaluation for gold contained within the stratabound graphitic quartzite breccia zone and not including vein mineralization offers a range of grades and tonnages with corresponding contained ounces. At a 0.3 g/t gold cutoff, 5.86 M tones of material are estimated to contain 167,000 ounces of gold at a grade of 0.89 g/t gold. In accordance with the definitions in NI 43-101, this estimate should be considered to be an inferred mineral resource. This zone remains open to the north and west.

Rocks within the LMS project area lie within the Yukon-Tanana Terrane, a structurally complex, composite terrane that was accreted to North America in the mid to Late Cretaceous period. Among the diverse suites of rocks in this terrane, some of those underlying the project area (schist, gneiss, and quartzite) are similar in composition and structural character to the host rocks at Pogo although the style of mineralization may not be the same as found at Pogo.

Mineralization in this region, including at Pogo, is believed to be intrusion-related. Observations by one of the LMS Report' s authors are consistent with this interpretation, even though no intrusive rocks, except for mafic dikes, have been identified on the property. Fluids derived from an intrusion at depth or at a distance laterally can migrate along structures to produce the observed veins and gold mineralization. The authors of the LMS Report have been unable to verify the information available with respect to the Pogo property, and such information is not necessarily indicative of the mineralization at LMS.

Exploration of the LMS property is at a relatively early stage with discovery and identification of the graphitic quartzite breccia and vein zone(s) extending from the surface to >500 metres down plunge. It is recommended that exploration of the LMS property continue with a program of drilling (minimum of 1,500 metres), soil sampling (minimum 500 samples), and structural analysis as best as can be achieved in drill core. To the extent that trenches can reach bedrock along ridge lines, the excavation, sampling, and mapping of trenches is likely to be helpful in determining the location of particular rock types and structural relations, and a trenching program is recommended.

The aim of exploration should be to 1) test the location and extent of known and possible other stratabound bodies such as the graphitic quartzite breccia; 2) identify the extent of high grade vein zones through drilling; 3) characterize and explore newly discovered anomalous areas to the northwest with trenches if practicable and with drilling; and 4) continue to conduct soil sampling throughout the property to better define the anomalous zones, particularly across the apparent northwest trending corridor of anomalism. The estimated cost of the recommended program is CAD 806,300.

Planned Activities

At the present time, the Company has determined to focus substantially all of its resources on its Livengood Project and does not plan to proceed with the recommended program at LMS. It is currently seeking a partner to advance the project. The Company believes that the planned acquisition of the residual interest of AngloGold in the LMS project, thus giving the Company a 100% interest, will make the project significantly more attractive to potential partners.

North Bullfrog Project, Nevada

Information in this AIF regarding the North Bullfrog Project is based on information provided by the Bullfrog Report. The following Summary is from the Bullfrog Report and the detailed disclosure in the Bullfrog Report is incorporated into this AIF by reference. Readers are encouraged to review the entire Bullfrog Report, which is filed on SEDAR at www.sedar.com.

Summary

The Company controls the North Bullfrog Project ("NBP") through an option/joint venture with Redstar Gold Corporation ("RGC"). The project area covers some 4,344 acres of patented and unpatented mining claims in the Bullfrog Hills, about 15 kilometres north of Beatty, Nevada. The Bullfrog mine is about 12 kilometres south of the property where Barrick Gold Corp. (and predecessor companies) produced 2.4 million ounces of gold from a similar geological environment.

Gold was discovered in the district in 1904 resulting in an estimated production of about 112,000 ounces of gold and 869,000 ounces of silver through 1921. There was only minor activity in the district after that initial production period until the Bullfrog gold deposit was discovered in 1986. During the early 20th Century only limited mining occurred in the NBP area, principally at the Pioneer and Mayflower mines. Modern exploration at NBP started in 1974 and continued until 1996 when several companies mapped, sampled, and drilled several areas of gold mineralization. Declining precious metal prices in the late 20th Century resulted in reduced interest in the area. In 2005 RGC started land acquisition and exploration, which continues to present.

Three Tertiary units are important to the hydrothermal activity at NBP: a lower rhyolite tuff, debris-flow deposits, and an upper rhyolite tuff. Most of the known gold mineralization occurs in the debris-flow, with lesser amounts in the lower rhyolite tuff. The upper rhyolite and felsic plugs and dikes throughout the project area appear to have been deposited or intruded either late in the period of mineralization or are post-mineralization. Two regional north striking normal faults are the dominant structural features in the project area, but several oblique faults between them control most of the precious metal and hydrothermal alteration distribution.

Two styles of precious metal epithermal mineralization are common at NBP: veins and stockworks in structural zones, and disseminations in altered volcanic rocks. Historic drilling (pre-NI 43-101) outlines areas of important mineralization at NBP, the most significance of which appears to be in the Mayflower area. Drilling by the Company was used to develop a resource estimate at Mayflower, to better understand precious metal mineralization at Airtrack Hill, and as initial tests at Sierra Blanca, Pioneer, and Savage.

The basis for the resource estimate at Mayflower was a geologic model developed by Company geologists using geology logs from the drill holes along with alteration and geochemical data. This was used to define the "Mayflower Zone" which was the limiting factor for gold distribution for the resource estimation. Ordinary Kriging was used to develop a block model, which at a 0.50 g/t gold cut-off consists of:

Indicated resource	2,020,000 tonnes at 0.88 g/t gold and 0.45 g/t silver
Inferred resource	950,000 tonnes at 0.78 g/t gold and 0.36 g/t silver

The total contained metal is about 57,086 ounces of gold and 29,160 ounces of silver (indicated) and 23,793 ounces of gold and 10,904 ounces of silver (inferred).

The data generated at NBP by the Company, and previous explorers, identify areas where additional vein and structurally controlled epithermal precious metal deposits are likely to occur. Many of these will most likely be similar to the Mayflower deposit, but given the similarity to the nearby Bullfrog mine there is also the possibility that multi-million ounce gold deposit could exist at NBP. There are also several areas where stratabound mineralization indicating that a replacement-type gold deposits could also exist at NBP. The authors of the Bullfrog Report have been unable to verify the information available with respect to the Bullfrog mine, and such information is not necessarily indicative of the mineralization at NBP.

A two part program is recommended to advance the exploration of the property, with a total budget of USD 900,000. Drilling should be continued at Mayflower along strike to test for extensions of the known mineralization, as well as down-dip. A triple tube core program in the mineralized areas where there was poor sample return during the 2008 RC drilling program should also be conducted. Drilling is also recommended along the possible northern extension of the Airtrack Hill zone. The budget for this portion of the program is estimated at USD 800,000. The numerous gold, trace element and hydrothermal alteration areas that have been previously drilled or are undrilled should be re-evaluated in light of the expanded knowledge of gold deposits in volcanic rocks. This should generate additional drill targets. The estimated budget for this part of the program is USD 100,000.

Planned Activities

The Company is currently conducting an integrated structural/mineralization analysis of the North Bullfrog District using the knowledge gained at Mayflower to better define follow-up drill targets in the other large mineralized zones defined to date. The Company plans to proceed with the recommended program in the late fall/winter of 2008.

ITEM 6: DIVIDENDS

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

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of ITH is 500,000,000 Common Shares, of which 39,943,892 were issued as at May 31, 2008 and 43,829,588 were issued as at August 25, 2008. The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders, with each Common Share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares are entitled to dividends if, as and when declared by the board of directors of ITH. The Common Shares are entitled, upon liquidation, dissolution or winding up of ITH, to receive the remaining assets of ITH available for distribution to shareholders.

Constraints

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

ITEM 8: MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSXV (symbol "ITH"), on the American Stock Exchange (symbol "THM"), and on the Frankfurt Stock Exchange (symbol "IW9").

Trading Price and Volume

The following table provides information as to the high, low and closing prices of the Common Shares on the TSXV during the 12 months of the most recently completed financial year and the 3 months since the most recent financial year end, as well as the volume of shares traded for each month:

TSX Venture Exchange

Month	*High ($)*	*Low ($)*	*Volume*
August 1 to 22, 2008	1.55	1.29	278,119
July, 2008	1.62	1.36	686,022
June, 2008	1.71	1.19	463,871
May, 2008	2.00	1.25	587,064
April, 2008	1.58	1.20	206,681
March, 2008	2.00	1.45	428,745
February, 2008	2.40	1.73	1,445,968
January, 2008	2.15	1.40	1,035,725
December, 2007	1.85	1.28	744,694
November, 2007	2.40	1.45	1,002,569
October, 2007	2.65	2.10	859,831
September, 2007	2.69	2.11	1,138,588
August, 2007	3.00	2.35	382,035
July, 2007	3.10	2.63	403,974
June, 2007	3.15	2.78	1,282,798

ITEM 9: ESCROWED SECURITIES

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

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

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

Name, Position and Province/State and Country of Residence[(1)]	**Principal Occupation During the Past 5 Years[(1)]**	**Period of Service as an Officer or Director[(2)]**
Jeffrey A. Pontius President and Chief Executive Officer Colorado, USA	Geologist; President and CEO of the Company since September, 2006; previously North American Exploration Manager and also a Director of Anglo American (USA) Exploration Inc., 1999 to 2006.	President and CEO since September 22,. 2006
Hendrik van Alphen Chairman of the Board, Director British Columbia, Canada	Businessman; President of Cardero Resource Corp, 1999 to present; President of Wealth Minerals Ltd., 2006 to present.	Director since September 22, 2006 Chairman since September 22, 2006
Anton J. Drescher[(5)] Director British Columbia, Canada	Businessman, Certified Management Accountant; President, Harbour Pacific Capital Corp. (private management company) since 1998; President, Westpoint Management Consultants Limited (private management company) since 1979, President of Dorato Resources Inc. (public natural resource company), 1996 - 2008, Director of Trevali Resources Corp. (public natural resources company) since 2007.	Director since August, 1991 President, 1991 - September 22, 2006

Rowland Perkins[3][4][6] Director Alberta, Canada	Businessman; President and director of e-Backup Inc. (private company providing public online backup services) since 2001; director, USA Video Interactive Corporation (public company providing electronic anti-piracy systems) since 2005.	Director since June, 1999
Ronald Sheardown[4] Director Alaska, USA	Geologist; President Greatland Exploration, Inc. (private geological consulting/mineral exploration company) over past 5 years.	Director since May 23, 2007
Benjamin Guenther[5][6] Director Colorado, USA	Geologist; Executive Officer – Technical International of AngloGold Ashanti Americas Inc. since 2006, previously Executive Officer – Corporate Technical Group, AngloGold Ashanti Americas Inc. 2004 – 2006; previously various other positions with AngloGold Ashanti Limited and subsidiaries since 1995.	Director since September 22, 2006
Michael Bartlett[3] Director Florida, USA	Businessman; President, Leisure Capital & Management Inc. (private business consulting company) since 1989; director, Wealth Minerals Ltd. (public natural resource company), since January 31, 2000.	Director since May 23, 2007
Lawrence W. Talbot Vice-President and General Counsel British Columbia, Canada	Barrister and Solicitor; Owner, Lawrence W. Talbot Law Corporation (law firm) since July 1, 2006, previously Partner, Gowling Lafleur Henderson LLP (law firm), April 2000 to July 2006, director, Cardero Resource Corp. (public mineral exploration company) since April, 2003, director and secretary, Excellon Resources Inc. (public natural resources company) 1993 to April, 2008.	Vice-President & General Counsel since September 22, 2006
Michael W. Kinley, C.A. Chief Financial Officer British Columbia, Canada	Chartered Accountant; President, Winslow Associates Management & Communications Inc. (private consulting firm) 1973 to present; Chief Financial Officer, Wealth Minerals Ltd.; Director, Indico Technologies Ltd.; Director, StonePoint Global Brands Inc.; President, WorldStar Energy Corp.; Director, Strike Resources Ltd.; President, GFK Resources Ltd.	Chief Financial Officer since September 22, 2006
Russell B. Myers Vice-President, Exploration Colorado, USA	Geologist; Vice-President, Exploration of the Company since September, 2006, previously, senior geologist, AngloGold Ashanti (USA) Exploration Inc. since 2000.	Vice-President, Exploration since September 22, 2006
Quentin Mai Vice-President, Corporate Communications British Columbia, Canada	Businessman; Manager, Corporate Communications, of Cardero Resource Corp. (public natural resource company) since 2004; President, Quatloo Investment Management Inc. (private investor relations firm) since 2004, previously, Vice-President, Business Development, Capital Alliance Group, 2001 - 2004.	Vice-President, Corporate Communications since September 22, 2006
Marla K. Ritchie Corporate Secretary British Columbia, Canada	Corporate Administrator; Corporate Secretary, Cardero Resource Corp. (public natural resource company), May 2001 to present; from February 1992 to November 2003, Secretary/Administrator to several public natural resource companies, including Ascot Resources Ltd., Brett Resources Ltd., Golden Band Resources Inc., Hyder Gold Inc., Leicester Diamond Mines Ltd. and Solomon Resources Limited	Corporate Secretary since September 22, 2006

Notes:

1.

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

2. All directorships expire at the next Annual General Meeting of the shareholders of ITH (which is scheduled to be held on October 21, 2008). All officers hold office at the pleasure of the Board.

3. Denotes member of the Audit Committee.

4. Denotes member of the Compensation Committee.

5. Denotes member of the Sustainable Development Committee.

6. Denotes member of the Nominating and Corporate Governance Committee

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

As at August 22, 2008, ITH' s Directors and executive officers, as a group, beneficially hold a total of 3,167,617 Common Shares, directly or indirectly, representing 7.22% of the 43,829,588 issued Common Shares. ITH' s Directors and executive officers, as a group, also hold the following incentive stock options to purchase up to the following numbers of Common Shares until the dates shown:

(a) 2,405,000 Common Shares exercisable at $1.75 per Common Share until July 16, 2010 (subject to shareholder approval of repricing at 2008 annual general meeting); and

(b) 110,000 Common Shares exercisable at $1.52 per Common Share until January 16, 2010.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

      (i) Michael W. Kinley, the Chief Financial Officer of the Company, was the President and Director of Abstract Enterprises Corp. (he resigned in 2005), which was the subject of a British Columbia Securities Commission ("BCSC") cease trade order on July 10, 2002 for failure to file financial statements (a similar order was issued by the Alberta Securities Commission ("ASC")) and was delisted on June 20, 2003, and

      (ii) Michael W. Kinley, the Chief Financial Officer of the Company is the President, Chief Executive Officer and a Director of GFK Resources Ltd. (formerly "Noise Media Inc."), which was the subject of a BCSC cease trade order on January 28, 2003 for failure to file financial statements (a similar ASC order was also issued). The Company was subsequently transferred to the NEX Board. The cease trade order was revoked on December 8, 2006, the company having filed a reactivation application in accordance with applicable policies; or

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

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

   (c) a cease trade order;

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

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

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

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

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

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

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

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

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

Conflicts of Interest

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

ITEM 11: PROMOTERS

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

ITEM 12: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not currently, and has not since June 1, 2007 (being the commencement of the Company' s last competed financial year) been, a party to any legal proceedings, nor is any of the Company' s properties presently, or has, since June 1, 2007 (being the commencement of the Company' s last competed financial year), any of the Company' s properties been, subject to any legal proceedings.

Regulatory Actions

There have not been any:

1. penalties or sanctions imposed against ITH by a court relating to securities legislation or by a securities regulatory authority during the financial year ended May 31, 2008;

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

3. settlement agreements entered into by ITH before a court relating to securities legislation or with a securities regulatory authority during the financial year ended May 31, 2008.

ITEM 13: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No:

1. Director or executive officer of the Company;

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

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

has, during any of the fiscal years ended May 31, 2006, 2007 or 2008, or during the current fiscal year, had any material interest, direct or indirect, in any transaction that has materially affected, or will materially affect, the Company, except for:

4. Pursuant to an Asset Purchase and Sale and Indemnity Agreement dated June 30, 2006, as amended on July 26, 2006 (collectively, the “AngloGold Agreement”) among ITH, AngloGold and Talon Alaska, the Company acquired all of AngloGold’ s interest in a portfolio of seven mineral exploration projects in Alaska (referred to as the Livengood, Coffee Dome, Chisna, Blackshell, Gilles, West Pogo and Caribou properties) (the “Sale Properties”), together with a comprehensive database (with respect to both the Sale Properties and the extensive exploration work carried out by AngloGold in Alaska) and certain personal property (together with the Sale Properties, the “Assets”), in consideration of the issuance to AngloGold of 5,997,295 Common Shares, representing approximately 19.99% of the issued and outstanding Common Shares following the closing of the acquisition and two private placement financings raising an aggregate of $11,479,348. AngloGold has the right to maintain its percentage equity interest in the Common Shares, on an ongoing basis, provided that such right will terminate if AngloGold’ s interest falls below 10% at any time after January 1, 2009. As a result of this transaction, AngloGold became an “insider” of ITH pursuant to applicable Canadian securities legislation.

   As further consideration for the transfer of the Assets, Talon Alaska granted to AngloGold a 90-day right of first offer with respect to the Sale Properties and any additional mineral properties in which Talon Alaska acquires an interest and which interest it proposes to farm out or otherwise dispose of. If AngloGold’ s equity interest in ITH is reduced to less than 10%, then this right of first offer will terminate. In addition, the Company agreed to indemnify AngloGold from and against any liabilities related to the Sale Properties, to assume obligations with respect to all underlying agreements, holding costs, property taxes and government rentals and all permitting and bonding requirements related to the Sale Properties. The Company also agreed to purchase the Sale Properties on an “as is”, where is” basis and to assume responsibility and indemnify AngloGold for all environmental liabilities.

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

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

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

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

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

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

5. On August 4, 2006, ITH completed a non-brokered private placement of 7,999,718 units (each, a "Unit") at a price of CAD 0.56 per Unit for gross proceeds of CAD 4,479,842 (approximately USD 3.975 million). Each Unit consisted of one Common Share and one-half of a transferable common share purchase warrant. Each whole warrant (each, a "Warrant") entitled the holder, on exercise, to purchase an additional Common Share at a price of CAD 1.00 until August 4, 2008. Cardero Resource Corp., a public company headquartered in Vancouver, B.C., purchased 4,000,000 Units in this placement. As a consequence of participating in this placement, Cardero became an "insider" of ITH pursuant to applicable Canadian securities legislation. On August 4, 2008, Cardero exercised all of its 2,000,000 Warrants and acquired an additional 2,000,000 Common Shares.

6. The Company has agreed to purchase the interest of AngloGold in the Terra and LMS properties, as well as AngloGold' s residual right of first refusal with respect to the Gilles and West Pogo properties. See "Three Year History – AngloGold Residual Interest Buyout".

ITEM 14: TRANSFER AGENT AND REGISTRAR

The Company' s co-transfer agents and registrars are Computershare Investor Services Inc. in Canada and Computershare Trust Company N.A. in the United States. Transfers may be effected at, and registration facilities are maintained in British Columbia, Canada at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

ITEM 15: MATERIAL CONTRACTS

There are no material contracts that have been entered into by the Company other than in the ordinary course of the Company' s business of mineral property evaluation, acquisition and divestiture and exploration, including raising the funding therefor, since June 1, 2007 (being the commencement of the Company' s most recently completed financial year) that are still in effect.

ITEM 16: NAMES AND INTERESTS OF EXPERTS

Names and Interests of Experts

The following are the persons or companies:

1. who were named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by ITH during, or relating to, the fiscal year ending May 31, 2008, being ITH' s most recently completed financial year; and

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

   (a) MacKay LLP, Chartered Accountants:

      (i) provided an auditor' s report dated August 24, 2007 in respect of the Company' s financial statements for the years ended May 31, 2007 and 2006, and

      (ii) provided an auditor' s report dated August 6, 2008 in respect of the Company' s financial statements for the years ended May 31, 2008 and 2007 and incorporated by reference into this AIF.

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

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

      (i) the technical report entitled "Summary Report on The Terra Gold Project, McGrath District, Alaska" dated February 1, 2008, other than section 17 thereof, filed on SEDAR on February 14, 2008,

      (ii) the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated February 12, 2008, other than section 17 thereof, filed on SEDAR on March 31, 2008,

(iii) the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated February 18, 2008, other than section 17 thereof, filed on SEDAR on April 7, 2008,

(iv) the technical report entitled "Summary Report on The Terra Gold Project, McGrath District, Alaska" dated August 19, 2008, other than section 17 thereof, and incorporated by reference into this AIF,

(v) the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated August 19, 2008, other than section 17 thereof, and incorporated by reference into this AIF, and

(vi) the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 1, 2008, other than section 17 thereof, and incorporated by reference into this AIF.

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

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

(i) section 17 of the technical report entitled "Summary Report on The Terra Gold Project, McGrath District, Alaska" dated February 1, 2008, filed on SEDAR on February 14, 2008,

(ii) section 17 of the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated February 12, 2008, filed on SEDAR on March 31, 2008,

(iii) section 17 of the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated February 18, 2008, filed on SEDAR on April 7, 2008,

(iv) section 17 of the technical report entitled "Summary Report on The Terra Gold Project, McGrath District, Alaska" dated August 19, 2008, and incorporated by reference into this AIF,

(v) section 17 of the technical report entitled "Summary Report on the LMS Gold Project, Goodpaster District, Alaska" dated August 19, 2008, and incorporated by reference into this AIF,

(vi) section 17 of the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 1, 2008, and incorporated by reference into this AIF, and

(vii) section 17 of the technical report entitled "Summary Report on the North Bullfrog Project and Resource at Mayflower, Bullfrog Mining District, Nye County, Nevada" dated August 25, 2008, and incorporated by reference into this AIF,

Mr. Giroux does not hold any securities of ITH;

(d) Roger C. Steininger, Ph.D., CPG, a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of the technical report entitled "Summary Report on the North Bullfrog Project and Resource at Mayflower, Bullfrog Mining District, Nye County, Nevada" dated August 25, 2008, except section 17 thereof, and incorporated by reference into this AIF.

Mr. Steininger does not hold any securities of ITH; and

(e) Chris Puchner, CPG (AIPG), a "qualified person" for the purposes of NI 43-101, is the author responsible for the preparation of:

(i) the technical report entitled "Summary Report on The Terra Gold Project, McGrath District, Alaska" dated August 19, 2008, other than section 17 thereof, and incorporated by reference into this AIF, and

(ii) the technical report entitled "Summary Report on the Livengood Project, Tolovana District, Alaska" dated August 1, 2008, other than section 17 thereof, and incorporated by reference into this AIF.

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

ITEM 17: ADDITIONAL INFORMATION

Audit Committee Information

Under National Instrument 52-110 – Audit Committees ("NI 52-110"), companies that are required to file an Annual Information Form are required to provide certain disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor. This information with respect to ITH is provided in Schedule "A".

Additional Information

Additional information relating to ITH may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of ITH's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Information Circular. Additional financial information is available in ITH's comparative audited consolidated financial statements, together with the auditor's report thereon, and the related Management Discussion and Analysis for its most recently completed fiscal year ended May 31, 2008.

A copy of this AIF, the Information Circular, the Financial Statements and the MD&A, as well as any interim statements from the past fiscal year) may be found on the SEDAR website at www.sedar.com or be obtained upon request from the Secretary of ITH. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of ITH.

Schedule "A"

Audit Committee Information

The Audit Committee's Charter

The following is the text of the current Charter for ITH's Audit Committee:

"INTERNATIONAL TOWER HILL MINES LTD.

AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors on September 22, 2006 and amended on June 28, 2007)

ARTICLE 1 - PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to:

(a) ensure that the management of International Tower Hill Mines Ltd. (the "Company") has designed and implemented an effective system of internal financial controls for reviewing and reporting on the Company's financial statements;

(b) oversee, review and report on the integrity of the Company's financial disclosure and reporting;

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

(d) be directly responsible for:

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

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

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

ARTICLE 2 - COMPOSITION, PROCEDURES AND ORGANIZATION

2.1 The Committee will consist of at least three members of the Board of Directors (the "Board"), all of whom will be "independent[1]" and "unrelated directors[2]" of the Company within the meaning of all applicable legal and regulatory requirements (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

2.2 All of the members of the Committee will be "financially literate[3]", at least one member of the Committee will have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles) and at least one member of the Committee will be a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

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

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

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

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

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

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

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

2.8 Meetings of the Committee will be conducted as follows:

(a) the Committee will meet:

(i) at least quarterly, and

(ii) may meet as many additional times:

A. as deemed necessary or appropriate by the Committee,

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

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

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

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

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

ARTICLE 3 - DUTIES AND RESPONSIBILITIES

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

(a) be directly responsible for:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the contents of their report,

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

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

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

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

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

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

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

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

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

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

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

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

(ii) effective internal control systems, and

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

(b) establish procedures for:

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

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

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

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

(e)

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

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

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

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

3.4 The Committee is also charged with the responsibility to:

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

(b) review and approve the financial sections of:

(i) the annual report to shareholders;

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

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

(iv) prospectuses; and

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

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

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

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

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

(f)

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

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

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

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

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

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

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

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

3.5 The Committee shall have the authority to determine:

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

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

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

ARTICLE 4 - GENERAL

4.1 The Committee will:

(a)

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

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

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

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

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

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

Composition of the Audit Committee

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

Name	Independent (Y/N)	Status
Michael Bartlett (Chair)	Independent	Financially Literate
Rowland Perkins	Independent	Financially Literate
Ronald Sheardown	Independent	Financially Literate

A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board, be reasonably expected to interfere with the exercise of a member' s independent judgment.

An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company' s financial statements.

Relevant Education And Experience

The experience and education of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is as follows:

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

Ronald Sheardown: Mr. Sheardown is the president of Greatland Exploration, Ltd. and has been involved in Alaskan and Canadian exploration for over 50 years, with discoveries such as the co-discovery (with Murray Watts) of the Mary River Iron Ore Deposit of Baffinland Iron Mines Limited to his credit. In addition, Mr.

Sheardown was part of the team that discovered the Asbestos Hill and Raglan deposits in Quebec and the Black Angel mine in Greenland. More recently, he has served as a technical advisor to Rudnik Matrosova (a division of Norilsk Nickel) on the development of the Natalka deposit in eastern Russia. Mr. Sheardown has also held a number of important positions within the State of Alaska and various mining related organizations. Mr. Sheardown has been a director of a number of public companies similar to ITH and, in such roles, he has had experience with the review and understanding of the accounting principles relevant to the financial statements of public natural resource companies.

Rowland Perkins: Mr. Perkins has been the President and a director of eBackup Inc. from 2001 to present. Previously, he was the Marketing Manager of Intellisave Datavaults Inc. (Securinet Inc.) from 1999 to 2000. Mr. Perkins has also served as a director of USA Video Interactive Corporation since January 2005. In connection with these activities, Mr. Perkins has had extensive experience in reviewing, interpreting and assessing financial statements and the underlying accounting principles, and has been involved in the development and analysis of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

At no time since June 1, 2007 (being the commencement of its most recently completed financial year) has ITH relied on the exemptions the following sections of NI 52-110:

1. Section 2.4 (De Minimis Non-audit Services);
2. Section 3.2 (Initial Public Offerings);
3. Section 3.3(2) (Controlled Companies);
4. Section 3.4 (Events Outside Control of Member);
5. Section 3.5 (Death, Disability or Resignation of Audit Committee Member);
6. Section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances);
7. Section 3.8 (Acquisition of Financial Literacy); or
8. an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

At no time since June 1, 2007, being the commencement of ITH' s most recently completed financial year, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of ITH' s external auditors and approve in advance the provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by ITH. The Chairman of the Audit Committee is authorized to approve any non-audit services or additional work which the Chairman deems as necessary and is required to notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees (By Category)

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

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
May 31, 2008	$50,560(5)	$8,000	$5080	$Nil

May 31, 2007	$36,520	$4,928	$Nil	$Nil

(1) The aggregate audit fees billed.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company' s financial statements which are not included under the heading "Audit Fees". The work performed in 2007 was related to the auditors' participation in underwriters' due diligence procedures in connection with a brokered private placement carried out by ITH in May, 2007. The work performed in 2008 related to consideration of the accounting treatment in the financial statements of the sale of the South Estelle interest and intercorporate issues.

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

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

(5) Accrued.

Footnotes

[1] Whether a director is "independent" will be determined in accordance with all applicable laws and regulations, including the applicable securities laws of Canada and the United States and the regulations and policies of any stock exchange or quotation system on which the Company' s securities are listed or quoted.

[2] "unrelated director" means a director who is: (a) not a member of management and is free from any interest and any business, family or other relationship which could reasonably be perceived to materially interfere with the director' s ability to act with a view to the best interests of the issuer, other than interests and relationships arising solely from holdings in the issuer, (b) not currently, or has not been within the last three years, an officer, employee of or material service provider to the issuer or any of its subsidiaries or affiliates; and (c) not a director (or similarly situated individual) officer, employee or significant shareholder of an entity that has a material business relationship with the issuer. A chair or vice chair of the board of directors who is not a member of management is not, for that reason alone, a related director.

[3] An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally compatible to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company' s financial statements.

International Tower Hill Mines Ltd.
(An Exploration Stage Company)

Consolidated Financial Statements
(Expressed in Canadian dollars)

May 31, 2008

MANAGEMENT' S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

MANAGEMENT' S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company' s financial reporting for external purposes in accordance with accounting principles generally accepted in Canada and in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company' s assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of May 31, 2008.

"Jeffery Pontius"	*"Michael Kinley"*
Jeffery Pontius ,	Michael Kinley,
President & Chief Executive Officer	Chief Financial Officer

August 6, 2008
Vancouver, Canada

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Financial Statements

(Expressed in Canadian dollars)

Auditors' Report

To the Shareholders of
International Tower Hill Mines Ltd.

We have audited the consolidated balance sheets of International Tower Hill Mines Ltd. as at May 31, 2008, 2007 and 2006 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at May 31, 2008, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

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

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the company's ability to continue as a going concern, such as those described in note 1 to the consolidated financial statements. Our report to the shareholders dated August 6, 2008, is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements. Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the three year period ended May 31, 2008 and shareholders' equity as at May 31, 2008, 2007 and 2006 to the extent summarized in note 12 to the consolidated financial statements.

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Balance Sheets

(Expressed in Canadian dollars)

As at May 31

		2008		2007		2006
ASSETS						
Current						
Cash and cash equivalents	**$**	**10,859,942**	$	21,908,273	$	6,695
Marketable securities (note 4)		**247,000**		-		10,000
Accounts receivable		**24,833**		113,870		1,668
Prepaid expenses		**193,426**		97,104		2,052
		11,325,201		22,119,247		20,415
Term deposit (note 6a)		**-**		2,500		2,500
Equipment (note 5)		**104,547**		115,920		-
Mineral properties (note 6)		**23,151,228**		13,387,113		1,030,316
	$	**34,580,976**	$	35,624,780	$	1,053,231
LIABILITIES						
Current						
Accounts payable and accrued liabilities	**$**	**724,798**	$	955,363	$	6,097
SHARE CAPITAL AND DEFICIT						
Share capital (note 7)		**40,586,229**		39,351,328		3,715,664
Contributed surplus (note 7)		**7,024,590**		6,652,640		-

Deficit	**(13,754,641)**	(11,334,551)	(2,668,530)
	33,856,178	34,669,417	1,047,134
	$ **34,580,976**	$ 35,624,780	$ 1,053,231

Commitments (note 6)
Subsequent events (note 14)

Approved by the Directors:

"Hendrik Van Alphen"
Director

"Anton Drescher"
Director

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Statements of Operations and Deficit

(Expressed in Canadian dollars)

As at May 31

	2008	2007	2006
Administrative expenses			
Administration	$ 46,425	$ 103,746	$ -
Amortization	46,008	33,652	-
Charitable donations	31,513	48,650	-
Consulting	293,270	3,465,383	60,000
Insurance	82,537	42,799	-
Investor relations	782,650	734,593	-
Office	119,107	105,668	3,338
Professional fees	203,428	187,663	18,635
Property investigation	110,809	128,535	20,881
Regulatory	110,087	93,303	15,957
Rent	86,168	68,071	7,200
Telephone	25,143	22,548	-
Travel	205,025	162,155	1,565
Wages and benefits	1,087,172	2,253,540	-
	(3,229,342)	(7,450,306)	(127,576)
Other items			
Gain on sale of mineral property	89,246	-	-
Interest income	603,094	248,591	348
Gain on foreign exchange	116,912	9,193	-
Write-off of mineral properties ((Note 6(a), (e)(iii) and (d)(vii))	-	(1,473,499)	-

	809,252	(1,215,715)	348
Loss and comprehensive loss for the year	(2,420,090)	(8,666,021)	(127,228)
Deficit, beginning of the year	(11,334,551)	(2,668,530)	(2,541,302)
Deficit, end of the year	$ (13,754,641)	$ (11,334,551)	$ (2,668,530)
Basic and fully diluted loss per share	$ (0.06)	$ (0.32)	$ (0.01)
Weighted average number of shares outstanding	39,193,360	27,101,104	9,620,402

See accompany notes to consolidated financial statements

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Consolidated Statements Cash Flows

(Expressed in Canadian dollars)

As at May 31

	2008	**2007**	**2006**
Operating Activities			
Loss and comprehensive loss for the year	$ (2,420,090)	$ (8,666,021)	$ (127,228)
Add item not affecting cash			
Amortization	46,008	33,652	-
Stock based compensation	381,975	5,737,178	-
Write off of mineral properties	-	1,473,499	-
Gain on sale of property	(89,246)	-	-
Changes in non-cash items:			
Accounts receivable	89,037	(112,202)	(32)
Accounts payable and accrued liabilities	(10,756)	131,291	(9,341)
Prepaid expenses	(96,322)	(95,052)	(322)
Cash used in operating activities	(2,099,394)	(1,497,655)	(136,923)
Financing Activities			
Advance from (repayment to) a director	-	-	(80,000)
Issuance of share capital	1,209,275	29,978,674	200,000
Share issuance costs	15,601	(924,167)	-
Cash provided by financing activities	1,224,876	29,054,507	120,000
Investing Activities			
Expenditures on mineral properties	(10,139,178)	(5,515,702)	(3,804)
Exploration tax credit	-	-	19,711
Investment in Ravencrest	-	10,000	-
Expenditures on equipment	(34,635)	(149,572)	-
Cash provided by (used in) investing activities	(10,173,813)	(5,655,274)	15,907
Increase (decrease) in cash	(11,048,331)	21,901,578	(1,016)
Cash and cash equivalents, beginning of year	21,908,273	6,695	7,711

Cash and cash equivalents, end of year	$ 10,859,942	$ 21,908,273	$ 6,695
Supplemental cash flow information			
Interest paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
Non-cash financing and investing transactions			
Shares issued to acquire mineral properties	$ -	$ 7,496,619	$ -
Shares issued as agent commission	$ -	$ 945,785	$ -
Issuance of agents options and agents units for share issue costs	$ -	$ 2,108,874	$ -
Accounts payable included in mineral property expenditures	$ 598,165	$ 817,975	$ -

See accompany notes to consolidated financial statements

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian dollars)

As at May 31

1. NATURE OF OPERATIONS

The Company is in the business of acquiring, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At May 31, 2008, the Company was in the exploration stage and had interests in properties in Alaska and Nevada, U.S.A.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company' s ability to continue as a going concern is dependent upon achieving profitable operations and/ or obtaining additional financing. While the Company is expending its best efforts in this regard, the outcome of these matters can not be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development and future profitable production or disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

These consolidated financial statements include the accounts of International Tower Hill Mines Ltd. and its wholly owned subsidiaries Talon Gold Alaska, Inc. (an Alaska corporation), Talon Gold (US) LLC (a Colorado limited liability company), Talon Gold Nevada Inc. (a Nevada corporation) and 813034 Alberta Ltd. (an Alberta corporation). All intercompany transactions and balances have been eliminated.

b) Cash equivalents

The Company considers cash equivalents to consist of highly liquid investments that are cashable on demand, and which are subject to insignificant credit and interest rate risk.

At May 31, 2008, the Company held $8,721,062 of Bank Of Nova Scotia bank discount note due June 26, 2008 bearing interest at 3.08% per annum, and Guaranteed Investment Certificates of $nil (2007 - $5,002,500; 2006 - $Nil)).

c) Marketable securities

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

d) Foreign currency translation

Monetary assets and liabilities are translated at 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 year. Amortization is converted using rates prevailing at dates of acquisition. Gains and losses from foreign currency translation are included in the consolidated statements of operations.

e) Equipment

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

Computer equipment	-	30% declining balance
Furniture and equipment	-	20% declining balance
Computer software	-	3 years straight line

f) Mineral properties

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

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

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

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

g) Asset retirement obligation

The Company has adopted the CICA Handbook Section 3110 "asset retirement obligations" which establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. The standards apply to legal obligations associated with the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. The standards require that a liability for an asset retirement obligation be recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. Furthermore, a corresponding asset retirement cost is recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset' s useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value.

h) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The weighted average number of shares outstanding during the period was 39,193,360 (2007 –27,101,104; 2006 – 9,620,402). Diluted loss per share has not been presented separately as the outstanding options and warrants are anti-dilutive for each of the years 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) Estimates

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

j) Income tax

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

k) Stock based compensation

The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants with respect to the recognition, measurement, and disclosure of stock-based compensation and other stock based payments. Under this policy the Company has elected to value stock-based compensation granted at the fair value as determined using the Black-Scholes option valuation model. Compensation is recognized in the statement of operations over the vesting period.

l) Joint venture accounting

Where the Company' s exploration and development activities are conducted with others, the accounts reflect only the Company' s proportionate interest in such activities.

m) Measurement uncertainty

The future recovery of the recorded cost of the properties, and the provision for a future asset retirement obligation, are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

n) Future accounting changes

i) Capital Disclosures

In February 2007, the Canadian Institute of Chartered Accountants' ("CICA") issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity' s objectives, policies and procedures for managing capital. The new section is effective for years beginning on or after October 1, 2007. Other than the additional disclosure in Note 13, the adoption of this Section has had no impact on the Company' s consolidated financial statements.

ii) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". These sections establish standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new sections are effective for years beginning on or after October 1, 2008. The Company is in the process of assessing the impact of these new sections on its consolidated financial statements.

iii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("GAAP") with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the years ended December 31, 2010 and earlier where applicable. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

iv) Financial Instruments

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

v) General Standards of Presentation (Section 1400)

In June 2007, the CICA amended this Section to include requirements to assess an entity' s ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The mandatory effective date is for annual and interim financial statements for years beginning on or after January 1, 2008. This new requirement will be adopted by the Company effective June 1, 2008. The adoption of this Section will not have an impact on the consolidated financial statements.

3. CHANGE IN ACCOUNTING POLICY

Effective June 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

i) Accounting Changes (Section 1506)

This Section establishes criteria for changes in accounting policies, accounting treatment and disclosure regarding changes in accounting policies, estimates and corrections of errors. In particular, this Section allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information. Furthermore, this Section requires disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective. Such disclosures are provided below. The adoption of this Section had no further effects on the financial statements for the year ended May 31, 2008.

ii) Financial Instruments – Recognition and Measurement (Section 3855); Disclosure and Presentation (Section 3861)

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

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

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

The Company classified its financial instruments as follows:

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

iii) Comprehensive Income (Section 1530)

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 difference between comprehensive income (loss) and its net loss for the year as reported.

4. MARKETABLE SECURITIES

	Year ended May 31, 2008	Year ended May 31, 2007	Year ended May 31, 2006
Millrock Resources Inc.	$ 247,000	$ -	$
Ravencrest Resources Inc. (cost base $10,000)	-	-	10,000
	$ 247,000	$ -	10,000 $

On May 24, 2007 the Company sold the total 100,000 shares of Ravencrest Resources Inc. ("Ravencrest") acquired as part of the Mining Venture Agreement with Ravencrest (note 6 (a)).

On April 4, 2008 the Company sold its South Estelle, Alaska property to Millrock Resources Inc. for 650,000 Millrock shares or $247,000 based upon their market value on that date of $0.38 per share. As at May 31, 2008, the quoted market value of these shares was also $0.38 per share, therefore no further fair value adjustment was required.

5. EQUIPMENT

	May 31, 2008	May 31, 2007

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

6. MINERAL PROPERTIES

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

	Siwash Silver leases	BMP	West Tanana	South Estelle	Properties Acquired From Anglo	Nevada Properties Painted Hills	Nevada Properties North Bullfrog	Optioned Properties LMS	Optioned Properties Terra	
	(note 6(a))	(note 6(b))	(note 6(c))	(note 6(d))		(note 6(g))	(note 6(g))	(note 6(f))	(note 6(f))	**Total CDN$**
Balance May 31, 2005	$ 1,026,512	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 1,026,512**
Acquisition costs:	3,230	-	-	-	-	-	-	-	-	**3,230**
Cash payments:	574	-	-	-	-	-	-	-	-	**574**
Balance May 31, 2006	1,030,316	-	-	-	-	-	-	-	-	**1,030,316**
Acquisition costs:										
Cash payments	-	-	67,499	-	99,115	22,738	22,738	-	-	**212,089**
Common shares issued	-	-	-	-	7,496,619	-	-	-	-	**7,496,619**
	-	-	67,499	-	7,595,734	22,738	22,738	-	-	**7,708,708**
Deferred exploration costs:										
Contract services	-	39,377	100,323	1,336	723,299	24,269	48,220	510,073	639,904	**2,086,802**
Assay	-	682	21,945	-	160,348	475	718	78,739	39,839	**302,746**
Drilling	-	-	-	-	651,287	7,897	666,469	488,801	169,315	**1,983,769**
Field costs	-	-	109,949	-	124,601	-	90,586	192,481	187,164	**704,781**
Equipment rental	-	-	1,819	-	130,208	-	9,682	103,305	31,238	**276,253**
Land maintenance & tenure	-	-	77,990	-	372,939	-	34,447	11,645	75,869	**572,891**
Transportation	-	-	18,462	-	19,050	-	4,899	83,538	529	**126,477**
Travel	-	-	8,849	-	23,717	400	16,459	13,543	4,901	**67,869**
	-	40,059	339,338	1,336	2,205,450	33,040	871,480	1,482,126	1,148,759	**6,121,587**
Total expenditures for the year	-	40,059	406,837	1,336	9,801,184	55,778	894,217	1,482,126	1,148,759	**13,830,296**
Write-offs	(1,030,315)	-	-	-	(443,183)	-	-	-	-	**(1,473,498)**
Balance May 31, 2007	1	40,059	406,837	1,336	9,358,000	55,778	894,217	1,482,126	1,148,759	**13,387,113**
Acquisition costs:										
Cash payments	-	-	-	95,505	-	20,084	7,693	-	-	**123,282**
Common shares issued	-	-	-	-	-	-	-	-	-	-
	-	-	-	95,505	-	20,084	7,693	-	-	**123,282**
Deferred exploration costs:										
Advance to contractors	-	-	-	-	813,870	-	-	-	-	**813,870**
Contract services	-	222,012	265,260	48,699	1,058,744	112,647	186,263	142,462	721,540	**2,757,627**
Assay	-	10,389	46,868	12,691	287,959	63,688	364,259	43,708	100,789	**930,351**
Drilling	-	-	219,099	-	765,826	519,547	463,291	-	620,404	**2,588,167**
Field costs	-	5,508	29,688	2,622	392,542	49,949	112,893	23,714	311,373	**928,289**
Equipment rental	-	3,264	44,149	2,992	202,940	8,504	19,962	55,789	76,316	**413,916**
Land maintenance & tenure	-	42,354	62,286	-	384,292	59,709	112,600	10,010	103,894	**775,145**
Transportation	-	-	24,809	-	169,929	9,418	10,256	31,109	196,845	**442,366**
Travel	-	3,212	3,468	-	89,397	24,925	27,213	255	6,477	**154,947**
	-	286,739	695,627	67,004	4,165,499	848,387	1,296,737	307,047	2,137,638	**9,804,678**
Total expenditures for the year	-	286,739	695,627	162,509	4,165,499	868,471	1,304,430	307,047	2,137,638	**9,927,960**
Property sale	-	-	-	(163,845)	-	-	-	-	-	(163,845)

Balance May 31, 2008	$	1 $	326,798 $	1,102,464	$ -	$13,523,499	$ 924,249	$ 2,198,647	$1,789,173	$ 3,286,397	**$23,151,228**

		Properties Acquired From Anglo						
	Livengood (note 6(e))	West Pogo (note 6(e))	Coffee Dome (note 6(e))	Gilles (note 6(e))	Cariboo (note 6(e))	Chisna (note 6(e))	Blackshell (note 6(e))	sub-total
Balance May 31, 2005	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acquisition costs:	-	-	-	-	-	-	-	-
Cash payments:	-	-	-	-	-	-	-	-
Balance May 31, 2006	-	-	-	-	-	-	-	-
Acquisition costs:								
Cash payments	67,052	5,243	8,940	5,214	1,491	7,450	3,725	99,115
Common shares issued	5071,499	396,519	676,200	394,450	112,698	563,502	281,751	7,496,619
	5,138,551	401,762	685,140	399,664	114,189	570,952	285,476	7,595,734
Deferred exploration costs:								
Contract services	325,036	23,295	24,708	23,502	-	303,624	23,133	723,299
Assay	125,095	6,699	12,665	2,896	-	9,959	3,034	160,348
Drilling	651,287	-	-	-	-	-	-	651,287
Field costs	115,504	125	6,461	90	-	1,299	1,122	124,601
Equipment rental	125,003	-	-	-	-	5,206	-	130,208
Land maintenance & tenure	255,469	237	55,633	13,976	12,761	32,671	2,191	372,939
Transportation	19,012	-	-	-	-	37	-	19,050
Travel	22,334	-	-	-	-	107	1,276	23,717
	1,638,741	30,356	99,467	40,463	12,761	352,903	30,757	2,205,450
Total expenditures for the year	6,777,292	432,119	784,607	440,127	126,950	923,855	316,233	9,801,184
Write-offs					(126,950)		(316,233)	(443,183)
Balance May 31, 2007	6,777,292	432,119	784,607	440,127	-	923,855	-	9,358,000
Acquisition costs:								
Cash payments	-	-	-	-	-	-	-	-
Common shares issued	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Deferred exploration costs:					-			
Advance to contractors	813,870	-	-	-	-	-	-	813,870
Contract services	686,148	156	61,657	35	-	310,748	-	1,058,744
Assay	227,895	-	13,588	-	-	46,476	-	287,959
Drilling	765,826	-	-	-	-	-	-	765,826
Field costs	350,372	-	7,999	-	-	34,171	-	392,542
Equipment rental	192,201	-	3,322	-	-	7,417	-	202,940
Land maintenance & tenure	207,310	9,564	79,235	9,093	-	79,090	-	384,292
Transportation	141,594	-	11,221	-	-	17,114	-	169,929
Travel	35,346	-	7,899	-	-	46,152	-	89,397
Total expenditures for the year	3,420,562	9,720	184,921	9,128	-	541,168	-	4,165,499
Sale of the property	-	-	-	-	-	-	-	-
Balance May 31, 2008	**$ 10,197,854**	**$ 441,839**	$ 969,528	**$ 449,255**	**$ -**	**$ 1,465,023**	**$ -**	**$ 13,523,499**

(a) Siwash Silver Claims, B.C.

On September 22, 2006, the Company entered into a letter agreement with Ravencrest whereby Ravencrest will acquire all of the Company' s interest in ninety-seven mineral claims and one lot in exchange for the Company retaining a 5% net smelter returns royalty and Ravencrest' s assumption of all liabilities and risks concerning the property. The original mining venture agreement dated March 31, 2005 between the Company and Ravencrest was also terminated. Accordingly, the Company wrote down the Siwash Silver Claims to a nominal value of $1, recognizing a charge to operations of $1,030,315 during the year ended May 31, 2007.

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

(b) BMP Project, Alaska

In September, 2006, the Company staked a total of 108 Alaska state mining claims at a new location in the Bethel Recording District. The claims cover a base metal target developed from the Company' s exploration program conducted in 2006.

On March 26, 2008, the Company has executed an agreement with respect to the exploration and option to lease of key exploration ground adjoining the Company' s BMP claim block from Cook Inlet Region, Inc. (CIRI), an Alaska Native Corporation.

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

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

Payments: Annual rental payment of USD20,000 per year for the first 2 years, increasing to USD40,000 for years 3 through 5. At the end of year 2, the Company will be required to reduce the lands subject to the agreement by 50% unless otherwise justifiable geologically, in which case a bonus of USD5.00 per acre is payable upon the renewal for all lands retained in excess of 3,100 hectares.

Work Commitments: USD275,000 in year 1 escalating to USD 500,000 in year 5.

Lease Option: Upon having expended a minimum of USD800,000, drilled 2,500 feet of core drilling and produced a positive pre-feasibility study over an area within the CIRI lands that contains mineralization and may be capable of development into a mine, the Company may elect to enter into a mining lease over the ground that is the subject to the positive pre-feasibility study.

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

Advance Minimum Royalty: Payments of USD150,000 in years 1-3, USD200,000 in years 4-5 and USD400,000 for year 6 and beyond (unless a feasibility study has been completed). AMR payments are 50% deductible from royalty payments.

Sliding Scale Royalty: An NSR Royalty of between 1 and 2.5% before payback and between 3 and 5% (depending upon the gold price) after payback is payable in respect of precious metals, and an NSR Royalty of 1% before payback and 3% after payback is payable in respect of base metals. In both cases, CIRI will have the option to replace the NSR Royalty with a Net Profits Interest Royalty (10% before payback and 20% after).

CIRI Participation Option: Upon a production decision being made, CIRI will have the right to acquire up to a 15% working interest in the leased area by contributing 2 times its *pro rata* share of the cumulative project expenditures by the Company (other than AMR payments) to
the date of the exercise of CIRI' s participation option. The Company will also make annual donations of USD10,000 to The CIRI Foundation or other scholarship fund designated by CIRI during the continuance of the exploration.

(c) West Tanana Project, Alaska

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

In order to maintain the option to lease in good standing, the Company is required to pay Doyon USD350,000 over six years (five years plus one year extension, USD50,000 first year), make annual scholarship donations of USD10,000 per year (paid US$50,000 in lease payment and USD10,000 in scholarship donations); and incur exploration expenditures totalling USD2,625,000, subject to reduction to USD2,125,000 if the lands subject to the option are reduced by 50% or more (USD75,000 commitment for the first year). If the Company does not terminate the option prior to January 1 in any option year, the specified minimum expenditures for that year become a commitment.

At any time during the option period, the Company may enter into a mining lease with Doyon with respect to any one or more area(s) of the lands in respect of which it has expended at least USD600,000, carried out at least 10,000 feet of core drilling, and submitted a pre-feasibility study. Each mining lease will have a term of 15 years and for so long thereafter as commercial production continues and requires advance minimum royalty payments of USD250,000 per year during the first five years of the term. The Company is also required to incur minimum mandatory exploration expenditures equal to the greater of USD25/acre or USD250,000 for each of the first five years and USD50/arce or USD500,000 in the sixth and each succeeding year. If, on or before the 5th year of the term, the Company has not produced a feasibility study and made a production decision, the annual advance minimum royalty payments increase to USD500,000. Advance royalty payments are credited against 50% of production royalties. Upon commencement of commercial production, the Company is required to pay a production royalty on precious metals, calculated as the greater of 2% of net smelter returns pre-payout and 4% of net smelter returns post-payout or 10% of net profits pre-payout and 20% of net profits post payout, and on base metals, calculated as the greater of 1% of net smelter returns pre-payout and 3% of net smelter return post-payout or 10% of net profits pre-payout and 20% of net profits post payout. Payout occurs when the Company has recouped cumulative gross revenues from production equal to its cumulative expenditures since the effective date of the lease. Upon the Company having made a production decision with respect to any leased area, Doyon will also have the right to acquire a minimum of 5%, and a maximum of 10%, participating interest in the Company' s interest in that leased area by contributing an amount equal to 2.25 times Doyon' s elected percentage of the Company' s cumulative project expenditures to the joint venture to be formed upon Doyon' s election to participate. Such contribution will be applied to fund 100% of joint venture expenditures until exhausted following which each party will be required to contribute its pro rata share of further expenditures.

(d) South Estelle Project, Alaska

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

Under the ITH/Hidefield/Mines Trust LOI ITH can earn up to an aggregate 80% interest in the project as follows:

ITH can earn an initial 51% interest by making payments of USD42,000 upon TSX Venture Exchange ("TSXV") acceptance of the transaction (paid) and an additional USD50,000 on or before January 8, 2008 (paid), and incurring aggregate exploration expenditures of USD$2,000,000 prior to December 31, 2009 (USD75,000 on or before December 31, 2007, which ITH has committed to incur);

ITH can earn an additional 19% interest (aggregate of 70%) by incurring an additional USD3,000,000 in exploration expenditures before December 31, 2011; and,

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

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

The agreement with Hidefield/Mines Trust is subject to the acceptance for filing thereof by the TSXV on behalf of ITH (received July 4, 2007).

On April 2, 2008, the Company sold its interest in the property to Millrock Resources Inc., a public company listed on the TSX Venture Exchange in consideration of the issuance of 650,000 common shares of Millrock and the Company held 1% net smelter return royalty on Millrock' s interest in the property. The Sale Agreement was subject to the acceptance for filing by the TSX Venture Exchange on behalf of Millrock. The Company recognized a gain of $89,246 on the sale.

(e) Properties acquired from AngloGold, Alaska

Pursuant to an Asset Purchase and Sale and Indemnity Agreement dated June 30, 2006, as amended on July 26, 2007, (the "AngloGold Agreement") among the Company, AngloGold Ashanti (U.S.A.) Exploration Inc. ("AngloGold") and Talon Gold Alaska, Inc. (the Company' s wholly owned Alaskan subsidiary), the Company acquired all of AngloGold' s interest in a portfolio of seven mineral exploration projects in Alaska (then aggregating 246 square kilometres) and referred to as the Livengood, Chisna, Gilles, Coffee Dome, West Pogo, Blackshell, and Caribou properties (the "Sale Properties") in consideration of cash payment USD50,000 on Aug 4, 2006, and the issuance of 5,997,295 common shares, representing approximately 19.99% of the Company' s issued shares following the closing of the acquisition and two private placement financings raising an aggregate of $11,479,348. AngloGold has the right to maintain its percentage equity interest in the Company, on an ongoing basis, provided that such right will terminate if AngloGold' s interest falls below 10% at any time after January 1, 2009.

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

(i) Livengood Property

The Livengood property is located in the Tintina gold belt approximately 110 kilometres north of Fairbanks, Alaska. The property consists of approximately 3,621 acres of mineral rights leased from the State of Alaska, 169 State of Alaska mining claims leased from two individuals, 20 federal unpatented lode mining claims leased from two individuals, three federal patented lode mining claims leased from a group of individuals and two unpatented federal lode mining and four federal unpatented placer mining claims leased from an individual.

Details of the leases are as follows:

- the lease of the Alaska State mineral rights is for an initial term of 3 years, commencing July 1, 2004 (subject to extension for 2 extensions of three years each) and requires work expenditures of USD10/acre/year in years 1 – 3, USD20/acre/year in years 4 – 6 and USD30/acre/year in years 7 – 9 and advance royalty payments of USD5/acre/year in years 1 - 3, USD15/acre/year in years 4 – 6 and USD25/acre/year in years 7 – 9. An NSR production royalty of between 2.5% and 5.0% (depending upon the price of gold) is payable to the lessor with respect to the lands subject to this lease. In addition, an NSR production royalty of 1% is payable to the lessor with respect to the unpatented federal mining claims subject to the lease below.

- the lease of the 169 State of Alaska mining claims is for an initial term of ten years, commencing on September 11, 2006, and for so long thereafter as mining related activities are carried out. The lease requires payments of USD75,000 on execution (paid), USD50,000 in each of years 2 – 5 and USD100,000 in each of years 6 -10 and work expenditures of USD100,000 in year 1, USD200,000 in each of years 2 – 5 and USD300,000 in each of years 6 -10. An NSR production royalty of between 2% and 5% is payable to the lessors (depending upon the price of gold). The Company may buy all interest in the property subject to the lease (including the retained royalty) for USD10,000,000.

- the lease of the 20 Federal unpatented claims is for an initial term of ten years, commencing on April 21, 2003 and for so long thereafter as mining related activities are carried out. The lease requires a bonus payment of USD5,000 on signing (paid), and advance royalties of USD20,000 on execution (paid), USD30,000 on or before April 21, 2004 (paid), USD40,000 on or before April 21, 2005 (paid), USD50,000 on or before April 21, 2006 (paid), USD40,000 on or before April 21, 2007 (paid) and an additional USD50,000 on or before each subsequent April 21 during the term (April 21, 2008 paid). An NSR production royalty of between 2% and 3% (depending on the price of gold) is payable to the lessors. The Company may purchase 1% of the royalty for USD1,000,000.

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the lease of the patented federal claims is for an initial term of ten years, and for so long thereafter as the Company pays the lessors the minimum royalties required under the lease. The lease requires a bonus payment of USD10,000 on signing (paid), and minimum royalties of USD10,000 on or before January 18, 2008 (paid), USD10,000 on or before January 18, 2009, USD15,000 on or before January 18, 2010 and an additional USD20,000 on or before each of January 18, 2011 through January 18, 2016 and an additional USD25,000 on each subsequent January 18 thereafter during the term (all of which minimum royalties are recoverable from production royalties). An NSR production royalty of 3% is payable to the lessors. The Company may purchase all interest of the lessors in the leased property (including the production royalty) for USD1,000,000 (less all minimum and production royalties paid to the date of purchase), of which USD500,000 is payable in cash over 4 years following the closing of the purchase and the balance of USD500,000 is payable by way of the 3% NSR production royalty.

- the mining lease of the two unpatented federal lode mining and four federal unpatented placer claims has an initial term of ten years, commencing on March 28, 2007, and for so long thereafter as mining related activities are carried out. The lease requires payment of advance royalties of USD3,000 on execution (paid), USD5,000 on or before March 28, 2009, USD10,000 on or before March 28, 2010 and an additional USD15,000 on or before each subsequent March 28 thereafter during the initial term (all of which minimum royalties are recoverable from production royalties). The Company is required to pay the lessor the sum of USD250,000 upon making a positive production decision. An NSR production royalty of 2% is payable to the lessor. The Company may purchase all interest of the lessor in the leased property (including the production royalty) for USD1,000,000.

(ii) Coffee Dome Property

The Coffee Dome property is located approximately 15 kilometres northeast of the Fort Knox mine. The property consists of 59 State of Alaska mining claims owned 100% by the Company, 6 State of Alaska mining claims leased from an individual and certain mineral lands leased from the University of Alaska.

The lease of the State of Alaska mining claims is for an initial term of twenty years, commencing on August 11, 2005 and for so long thereafter as mining related activities are carried out. The lease requires a bonus payment of USD10,000 on signing (paid), and advance royalties of USD15,000 on or before December 31, 2005 (paid), USD25,000 on or before August 11, 2006 (paid) and an additional USD50,000 on or before each subsequent August 11 during the term (paid USD100,000). A production payment of USD500,000 is also payable upon the Company making a positive production decision. An NSR production royalty of between 0.5% and 5% (depending on the price of gold) is payable to the lessor. The Company may purchase 1% of the royalty for USD2,000,000. The lessor also has the right to receive an NSR production royalty on production of gold of between 0.5% and 5% (depending on the price of gold) and a 3% NSR production royalty on production of minerals other than gold, from any lands acquired by the Company within a defined area of interest. In addition, the lessor is entitled to receive an NSR production royalty on all minerals equal to the greater of 1% and one-half of the difference between 4% and the actual NSR production royalty payable by the Company to a third party with respect to certain defined lands held by such third party upon the Company entering into a mining lease with such third party.

The agreement with the University of Alaska is a two stage Exploration Agreement with Option to Lease. The Exploration Agreement has an effective date of January 1, 2007 and covers approximately 1,300 hectares of land. The key terms of the Exploration Agreement (and any resulting mining lease) are as follows:
Exploration Agreement: In order to maintain the option to lease in good standing, the Company is required to pay the University USD117,500 over five years (USD15,000 first year (paid)) and incur exploration expenditures totalling USD400,000 over five years (USD25,000 commitment for the first year). If the Company does not terminate the option prior to January 1 in any option year, the specified minimum expenditures for that year become a commitment of the Company. The Company is also responsible for all taxes and assessments on the lands subject to the option to lease.

Mining Lease: At any time during the option period, the Company has the right to enter into a mining lease over some or all of the lands subject to the option. The mining lease will have an initial term of 15 years and for so long thereafter as commercial production continues and requires escalating advance royalty payments of USD30,000 in year 1 to USD150,000 in year 9 and beyond. Advance royalty payments are credited against 50% of production royalties. The Company is also required to incur escalating minimum mandatory exploration expenditures of

USD125,000 in year 1 to USD350,000 in year 5 and beyond and to deliver a feasibility study within 10 years of the commencement of the lease. Upon the commencement of commercial production, the Company is required to pay a sliding scale net smelter return royalty of from 3% (USD300 and below gold) up to 5% (USD500 and up gold). The Company will also pay a sliding scale net smelter return royalty of from 0.5% (USD450 and below gold) to 1% (USD450 and above gold) on any federal or Alaska state claims staked by the Company or its affiliates within a 2 mile area of interest surrounding the University land (not including the Company' s existing leased claims).

(iii) Blackshell Creek Property

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

(iv) West Pogo Property

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

(v) Chisna Property

The Chisna property is located in the eastern Alaska Range, Alaska, and consists of approximately 29,411 hectares of State of Alaska mining claims owned 100% by the Company.

(vi) Gilles Property

The Gilles property is located approximately 30 kilometres north of Delta Junction, Alaska, and consists of 86 State of Alaska mining claims owned 100% by the Company.

(vii) Caribou Property

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

The lease of the Alaska State Lands is for an initial term of 3 years, commencing July 1, 2004 (subject to extension for 2 extensions of three years each) and requires work expenditures of USD$10/acre/year in years 1 – 3, USD20/acre/year in years 4 – 6 and USD30/acre/year in years 7 – 9 and advance royalty payments of USD5/acre/year in years 1 - 3, USD15/acre/year in years 4 – 6 and USD25/acre/year in years 7 – 9. An NSR production royalty of between 2.5% and 5.0% (depending upon the price of gold) is payable to the lessor with respect to the lands subject to this lease.

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

(f) Properties optioned from AngloGold, Alaska

In conjunction with the closing of the acquisition of the Sale Properties, the Company entered into an option/joint venture with AngloGold with respect to two additional mineral projects in Alaska, referred to as the LMS and the Terra properties (the "Optioned Properties"). (Also see Note 14 (b)).

The Terra Property consists of 194 State of Alaska unpatented lode mining claims held by or on behalf of Anglogold and 5 State of Alaska unpatented lode mining claims leased from an individual. The lease requires a payment on execution of USD25,000 (paid), and advance minimum royalties of USD25,000 on or before March 22, 2006 (paid), USD50,000 on or before March 22, 2007 (paid), USD75,000 on or before March 22, 2008, USD100,000 on or before March 22, 2009 and each subsequent March 22 until March 22, 2015, and thereafter USD125,000 until the expiry of the lease (all of which are recoverable from production royalties). The lessor is entitled to receive a net smelter returns production royalty on gold equal to 3.0% if the gold price is less than USD450/ounce and 4% if the gold price is USD450/ounce or higher, plus a net smelter returns royalty of 4% on all other mineral products other than gold. 1% of the royalty may be purchased for USD1,000,000 and a further 1% for USD3,000,000.

The LMS property consists of 92 State of Alaska unpatented lode mining claims owned by Anglogold.

(i) With respect to the LMS property, the Company will have the right to earn a 60% interest by incurring aggregate exploration expenditures of USD3 million by January 30, 2010 (incurred), of which the Company has committed to incur minimum exploration expenditures of USD1 million during the 2006 calendar year and of USD750,000 during the 2007 calendar year.

Upon the Company having earned its 60% interest in the LMS property, AngloGold will have the right to re-acquire a 20% interest (for an aggregate 60% interest) and become manager of the joint venture by incurring a further USD4 million in exploration expenditures over a further two years.

(ii) With respect to the Terra property, the Company will have the right to earn a 60% interest by incurring aggregate exploration expenditures of USD$3 million by January 30, 2010, of which the Company has committed to incur minimum exploration expenditures of USD500,000 during the 2006 calendar year and of USD750,000 during the 2007 calendar year. Upon the Company having earned its 60% interest in the Terra property, AngloGold will have the right to re-acquire a 20% interest (for an aggregate 60% interest) and become manager of the joint venture by incurring a further USD4 million in exploration expenditures over a further two years. In either case, following the parties having earned their final respective interests, each party will be required to contribute its pro rata share of further exploration expenditures or be diluted. A party that is diluted to 10% or less will have its interest converted to a 2% net smelter return royalty. On November 5, 2007 the Company provided notice to AngloGold Ashanti (U.S.A.) Exploration Inc. (“AngloGold”) that it has incurred sufficient expenditures to vest its 60% ownership in the project. AngloGold had 90 days to decide whether or not to exercise its right to earn back an additional 20% interest in the project by incurring USD4,000,000 in expenditures over the next two years. Should AngloGold elect not to exercise its back-in right, each party will thereafter be responsible for contribution its share of ongoing joint venture expenditures. If a party fails to provide its cost share of ongoing expenditures, its interest in the project will be diluted on a straight-line basis. When a party’ s interest is reduced to 10% or less, such interest will be automatically converted into a 2% net smelter return royalty (see note 14(b)).

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

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

North Bullfrog: To earn its initial 60% interest, the Company must make total payments of USD190,000 and incur total expenditures of USD4,000,000 over 4 years to March 15, 2011. The first year requirement is a payment of USD20,000 on TSX Venture Exchange (“TSXV”)
acceptance (paid) plus exploration expenditures of USD500,000. The second payment of USD30,000 is due by September 15, 2008.

Painted Hills: To earn its initial 60% interest, the Company must make total payments of USD170,000 and incur total expenditures of USD2,500,000 over 4 years to March 15, 2011. The first year requirement is a payment of USD20,000 on TSXV acceptance (paid) plus exploration expenditures of USD250,000. The second payment of USD20,000 is due by September 15, 2008.

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

(h) Mayflower Property, Nevada

The Company has entered into a binding letter of intent to lease the Mayflower property, close to its North Bullfrog project in southwestern Nevada. The Mayflower property, host to the former Mayflower Mine, consists of eleven patented mining claims, aggregating approximately 76 hectares. The binding letter provides for the following lease terms:

- Terms: Initial term of 5 years, commencing December 1, 2007, with the option to extend the lease for an additional 5 years. The lease will continue for so long thereafter as the property is in commercial production or, alternatively, for an additional three years if the Company makes advance minimum royalty payments of USD100,000/year (which are recoupable against actual production royalties).
- Lease Payments: USD5,000 and 25,000 common shares of the Company following regulatory acceptance of the transaction (TSXV approval received February 7, 2008 and AMEX approval pending); and an additional 20,000 common shares on each of the first through fifth lease anniversaries. If the Company elects to extend the lease for a second 5 year term, it will pay USD10,000 and issue 50,000 common shares upon election being made, and an additional 50,000 common shares on each of the sixth through tenth anniversaries.
- Work Commitments: USD100,000 per year for the first three years, USD200,000 per year for the years 4-6 and USD300,000 for the years 7-10. Excess expenditures in any year may be carried forward. If the Company does not incur the required expenditures in year 1, the deficiency is required to be paid to the lessors.
- Retained Royalty: The Company will pay the lessors a net smelter returns royalty of 2% if the average gold price is USD400 or less, 3% if the average gold price is between USD401 and USD500 and 4% if the average gold price is greater than USD500.
- Purchase Option: The Company will have the right to purchase outright (together with the retained royalty) during the first 10 years for USD10,000,000 and after that, the purchase price of USD10,000,000 will be escalated annually based on the US annual Consumer Price Index increase for that year.

The Mayflower property, and associated acquisition costs, will be added to the Redstar Joint Venture properties in which the Company has the right to earn a 70 % interest.

7. SHARE CAPITAL

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

Issued

	Number of shares	Contributed Surplus	Share Capital
Balance, May 31, 2005	9,012,183	$ -	$ 3,515,664
Shares issued for cash			
Private placement	1,000,000	-	200,000
Balance, May 31, 2006	10,012,183	-	3,715,664
Private placement (brokered)	11,704,105	-	21,650,306
Private placement (non-brokered)	9,199,718	-	7,359,842
Agent' s commission	561,365	-	945,785
Agent' s compensation options	-	1,163,089	-
Shares issued for property acquisition	5,997,295	-	7,496,619
Exercise of warrants	420,751	-	515,070
Exercise of options	348,812	-	453,456
Stock based compensation	-	5,737,178	-
Reallocation from contributed surplus	-	(247,627)	247,627
Share issue costs	-	-	(3,033,041)
Balance, May 31, 2007	38,244,229	6,652,640	39,351,328
Exercise of warrants	1,685,542	-	1,190,918
Exercise of options	14,121	-	18,357
Stock based compensation	-	381,975	-

Reallocation from contributed surplus	-	(10,025)	10,025
Share issue costs	-	-	15,601
Balance, May 31, 2008	39,943,892	$ 7,024,590	$ 40,586,229

Share issuances

On October 21, 2005, the Company issued 1,000,000 units at $0.20 per unit, for total cash proceeds of $200,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.26 until October 21, 2007.

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

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

Each compensation option entitles the agent to purchase one additional common share at a price of $1.30 until August 4, 2008. The fair value of these options, being $354,070, was charged to share issue costs.

On August 4, 2006, the Company completed a non brokered private placement consisting of 7,999,718 units at a price of $0.56 per unit for total proceeds of $4,479,842. Each unit consisted of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at a price of $1.00 until August 4, 2008. Also on August 4, 2006, the Company issued 5,997,295 common shares to Anglogold to acquire the Sale Properties (See Note 6 (d)) at a fair value of $1.25 per share.

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

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

Warrants

Warrant transactions are summarized as follows:

	Year ended May 31, 2008		Year ended May 31, 2007		Year ended May 31, 2006	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants exercisable, beginning of year	15,070,208	$2.04	1,000,000	$0.26	-	-
Issued – non-brokered private placement	-	-	3,999,855	$1.00	1,000,000	$0.26
Issued – brokered private placement	-	-	2,799,802	$1.50	-	-

Issued – agent commission	-	-	174,560	$1.50	-	-
Issued – non-brokered private placement	-	-	1,200,000	$3.00		
Issued – brokered private placement	-	-	6,104,500	$3.00	-	-
Issued – agent commission	-	-	212,242	$3.00		
Exercised	(1,685,542)	$0.71	(420,751)	$(1.22)	-	-
Warrants exercisable, end of year	13,384,666	$2.21	15,070,208	$2.04	1,000,000	$0.26

Warrants outstanding are as follows:

	Year ended May 31, 2008		Year ended May 31, 2007		Year ended May 31, 2006	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
October 21, 2007	-	$0.26	950,000	$0.26	1,000,000	$0.26
August 4, 2008	3,572,954	$1.00	3,891,743	$1.00	-	-
August 4, 2008	2,247,492	$1.50	2,656,020	$1.50	-	-
August 4, 2008 – commission warrants	47,478	$1.50	55,703	$1.50	-	-
May 9, 2009	7,304,500	$3.00	7,304,500	$3.00		
May 9, 2009 – commission warrants	212,242	$3.00	212,242	$3.00		
Warrants exercisable, end of year	13,384,666	$2.21	15,070,208	$2.04	1,000,000	$0.26

Options and stock based compensation

The Company has adopted an incentive stock option plan (the "2006 Plan"). The essential elements of the 2006 Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the 2006 Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the 2006 Plan will have a maximum term of five years. The exercise price of options granted under the 2006 Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under TSX Venture Exchange policies), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Options granted under the 2006 Plan vest immediately, except for options granted to consultants conducting investor relation activities which will become vested with the right to exercise one-fourth of the option upon the conclusion of each three month period subsequent to the date of the grant of the option, unless otherwise determined by the directors at the date of grant.

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

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

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

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

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

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

A summary of the status of the stock option plan as of May 31, 2008, and changes during the year is presented below:

	Year ended May 31, 2008		**Year ended May 31, 2007**		**Year ended May 31, 2006**	
	Number of Shares	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Options outstanding, opening:	4,313,296	$2.70	-	$ -	-	$ -
Granted: agent' s compensation options	-	$ -	498,748	$1.30	-	$ -
Granted	290,000	$1.52	2,830,000	$2.70	-	$ -
Granted: agent' s compensation options	-	$ -	488,360	$2.70	-	$ -
Granted	-	$ -	845,000	$2.95	-	$ -
Exercised	(14,121)	$1.30	(348,812)	$1.30	-	$ -
Options outstanding, ending:	4,589,175	$2.64	4,313,296	$2.70	-	$ -

Stock options outstanding are as follows:

		Year ended May 31, 2008		**Year ended May 31, 2007**			**Year ended May 31, 2006**		
Expiry Date	Exercise Price	Number of Shares	Exercisable at Period End	Exercise Price	Number of Shares	Exercisable at Year End	Exercise Price	Number of Shares	Exercisable at Year End
August 4, 2008	$1.30	135,815	135,815	$1.30	149,936	149,936	$ -	-	-
January 26, 2009	$2.70	2,830,000	2,830,000	$2.70	2,830,000	2,717,500	$ -	-	-
May 9, 2009	$2.70	488,360	488,360	$2.70	488,360	488,360	$ -	-	-
May 23, 2009	$2.95	845,000	845,000	$2.95	845,000	845,000	$ -	-	-
January 16, 2010	$1.52	190,000	182,500	$1.52	-	-	$ -	-	-
February 1, 2010	$2.15	100,000	25,000	$2.15	-	-	$ -	-	-
		4,589,175	4,506,675		4,313,296	4,200,796	$ -	-	-

The Company uses the fair value method for determining stock-based compensation expense for all options granted during the fiscal periods. The fair value was determined using the Black-Scholes option pricing model based on the following assumptions:

	February 1, 2008 grant	**January 16, 2008 grant**	**May 23, 2007 grant**	**May 9, 2007 grant**	**January 26, 2007 grant**	**July 6, 2006 grant**
Expected life (years)	2	2	2	2	2	2
Interest rate	3.13%	3.28%	4.42%	4.22%	4.13%	4.33%
Volatility (average)	117.96%	116.19%	110.59%	110.61%	110.56%	108.65%
Dividend yield	0%	0%	0%	0%	0.0%	0.0%
Exercise price	$2.15	$1.52	$2.95	$2.70	$2.70	$1.30
Stock price at grant date	$2.40	$1.52	$2.95	$2.80	$2.70	$1.25

Stock-based compensation charges of $381,975 (2007 - $5,737,178; 2006 - $Nil), were allocated as follows:

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

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

In addition, $Nil (2007 - $1,163,089; 2006 - $Nil)) of stock-based compensation was allocated to share issue costs.

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follow :

		2008		2007		2006
Loss before income taxes	$	(2,420,090)	$	(8,666,021)	$	(127,228)
Statutory Canadian corporate tax rate		33.03%		35.29%		34.10%
Income tax recovery at statutory rates	$	(799,356)	$	(3,058,238)	$	(43,385)
Unrecognized items for tax purposes		117,747		2,032,747		6,025
Effect of tax rate change		-		231,268		6,025
Difference in tax rates in other jurisdictions		395,164		418,643		-
Change in valuation allowance		286,445		375,581		11,113
	$	**-**	**$**	**-**	**$**	**-**

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

		2008		2007		2006
Future income tax assets						
Mineral properties	$	777,547	$	874,149	$	559,946
Equipment		3,811		1,558		-
Share issue costs		489,077		752,194		-
Cumulative eligible capital		93		107		118
Net capital losses available		-		-		841
Non-capital losses available for future periods		673,332		373,300		65,284
		1,943,860		2,001,308		626,189
Valuation allowance		(1,943,860)		(2,001,308)		(626,189)
	$	**-**	**$**	**-**	**$**	**-**

At May 31, 2008 the Company has available non-capital tax losses for Canadian income tax purposes of approximately $2,350,000 available for carry-forward to reduce future years’ taxable income, if not utilized, expiring as follows:

2025	$	81,776
2026		91,537
2027		1,030,880
2028		1,301,227
	$	2,505,420

In addition, the Company has available mineral resource related expenditure pools for Canadian income tax purposes totalling approximately $2,650,000 which may be deducted against future taxable income in Canada on a discretionary basis. The Company also has available mineral resource expenses that are related to the Company' s exploration activities in the United States of approximately $21,000,000,
which may be deductible for US tax purposes. Future tax benefits, which may arise as a result of applying these deductions to taxable income, have not been recognized in these accounts due to the uncertainty of future taxable income.

9. RELATED PARTY TRANSACTIONS

During the year, the Company paid $498,681 (2007 - $419,986; 2006 - $60,000) in consulting, rent, management fees and salaries to officers, directors and companies controlled by directors of the Company, $62,750 (2007 - $25,110; 2006 - $Nil)) in rent and management fees to a company with common officers and directors and $Nil (2007 - $Nil; 2006 - $5,500) in professional fees to a company controlled by a director of the Company. These figures do not include stock-based compensation (see Note 7).

At May 31, 2008, included in accounts payable and accrued liabilities was $Nil (2007 - $2,088; 2006 - $2,515) in expenses owing to the directors and officer of the Company and $18,032 (2007 - $Nil; 2006 - $Nil) to a company related by common directors.

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

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

10. GEOGRAPHIC SEGMENTED INFORMATION

	Canada	United States	Total
2008			
Mineral properties	$ 1	$ 23,151,227	$23,151,228
Equipment	$ 1,308	$ 103,239	$ 104,547
2007			
Mineral properties	$ 1	$ 13,387,112	$13,387,113
Equipment	$ -	$ 115,920	$ 115,920
2006			
Mineral properties	$ 1,030,316	$ -	$ 1,030,316
Equipment	$ -	$ -	$ -

	2008	2007	2006
Net loss for the year- Canada	$ (1,051,353)	$ (7,214,708)	$ (127,228)
Net loss for the year- United States	(1,368,737)	(1,451,313)	-
Net loss for the year	$ (2,420,090)	$ (8,666,021)	$ (127,228)

11. FINANCIAL INSTRUMENTS

The Company has accounts payable totalling US$409,339 as at May 31, 2008 (2007 - $762,042; 2006 - $Nil), which has been translated to Canadian dollars at a rate of 0.993 CDN dollars to 1.00 US dollar.

12. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")

These consolidated financial statements are prepared in accordance with GAAP in Canada, which differs in certain respects from GAAP in the United States. The material differences between Canadian and United States GAAP, in respect of these financial statements, are as follows:

a) Mineral property exploration and development

Under United States GAAP, all mineral exploration and development property expenditures are expensed in the year incurred in an exploration stage company until there is substantial evidence that a commercial body of minerals has been located. Canadian GAAP allows mineral exploration and development property expenditures to be deferred during this process. The effect on the Company' s financial statements is summarized below:

Consolidated statements of operations and deficit	**2008**	**2007**	**2006**
Loss for the year under			
Canadian GAAP	$ (2,420,090)	$ (8,666,021)	$ (127,228)
Mineral property expenditures, net	(9,736,339)	(5,233,743)	(574)
United States GAAP	$ (12,156,429)	$ (13,899,764)	$ (127,802)
Loss per share – US GAAP	$ (0.31)	$ (0.51)	$ (0.02)

Consolidated balance sheets	**May 31, 2008**	**May 31, 2007**	**May 31, 2006**
Mineral Properties			
Canadian GAAP	$ 23,151,227	$ 13,387,113	$ 1,030,316
Mineral property expenditures (cumulative)	(15,814,407)	(6,078,068)	(844,325)
United States GAAP	$ 7,336,820	$ 7,309,045	$ 185,991
Deficit			
Canadian GAAP	$ (13,754,641)	$ (11,334,551)	$ (2,668,530)
Mineral property expenditures (cumulative)	(15,814,407)	(6,078,068)	(844,325)
United States GAAP	$ (29,569,048)	$ (17,412,619)	$ (3,512,855)

Consolidated statements of cash flows	**2008**	**2007**	**2006**
Operating activities			
Cash provided by (used) per Canadian GAAP	$ (2,099,394)	$ (1,497,655)	$ (136,923)
Effect of the write-off of exploration expenditures	(9,736,339)	(5,233,743)	(574)
Cash generated (used) per United States GAAP	$ (11,835,732)	$ (6,731,398)	$ (137,497)
Investing activities			
Cash provided by (used) per Canadian GAAP	$ (10,173,813)	$ (5,655,274)	$ 15,907
Effect of the write-off of exploration expenditures	9,736,339	5,233,743	574
Cash generated (used) per United States GAAP	$ (437,474)	$ (421,531)	$ 16,481

b) Marketable securities

Under United States GAAP, the Company would classify the marketable securities as "Securities available for resale", which is consistent with the Company' s change in accounting policy described in Note 3. The carrying value on the balance sheet at May 31, 2007 would be $Nil (2006 - $10,000) and the unrealized gain (loss) of $Nil (2007 - $Nil, 2006 - $Nil) would be posted to shareholder' s equity as part of other comprehensive income.

c) Stock based compensation

The Company has adopted Statement of Financial Accounting Standards No. 123, and records compensation cost for stock-based employee compensation plans at fair value. Accordingly, compensation cost for stock options granted is measured as the fair value at the date of grant, and there is no difference in these financial statements.

d) Loss per share

Under both Canadian and United States GAAP basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

Under United States GAAP, the weighted average number of common shares outstanding excludes any shares that remain in escrow, but may be earned out based on the Company incurring a certain amount of exploration and development expenditures. The weighted average number of shares outstanding under United States GAAP for the year ended May 31, 2008, 2007 and 2006 was 39,193,360, 27,101,104 and 9,620,402 respectively.

e) Income taxes

Under United States GAAP, the Company would have initially recorded an income tax asset for the benefit of the resource deduction pools. This asset would have been reduced to $Nil by a valuation allowance. The result is no difference in net income reported between Canadian and United States GAAP.

13. CAPITAL MANAGEMENT

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

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

There were no changes in the Company' s approach to capital management during the year ended May 31, 2008. The Company is not subject to externally imposed capital requirements.

14. SUBSEQUENT EVENTS

Subsequent to May 31, 2008, the following events occurred:

a) The Company has amended the expiry dates and exercise prices of an aggregate of 3,675,000 outstanding incentive stock options to extend the expiry date for up to eighteen months, such that all such options (which were originally granted for a period of two years and which have expiry dates ranging from January 26, 2009 to May 23, 2009) will now expire on July 16, 2010; and to reduce the exercise prices (which currently range from CAD $2.70 to $2.95, with a weighted average exercise price of CAD$2.75) to CAD$1.75. This amendment is subject to disinterested shareholders approval with respect to insiders of the Company who hold 2,405,000 of these options.

Following this approval, if applicable, any excess value relating to stock-based compensation will be recorded at that time.

b) The Company entered into an agreement to acquire all of the interest of AngloGold Ashanti Exploration (U.S.A.) Inc. in the Terra and LMS projects in Alaska, plus certain other AngloGold rights for the purchase price of CAD$751,500 to be satisfied by the issuance of 450,000 shares to AngloGold . The transaction is subject to the acceptance for filing thereof on behalf of the Company by the TSX Venture Exchange, Inc. and American Stock Exchange.

c) The Company issued 3,570,790 shares upon the exercised of warrants at $1.00 per share and 179,091 shares of warrants at $1.50 per share for the total proceeds of $3,839,427. 2,164 warrants at $1.00 and 2,068,400 warrants at $1.50 were unexercised and expired.

d) The Company issued 135,815 shares pursuant to the exercise of agent' s option at $1.30 per share for the proceeds of $176,560. In addition, 47,478 agents' warrants at $1.50 were unexercised and expired.

15. COMPARATIVE FIGURES

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

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

FORM 51-102F1
MANAGEMENT DISCUSSION & ANALYSIS

August 22, 2008

Introduction

This Management Discussion & Analysis ("MD&A") for International Tower Hill Mines Ltd. (the "Company" or "ITH") for the year ended May 31, 2008 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of August 22, 2008 and should be read in conjunction with the Company' s audited consolidated financial statements for the year ended May 31, 2008. Except where otherwise noted, all dollar amounts are stated in Canadian dollars. The Company was a "Venture Issuer", as defined in NI 51-102, until August 3, 2007 when its common shares became listed on the American Stock Exchange.

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated property acquisitions, the timing, cost and nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans, business trends and future operating revenues. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company' s ability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company' s ability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations.

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the US Securities and Exchange Commission's mining guidelines strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company's properties.

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

Overall Performance

During the three months ended May 31, 2008, the Company:

- Commenced a 42,000 metre resource drilling program at the Livengood project, where the system has continued to expand into a major gold deposit
- Completed a first phase drilling program on the Mayflower Property (North Bullfrog Joint Venture)

- Completed a high resolution airborne magnetic and EM survey over the key mineralized areas of the BMP project, which outlined several geophysical anomalies
- Entered into an agreement to acquire the residual interest of AngloGold Ashanti Exploration (U.S.A.) Inc. ("AngloGold") in the Terra and LMS projects, and AngloGold' s right of first refusal of the West Pogo and Gilles properties
- Sold its interest in the South Estelle project to Millrock Resources Inc.

The Company' s plans for its fiscal year ending May 31, 2009 are to proceed with development of exploration programs on its existing Alaskan and Nevada properties. Drilling will continue at Livengood until the end of the summer season, and winter drilling programs are planned for North Bullfrog and Livengood. The Company' s long-term goal is to continue to delineate the mineralization on its existing projects and aggressively seek new properties for exploration. The Company believes that it has sufficient funds to cover all of its planned exploration programs and anticipated property payments and general and administrative expenses for the fiscal year ending May 31, 2009.

Current Exploration Activities

Alaska Properties

As previously announced, the primary focus of the Company' s exploration efforts during the quarter and to date has been the ongoing exploration of the Livengood project. In addition, the Company also carried out ongoing prospecting and an airborne survey at the BMP project and follow-up ground prospecting at Chisna. No significant work was carried out during the quarter, or to date, on any of the Terra, LMS, West Tanana, Coffee Dome, Gilles or West Pogo properties.

Livengood

The Livengood project is owned 100% by ITH and is located in Alaska, 110 kilometres north of Fairbanks along the paved Elliot highway and Trans Alaska Oil Pipeline corridor. ITH controls 100% of its 44 square kilometre land package, which is primarily comprised of leased land from the State of Alaska Mental Health Trust.

The primary target at Livengood is a Cretaceous intrusion-related gold system, hosted in Devonian sediment and volcanic units. Mineralization has been intersected in all of the major rock units found within the main surface geochemical gold anomaly, which covers approximately 4 square kilometres. The results to date indicate the Livengood project has potential for a large, near surface, bulk tonnage gold deposit. At this time, the Company estimates that roughly 25% of the known mineralized zone has been drilled. The Livengood target is open in all directions and drilling is planned to delineate and expand the high-grade core area of the deposit in the Money Knob area.

The highly encouraging results from work on the Livengood project to date triggered a major expansion by the Company of the planned Livengood 2008 work program, which focuses on doubling the overall resource, converting a large portion of the inferred resources to indicated status and gathering the data needed to complete a preliminary economic scoping study in 2009. The Company has budgeted a total of $7.5 million for the 2008 Livengood exploration program.

During the period, the Company has had very encouraging results from the expansion drilling of Lillian zone within the Money Knob deposit as seen in the thicker and higher grade gold mineralization (Table 1). These results indicate that the deposit is increasing in grade and width.

Table 1: Livengood 2008 Significant Drill Intercepts as of July 23, 2008.

Hole ID	From (m)	To (m)	Length (m)	Gold Grade (g/t)
MK-RC-0001	138.68	204.22	65.54	1.56
MK-RC-0002	134.11	149.35	15.24	2.20
	153.92	167.64	13.72	1.38
	271.27	333.76	62.49	0.60
MK-RC-0003	115.82	140.21	24.39	0.62
MK-RC-0004	0.00	62.48	62.48	0.47
	102.11	108.20	6.09	0.83
	112.78	132.59	19.81	0.82

MK-RC-0005	1.52	33.53	32.01	1.63
MK-RC-0006	15.24	35.03	19.81	0.98
	214.88	259.08	44.20	0.67
	289.56	315.47	25.91	0.62
	330.71	350.52	19.81	0.81
MK-RC-0007	25.91	71.63	45.72	1.43
	128.02	187.45	59.43	1.99
MK-RC-0008	10.67	210.31	199.64	1.44
MK-RC-0009	62.48	100.58	38.10	0.58
	109.73	128.02	18.29	0.72
	170.69	193.55	22.86	0.54
MK-RC-0010	146.30	172.21	25.91	0.78
MK-RC-0011	7.62	36.58	28.96	0.44
	65.53	205.74	140.21	1.00
MK-RC-0012	99.06	126.49	27.43	0.79
	138.68	274.32	135.64	0.56
MK-RC-0013	115.82	123.44	7.62	4.49
	131.06	195.07	64.01	0.74
MK-RC-0014	181.36	185.93	4.57	0.71
MK-RC-0017	60.96	67.06	6.10	1.01
	102.11	155.45	53.34	0.73
MK-RC-0018	71.63	82.30	10.67	0.45
	111.25	118.87	7.62	0.98
	137.16	146.30	9.14	0.88
MK-RC-0020	0.00	24.38	24.38	0.53
	76.20	91.44	15.24	0.72
	140.21	172.21	32.00	0.62
MK-RC-0021	4.57	24.38	19.81	0.60
	118.87	129.54	10.67	0.65
	146.30	156.97	10.67	0.88
MK-RC-0023	74.68	89.92	15.24	1.18
	114.30	181.36	67.06	0.95
	196.60	254.51	57.91	2.51

Lillian Structure Trench Results

MK-08-TR01	0.00	16.61	16.61	0.64
MK-08-TR02	0.00	18.29	18.29	0.90

** Intercepts calculated using 0.25g/t gold cut-off.*

These latest results continue to expand the northwest-trending higher-grade core zone of the Livengood deposit, which remains open in all directions. The higher grade core zone, as currently defined, has an average width of approximately 300 metres and has been intersected for some 500 metres of strike length with holes in higher grade mineralization at either end. The Company is currently focusing on expanding the zone with step out drilling to the northwest and southeast, as well as evaluating the potential for additional higher-grade zones to the east.

Step out drilling to the west and east of the high grade core, along the overall east-west mineralized belt, continues to return very encouraging results, such as MK-RC-0006 (collared on the east) which returned 178 metres of 0.71 g/t gold, and hole MK-RC-013 (collared on the west) which returned 88 metres at 1.07 g/t gold (Figure 1 and Table 2).

Table 2: New Drill Hole Data Mineralization Summary, Livengood Project, Alaska

Hole ID	Total Length (metres)	Length Mineralized (metres)*	Average Grade Mineralized Section Gold (g/t)	% of Hole Mineralized
MK-RC-0006	353.57	178.32	0.71	50%
MK-RC-0009	246.89	135.63	0.58	55%
MK-RC-0010	240.79	57.92	0.73	24%

MK-RC-0011	225.55	184.41	0.91	82%
MK-RC-0012	307.85	188.98	0.60	61%
MK-RC-0013	225.55	88.39	1.07	39%
MK-RC-0014	217.93	15.25	0.46	7%
MK-RC-0015	195.07	30.48	0.39	16%
MK-RC-0016	134.11	0.00	0.00	0%
MK-RC-0017	297.18	123.45	0.61	42%
MK-RC-0018	252.98	80.77	0.57	32%
MK-RC-0020	213.36	97.51	0.56	46%
MK-RC-0021	213.36	62.48	0.59	29%
MK-RC-0023	288.04	170.68	1.44	59%

Criteria - intervals calculated at a 0.25 g/t gold cutoff and can include up to 3 metres of internal waste. All intervals are summed for the hole to create an average grade and total thickness for all intervals above cutoff.

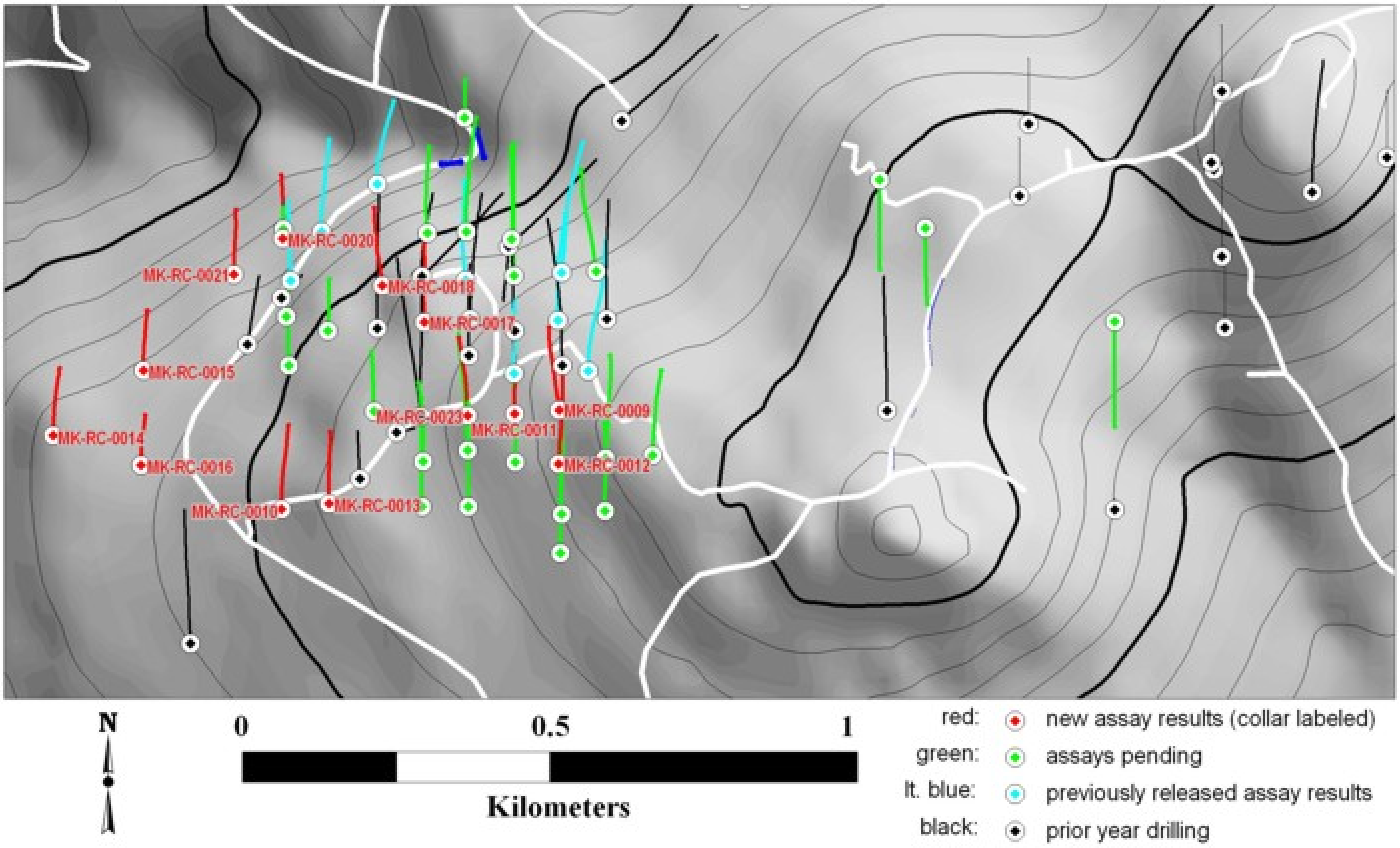

Figure 1 Livengood drill hole plan map.
(The 14 newest drill holes are shown in red.)

Holes MK-RC 0014, 15 & 16 were drilled in the southwest corner of the target area and indicate that the deposit is restricted in this area as the more favourable host rocks have been structurally removed.

The two reverse circulation drills and one diamond drill are currently operating at the Livengood project. The Company intends to make regular monthly updates of the drilling results and plans to prepare an updated NI 43-101 resource estimate midway through the 2008 program (anticipated to be released in mid-October).

<u>BMP</u>

The current BMP property covers 145 square kilometres of Alaska State mining claims held 100% by the Company, plus land held under an option to lease from Cook Inlet Region, Inc. (an Alaska Native Corporation), and located approximately 40 kilometres north of the Company' s Terra project. The property is underlain by sediments similar to the Selwyn Basin in the Yukon Territory, which hosts numerous large SedEx zinc deposits. Several significant shale-hosted polymetallic mineral occurrences are known within the property area. In addition, the area is intruded by a number of Tertiary age porphyries producing copper-zinc-silver skarns and breccia pipe style deposits indicating the potential for a large porphyry deposit. The property has never been systematically explored using modern techniques.

The BMP project area hosts a number of highly prospective base and precious metal occurrences originally discovered by the Anaconda Mining Company ("Anaconda") in the early 1980' s. The Company' s primary target on the BMP project is the Dall-6120 trend of gold-copper anomalies. Two holes drilled by Anaconda in this trend intersected a shale-hosted massive sulfide body which returned grades of 4.0% copper, 0.3% lead, 1.0% zinc and 370 g/t silver over a true thickness of 3.5 metres and 0.9% copper, 1.0% lead, 6.0% zinc and 177 g/t silver over a true width of 5.5 metres. This drilling, linked with ground geophysical data, indicates continuity of the sulfide body over at least 150 metres of strike. Sampling by the Company on the 6120 target returned average grades of 2.3% copper, 3.4 g/t gold, 33 g/t silver, 0.16% nickel and 0.07% cobalt from 20 samples of an outcropping skarn zone 5 kilometres south of the Anaconda drilling (Figure 2).

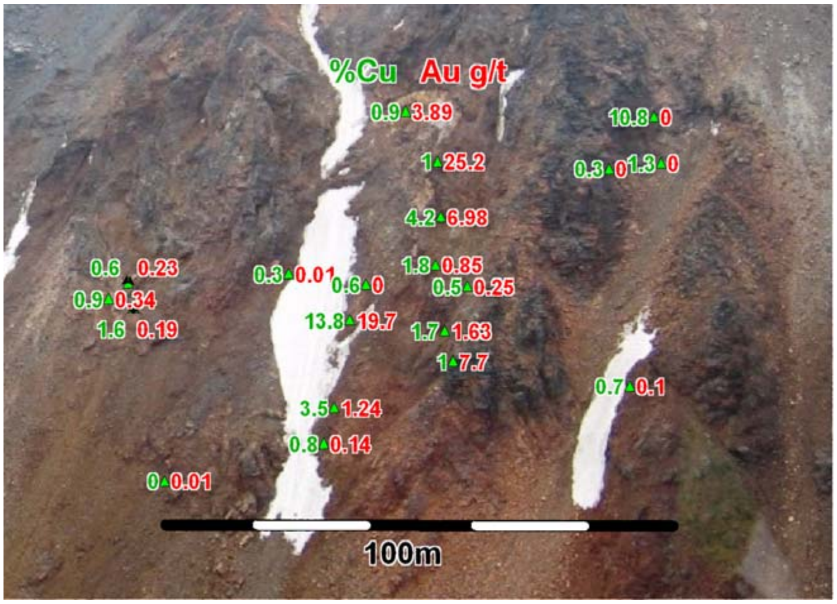

Figure 2: 6120 Prospect showing the distribution of high-grade copper and gold mineralization.

The historic drilling by Anaconda on the Dall prospect and recent surface mapping of high-grade massive sulfide mineralization by the Company confirm the presence of both silver-rich and gold-rich copper mineralization over an 8 kilometre strike length. The mineralization along the prospective corridor represents a very attractive gold-silver rich base metal target which was the focus of the airborne geophysical survey this quarter and extensive surface exploration in the summer.

In total, the past and recent work in this localized area of the BMP land package suggest that the high-grade mineral system has a strike length of at least 8 kilometres and that the Dall-6120 target offers significant potential for discovery of a major new precious-metal rich, base metal deposit. To get a better handle on this emerging mineral belt the Company has conducted a magnetic and electromagnetic survey of the core target area (Figure 3). The results have outlined several large geophysical anomalies spatially associated with the outcropping polymetallic (copper-gold-silver) skarn deposits discovered in 2007.

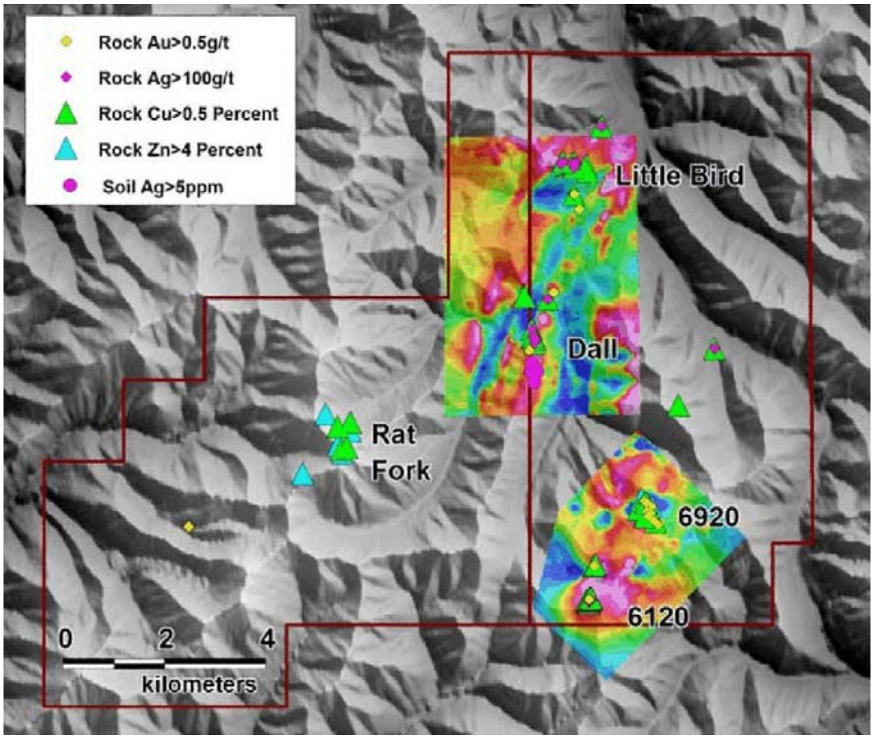

Figure 3: BMP Project showing area covered by recent geophysical surveys. Principal prospects are labelled.

The largest anomaly is associated with the 6120 target area and covers approximately 1 square kilometre forming at an important structural intersection on the south side of the core intrusive unit. Twenty rock samples collected from a 150 metre diameter area of outcropping skarn at the 6120 target averaged 2.3% copper, 3.4 g/t gold, 33 g/t silver, 0.16% nickel and 0.07% cobalt (Figure 4). In addition, similar skarn type mineralization was found 2 kilometres to the north at the 6920 prospect.

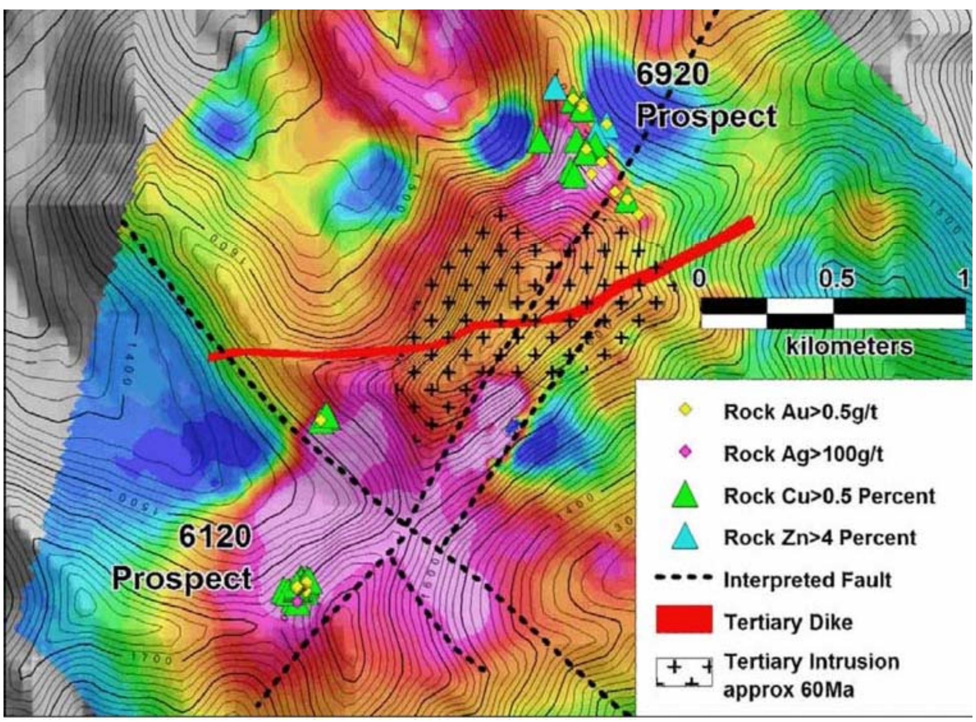

Figure 4: Magnetic map of the 6120 and 6920 targets with respect to geochemical results and Company mapping efforts.

The Dall and Little Bird prospects, located on the northern target block (approximately 5 kilometres north), also appear to be associated with skarn and distal skarn type mineral systems. The size and dynamic range of the anomalies suggest that they are related to a large base and precious metal bearing hydrothermal system which warrants aggressive follow-up exploration by the Company.

The results of the 2008 field season work at BMP are being reviewed with a view to formulating a work plan for the next stage of exploration.

Chisna

Work during the quarter and to date has focused on the follow-up of new discovery results from 2007 and exploration of the remainder of the existing claim blocks and the belt in general. The 2008 program included a stream sediment survey over the Canyon Creek and Slate Creek Northwest claim blocks, as well as geological mapping and prospecting in the region. Results are pending.

AngloGold Alaskan Property Interest Acquisition

Under the terms of a purchase agreement dated June 6, 2008, among AngloGold, the Company and Talon Gold Alaska, Inc. (the Company' s wholly owned Alaskan subsidiary) ("Talon"), Talon will acquire all of the right, title and interest of AngloGold in the Terra and LMS projects (including AngloGold' s right of first offer on any disposition thereof by Talon). In addition, AngloGold has also relinquished its right of first offer on two of the Company' s other 100% owned projects, being the West Pogo project (which is situated on the western boundary of the Pogo Joint Venture land package) and the Gilles project (which is located along the Pogo mine road, 25 kilometres southwest of the West Pogo property). The purchase price of $751,500 payable by Talon will be satisfied by the issuance of an aggregate of 450,000 common shares of ITH (valued, for this purpose, at $1.67 per share). The transaction is subject to the acceptance for filing thereof on behalf of the Company by the TSX Venture Exchange, Inc. ("TSXV"), and is anticipated to close five business days after such acceptance for filing is obtained. AngloGold presently holds 5,997,295 common shares, representing approximately 15.02%, of the outstanding common shares of the Company. Following the closing of the transaction, AngloGold will hold 6,447,295 common shares, representing approximately 15.96% of the then issued shares of the Company. The proposed transaction has been approved by the Audit Committee of the Company, which is composed solely of independent directors of the Company, and by the directors of the Company other than AngloGold' s nominee. The acquisition from AngloGold is subject to the acceptance for filing thereof by the TSXV (in process) and the American Stock Exchange (received) on behalf of the Company.

Nevada Properties

During the quarter, the Company has focused its Nevada activities on drilling at the North Bullfrog joint venture properties, including the newly acquired Mayflower property. No work was carried out at the Painted Hills project.

North Bullfrog

The North Bullfrog Project area is located near Beatty, Nevada and has excellent access and infrastructure. It is 7 kilometres north of the historic Bullfrog mine operated by Barrick Gold Corporation until the mid 1990' s. The North Bullfrog project is a joint venture with the Redstar Gold Corporation (TSXV: RGC) in which the Company can earn up to a 70% interest. To date, the Company has completed approximately half of the work commitment required to earn its initial 60% interest.

During the quarter, the resource definition drilling program was concluded, with 35 holes (8,422 metres) completed. The drill program successfully defined major mineralization zones, and the Company has commissioned the preparation of an initial resource estimate (currently in progress) and samples have been selected for initial metallurgical testing. The latest intersections include ***12.2 metres of 2.13g/t gold; 52 metres of 0.85 g/t gold, and 35 metres of 0.75 g/t gold*** (Table 3). The results highlight the bulk tonnage potential of the Mayflower deposit while confirming the potential for higher grade zones within the larger target (such as ***9.1 metres of 7.18 g/t gold***).

Table 3
Mayflower Deposit Assay Highlights

Hole ID	From	To	Intercept (metres)	Gold (g/t)
NB-08-07	44.2	51.8	7.6	0.80
NB-08-09	96.0	103.6	7.6	0.81
	108.2	118.9	10.7	0.49

NB-08-10	**65.5**	**117.4**	**51.8**	**2.02**
Including	***83.8***	***93.0***	***9.1***	***7.18***
NB-08-11	111.3	125.0	13.7	0.79
	131.1	137.2	6.1	0.79
NB-08-12	70.1	77.7	7.6	0.88
	80.8	**118.9**	**38.1**	**1.43**
Including	***88.4***	***103.6***	***15.2***	***2.87***
NB-08-13	0.0	9.1	9.1	0.51
NB-08-14	**157.0**	**169.2**	**12.2**	**1.06**
	178.3	204.2	25.9	0.75
NB-08-15	77.7	105.2	27.4	0.80
NB-08-16	**99.1**	**103.6**	**4.6**	**1.53**
NB-08-17	74.7	99.1	24.4	0.63
Including	***91.4***	***96.0***	***4.6***	***1.90***
NB-08-30	146.3	155.5	9.1	0.49
NB-08-35	59.4	100.6	41.1	0.63
Including	***88.4***	***99.1***	***10.7***	***1.15***
NB-08-36	86.9	138.7	51.8	0.85
including	***105.2***	***112.8***	***7.6***	***1.84***
including	*117.4*	*132.6*	*15.2*	*0.93*
NB-08-38	**61.0**	**68.6**	**7.6**	**1.55**
	73.2	**85.3**	**12.2**	**2.13**
	114.3	128.0	13.7	0.60
NB-08-40	68.6	103.6	35.1	0.75

The results from the 2008 drilling program have shown that Mayflower mineralization is hosted in a steep 50-60 metre wide northwest trending structural zone, where broad zones of low-grade mineralization are associated with silicification and adularia alteration and high-grade mineralization is associated with quartz-calcite filled veinlets and fault breccias. These broad, well-mineralized intercepts in both the historic and recent drilling are primarily developed within favourable volcanoclastic units along a well-developed structural zone forming the large bulk-tonnage target. The high-grade mineralization is well exposed in the David Adit, where native gold was observed in silicified clasts coated with calcite. Most of the high grade intersections to the west of the David Adit occur below tunnel level and were never developed in the past.

The mineralization is low-sulphide in character with deep pervasive oxidation. The bulk-tonnage potential of the deposit is highlighted by the broad continuous zones of mineralization found in many holes and the fact that many of the holes drilled have greater than 20 metres of mineralization (Table 4).

Table 4
Summary of all mineralized drill holes in the Mayflower Deposit

Hole ID	Total Length (metres)	Length Mineralized (metres)*	Average Grade of Mineralized Section (g/t gold)	% of hole Mineralized
NB-08-10	182.88	54.86	1.95	30%
NB-08-12	213.36	57.90	1.13	27%
NB-08-36	213.36	64.02	0.79	30%
NB-08-38	300.23	33.53	1.37	11%
NB-08-40	208.79	54.86	0.63	26%
NB-08-14	365.76	41.15	0.82	11%
NB-08-35	184.40	56.39	0.56	31%
NB-08-11	207.3	42.68	0.60	21%
NB-08-15	346.25	36.59	0.69	11%
NB-08-26	304.80	41.15	0.56	14%
NB-08-17	304.80	44.19	0.51	14%
NB-08-18	213.40	16.77	1.01	8%
NB-08-41	300.23	41.16	0.37	14%
NB-08-16	147.80	21.33	0.59	14%
NB-08-09	182.88	18.29	0.62	10%
NB-08-07	153.92	22.85	0.49	15%

NB-08-30	304.80	21.35	0.40	7%
NB-08-08	182.88	16.77	0.37	9%
NB-08-13	304.80	10.66	0.55	3%
NB-08-39	147.83	10.66	0.39	7%

(* Intercepts included in these sums have greater than 0.25g/t gold with less than 3 metres of internal waste.)

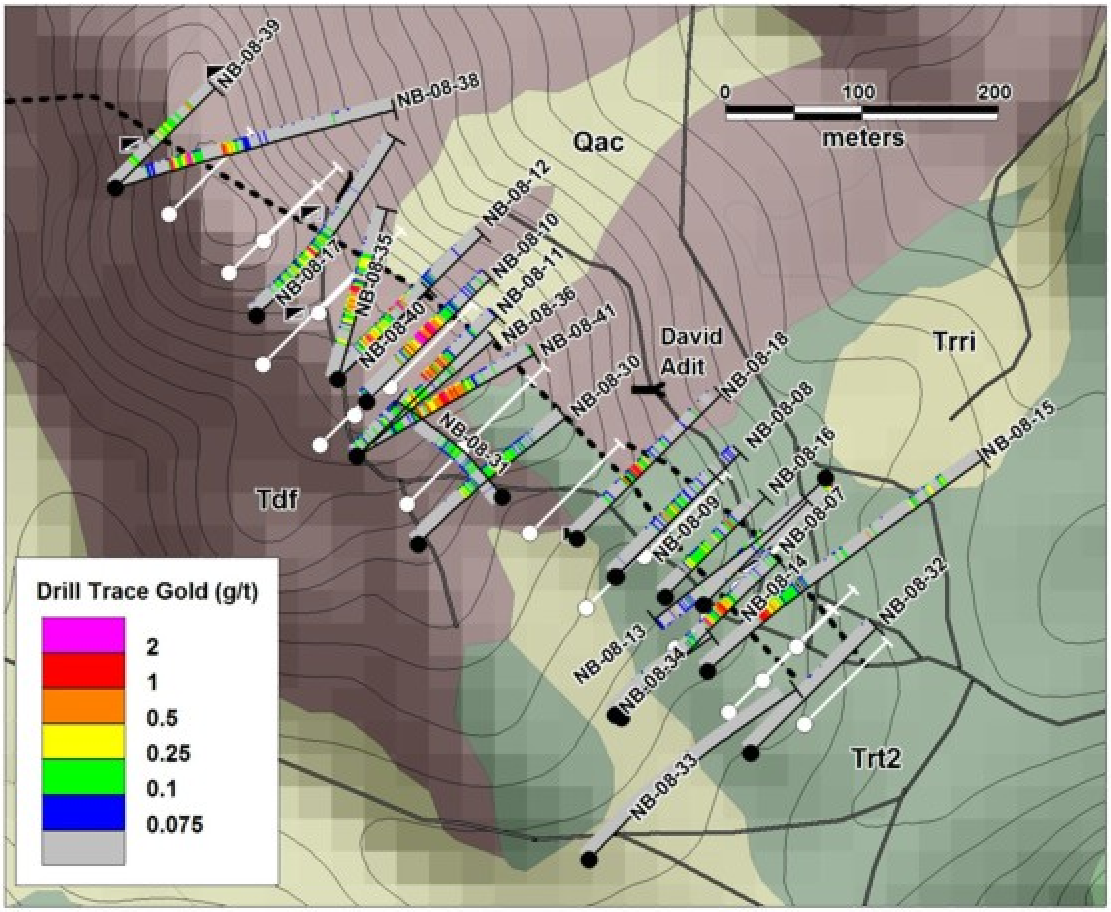

Figure 5: Geological/drill hole plan map of the Mayflower deposit (historic Barrick drill hole traces in white). Tdf=debris flow deposits; TrT2=Rhyolite tuff; Trri=Rhyolite intrusive; Qac=Quaternary alluvium.

In addition to the Mayflower deposit, there is considerable potential to develop other bulk mineable deposits in the surrounding area. Broad zones of mineralization have been found at Air Track Hill (ATH), Sierra Blanca and the Pioneer Prospect (Table 5). The Jolly Jane, Connection and Yellow Jacket areas have the potential to host significant mineralization (Figure 6).

The Company is currently conducting an integrated structural/mineralization analysis of the North Bullfrog District using the knowledge gained at Mayflower to better define follow-up drill targets in the other large mineralized zones defined to date. The Company is planning a follow-up exploration/drill program in the late fall of 2008 to address expansions of the Mayflower deposit as well as to define new deposits in this prolific and well mineralized area of Nevada.

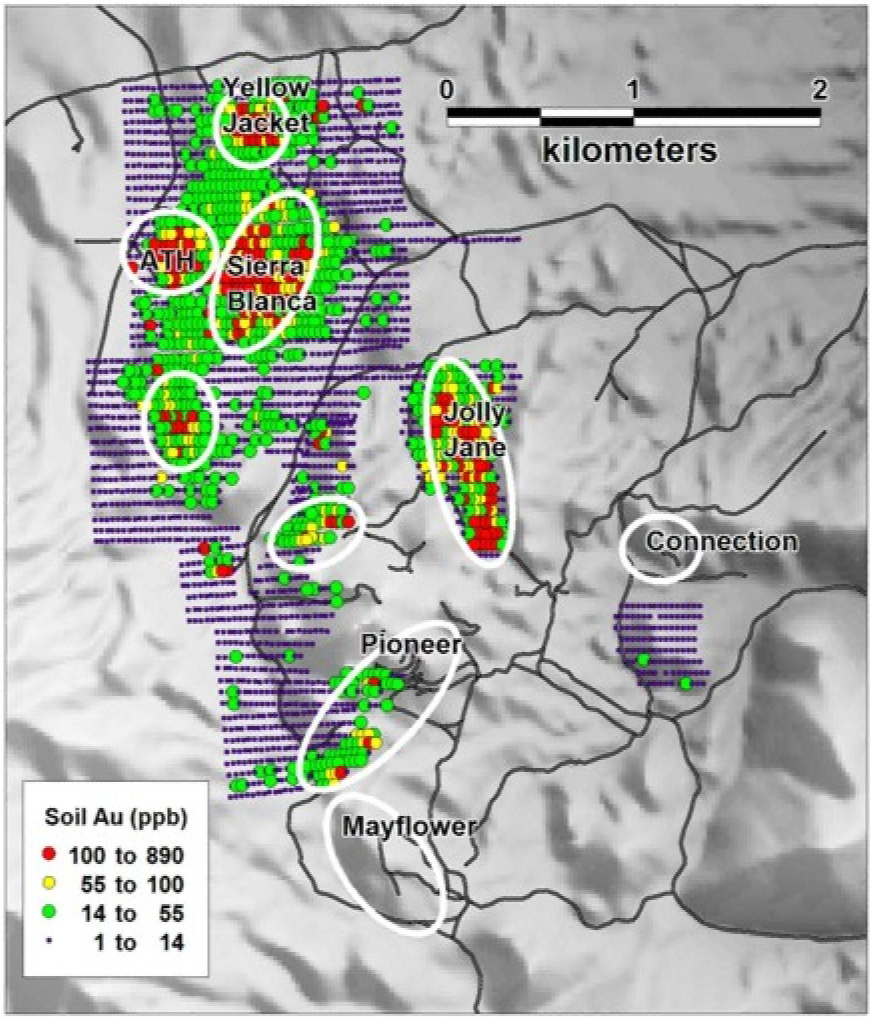

Figure 6: Significant Prospects in the North Bullfrog Project Area where additional deposits might be located.

Table 5
Summary of total mineralization from ITH holes outside of the Mayflower Deposit

Prospect	Hole ID	Total Depth (metres)	Mineralized Thickness (metres) *	Average Grade (gold g/t)	% of hole Mineralized
ATH	NB-08-21	198.10	41.15	0.80	21%
ATH	NB-08-26	304.80	41.15	0.56	14%
ATH	NB-08-29	198.12	54.85	0.41	28%
ATH	NB-08-27	198.12	38.09	0.37	19%
ATH	NB-08-19	213.36	19.81	0.45	9%
ATH	NB-08-23	137.16	10.67	0.50	8%
ATH	NB-08-25	198.10	10.66	0.50	5%
ATH	NB-08-22	198.12	7.62	0.49	4%
ATH	NB-08-20	198.12	3.04	0.71	2%
Sierra Blanca	NB-07-01	247.19	77.50	0.39	31%
Sierra Blanca	NB-07-02	354.18	18.60	0.68	5%
Pioneer	NB-07-04	91.74	22.15	0.97	24%

(* Intercepts included in these sums have greater than 0.25g/t gold with less than 3 metres of internal waste.)

Qualified Person and Quality Control/Quality Assurance

Jeffrey A. Pontius (CPG 11044), a qualified person as defined by National Instrument 43-101, has supervised the preparation of the scientific and technical information that forms the basis for this MD&A with respect to the Company' s mineral properties. Mr.

Pontius is not independent as he is the President and Chief Executive Officer of the Company and holds incentive stock options and common shares.

The work programs at the Company' s Alaska and Nevada properties have been designed and are supervised by Dr. Russell Myers, Vice President - Exploration of Talon Gold (US) LLC (a wholly owned subsidiary of the Company responsible for carrying out the exploration programs on the Company' s mineral properties), and, with respect to the North Bullfrog project, by Jacob Margolis, Exploration Manager of Redstar Gold Corporation, who are responsible for all aspects of the work, including the quality control/ quality assurance program. On-site personnel at each project photograph the core from each individual borehole prior to preparing the split core, which is then sealed and shipped to ALS Chemex in Vancouver, B.C. for assay. Some preparation work with respect to the Alaskan projects is carried out at ALS Chemex in Fairbanks, Alaska. All geochemical samples are secured and shipped to ALS Chemex in Vancouver, B.C. for assay. ALS Chemex' s quality system complies with the requirements for the International Standards ISO 9001:2000 and ISO 17025:1999. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference material and replicate samples. Quality control is further assured by the use of international and in-house standards. Finally, representative blind duplicate samples are forwarded to ALS Chemex and an ISO compliant third party laboratory for additional quality control.

Risk Factors

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

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

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

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

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company' s perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

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

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Company' s properties will therefore depend upon the Company' s ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing the various option and lease agreements it has entered in could result in the loss of the rights of the Company to such properties.

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

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

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

Price Fluctuations and Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

United States General Mining Law of 1872: In recent years, the U.S. Congress has considered a number of proposed amendments to the *United States General Mining Law of 1872*, as amended (the "General Mining Law"), which governs mining claims and related activities on U.S. federal lands (such as in connection with certain areas of the Company' s North Bullfrog and Painted Hills projects). Although no such legislation has been adopted to date, there can be no assurances that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on gold production from currently unpatented mining claims located on U.S. federal lands. If such legislation is ever adopted, it could reduce the amount of future exploration and development activity conducted by the Company on such U.S. federal lands. In addition, in 1992, a holding fee of $100 per claim was imposed upon unpatented mining claims located on U.S. federal lands. In October 1994, a moratorium on the processing of new patent applications was approved. While such moratorium currently remains in effect, its future is unclear.

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

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

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

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

Selected Financial Information

Selected Annual Information

Description	May 31, 2008 $	May 31, 2007 $	May 31, 2006 $
	(annual)	(annual)	(annual)
Interest Income	603,094	248,591	348
Consulting	293,270	3,465,383	60,000
Property investigation	110,809	128,535	20,881
Professional fees	203,428	187,663	18,635

Investor relations	782,560	734,593	-
Foreign exchange gain	116,912	9,193	-
Loss for the year	(2,420,090)	(8,666,021)	(127,228)
Per share	(0.06)	(0.32)	(0.01)
Total Current Assets	11,325,201	22,119,247	20,415
Mineral Properties	23,151,228	13,387,113	1,030,316
Long term financial liabilities	0	0	0
Cash dividends	N/A	N/A	N/A

The variation seen over such years is primarily dependent upon the success of the Company' s ongoing property evaluation and acquisition program and the timing and results of the Company' s exploration activities on its current properties, none of which are possible to predict with any accuracy. The variation in income is related to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities, which is also difficult to predict.

Summary of Quarterly Results

Description	May 31, 2008	February 29, 2008	November 30, 2007	August 31, 2007	May 31, 2007	February 28, 2007	November 30, 2006	August 31, 2006			
Interest Income	$107,915	$ 152,319	$ 211,436	$ 131,424	$ 89,224	$ 63,898	$ 69,173	$ 26,296			
Net loss for					(531,244)		(2,216,684)		(4,699,290)	(1,391,652)	(358,395)
period	(372,907)	(1,070,039)	(445,900)								
Per share	(0.01)	(0.03)	(0.01)	(0.01)	(0.32)	(0.26)	(0.08)	(0.02)			

Results of Operations

For the three months and year ended May 31, 2008, the Company had a net loss of $372,907 or $0.01 per share and $2,420,290 or $0.06 per share, respectively as compared to a net loss of $2,216,684 or $0.32 per share and $8,666,021 or $0.32 per share for the equivalent periods in 2007. The following discussion explains the variations in the key components of these numbers but, as with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options.

Year ended May 31, 2008 compared with year ended May 31, 2007

For the year ended May 31, 2008, the Company incurred losses of $2,420,090 as compared to a loss of $8,666,021 for the year ended May 31, 2007. The decreased loss is partially due to the write-off in 2007 of $1,473,499 representing the Company' s investment in the Siwash Silver leases, Caribou and Black shell properties which had no comparable item in fiscal 2008.

General and administrative (operating) expenses for the year totalled $3,229,342 compared to $7,450,306 in 2007. The major expense categories which decreased consisted of wages of $1,087,172 (2007 - $2,253,540), consulting costs of $293,270 (2007 - $3,465,383) and administration expenses of $46,425 (2007 - $103,746), all as a result of lower stock-based compensation charges (see below). The commencement of more extensive exploration activities in Alaska and Nevada, together with property acquisitions, have resulted in increased costs in all of the above areas over the prior year. During the comparable 2007 period, the Company had only recently completed the acquisition of its Alaskan properties and had not fully developed its programs. Investor relations and travel increased over the prior year as the Company grew its efforts to communicate with an expanding shareholder base. Included in these and certain other expenses categories was $381,975 (2007 - $4,250,261) of stock-based compensation charges as indicated below:

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

		$ 381,975	

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

Interest income of $603,094 (2007 - $248,591) reflects a full year of higher average cash balances resulting from the May, 2007 private placements. The Company also realized a gain on the sale of its interest in the South Estelle property of $89,246, with no comparable 2007 transaction.

Three months ended May 31, 2008 compared with three months ended May 31, 2007

For the three months period ended May 31, 2008, the Company incurred losses of $372,907 as compared to net losses of $2,216,684 for the same period of prior year. This reduced loss is primarily due to a decrease in stock-based compensation expenses.

General and administration (operating) expenses for the quarter totalled $847,038 compared to $1,995,056 in 2007. The major expenses categories consisted of consulting fee of $49,676 (2007 – $1,214,781), wages of $198,005 (2007 – $441,075), investor relations $294,523 (2007 - $92,762), professional fees of $75,179 (2007 - $14,574) and regulatory fees of $41,837 (2007 - $82,061). However, the most significant contributor to such decreased expenditures was the allocation of stock-based compensation expense to these categories, as follows:

Three months to May 31, 2008	Before allocation	Stock-based compensation	After Allocation
Consulting	$ 49,676	$ -	$ 49,676
Investor relations	263,585	30,938	$ 294,523
Salaries and wages	$ 198,005	-	$ 198,005
		$ 30,938	

Three months to May 31, 2007	Before allocation	Stock-based compensation	After Allocation
Consulting	$ 33,348	$ 1,181,433	$ 1,214,781
Investor relations	63,233	29,529	92,762
Salaries and wages	165,120	275,955	441,075
		$ 1,486,917	

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company' s ongoing operations have been predominantly financed by the sale of its equity securities by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements. However, the exercise of warrants is dependent primarily on the market price of the Company' s securities at or near the expiry date of such warrants (over which the Company has no control) and therefore there can be no guarantee that any existing warrants will be exercised. In addition, the Company can raise funding through the sale of interests in its mineral properties. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

As at May 31, 2008, the Company reported cash and cash equivalents of $10,859,942 compared to $21,908,273 as of May 31, 2007. The decrease in cash was mainly due to the mineral property acquisition and exploration costs of $10,139,179 incurred during the year.

As at May 31, 2008, the Company had working capital of $10,600,403, compared to a working capital of $21,163,884 as at May 31, 2007. The current cash and cash equivalents are sufficient to meet the Company' s anticipated cash requirements for the fiscal year ending May 31, 2009.

During the year ended May 31, 2008, the Company issued an aggregate of 1,699,663 common shares upon the exercise of outstanding warrants and options for cash proceeds of $1,209,275. Subsequent to the year-end, the Company issued 3,570,790 shares upon the exercise of warrants at $1.00 per share and 179,091 shares upon the exercise of warrants at $1.50 per share for the total proceeds of $3,839,427. In addition, the Company issued 135,815 shares pursuant to the exercise of agent' s options at $1.30 per share for the proceeds of $176,560.

On April 4, 2008 the Company sold its interest in its South Estelle, Alaska property to Millrock Resources Inc. for 650,000 common shares of Millrock, which it continues to hold. These shares were subject to a hold period which expired on August 15, 2008. The Company will consider disposing of these securities in order to raise cash for its operating purposes, however, lack of liquidity in the market for such securities may limit the extent to which this can be accomplished at a reasonable price.

The Company expects that it will operate at a loss for the foreseeable future and that it will require additional financing to fund further exploration of current mineral properties or to acquire additional mineral properties. The Company currently has no funding commitments or arrangements for additional financing at this time (other than the potential exercise of options or warrants) and, there is no assurance that the Company will be able to obtain additional financing on acceptable terms, if at all. The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Nevada, all of the Company' s cash reserves are on deposit with a major Canadian chartered bank or invested in GIC' s or Banker' s Acceptances issued by major Canadian chartered banks.

The following table discloses the Company' s contractual obligations for optional mineral property payments and work commitments and committed office and equipment lease obligations. The Company does not have any long-term debt or loan obligations. Under the terms of several of the Company' s mineral property option and purchase agreements and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company' s interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur and such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current properties and completes the earn-ins for all of its current option agreements, and that none of its joint venture partners contribute following the Company having exercised its existing options.

Contractual Obligations	**Payments Due by Period(6)**			
	Total	***Prior to May 31, 2009 (9 months)***	***June 1, 2009 to May 31, 2012 (36 months)***	***June 1, 2012 to May 31, 2015 (36 months)***
Mineral Property Leases(1)(3)(5)	9,314,025	1,156,535	3,976,925	4,180,565
Option Agreements(1)(2)(7)	3,779,300	120,000	3,659,300	Nil
Mining Claim Government Fees	5,249,935	729,925	2,061,225	2,458,785
Office and Equipment Lease Obligations(4)	486,000	54,000	216,000	216,000
Total Contractual Obligations	18,829,260	2,060,460	9,913,450	6,855,350

Notes:

1. Does not include value of common shares required to be issued, but does include work expenditures required to be incurred under underlying leases.

2. Includes the work expenditures required to be incurred by the Company in order to earn a 60% interest under the option with Redstar.
3. Does not include potential royalties that may be payable (other than annual minimum royalty payments).
4. Assumes that current office and storage leases are extended beyond current termination dates at the same terms.
5. Includes leases subject to option agreements with Redstar and AngloGold.
6. Assumes CAD and USD at par.
7. Assumes completion of acquisition of AngloGold interest in LMS and Terra properties (and consequent termination of existing option/joint venture agreements and earn-in expenditure requirements), and expenditures and payments necessary to complete earn-in to 60% in North Bullfrog and Painted Hills projects, but does not include any expenditures on a feasibility study as required to earn an additional 10% interest in these properties. Does not reflect 5% operator' s fee credited to the Company.

Transactions with Related Parties

During the year, the Company paid $498,681 (2007 - $419,986) in consulting, rent, management fees and salaries to officers, directors and companies controlled by directors of the Company, $62,750 (2007 - $25,110) in rent and management fees to a company with common officers and directors and $Nil (2007 - $Nil) in professional fees to a company controlled by a director of the Company. These figures do not include stock-based compensation.

At May 31, 2008, included in accounts payable and accrued liabilities was $Nil (2007 - $2,088) in expenses owing to the directors and officer of the Company and $18,032 (2007 - $Nil) to a company related by common directors.

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

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

Although the Company is currently investigating a number of additional property acquisitions, and is entertaining proposals for the option/joint venture of one or more of its properties, as at the date of this MD&A there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with.

Changes in Accounting Policies, including Initial Adoption

Effective June 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. These new standards have been adopted by the Company on a prospective basis with no restatement to prior period financial statements.

(a) Financial Instruments – Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company' s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income. All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company' s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to October 1, 2006 are recognized by adjusting opening deficit or opening accumulated other comprehensive income. All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

(b) Comprehensive Income (Section 1530)

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. The Company believes there is no material difference between comprehensive income (loss) and its net income (loss) for the period as reported.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates in the preparation of the Company's financial statements include the rates of amortization for equipment, the potential recovery of resource property interests, the assumptions used in the determination of the fair value of stock-based compensation and the determination of the valuation allowance for future income tax assets. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

Financial Instruments and Other Instruments

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

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted as part of the Company's continuous disclosure requirements is recorded, processed, summarized and reported, within the time periods specified by applicable regulatory authorities. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at May 31, 2008 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer, have concluded that, as of May 31, 2008, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Changes in Internal Control Over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company' s internal control over financial reporting during the year ended May 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company' s internal control over financial reporting.

Disclosure of Outstanding Share Data

Shares

The authorized share capital consists of 500,000,000 common shares without par value. As at May 31, 2008 there were 39,943,892 common shares issued and outstanding, and as at the date of this MD&A there were 43,829,588 shares outstanding.

Options

A summary of the outstanding options to acquire common shares as of May 31, 2008, and changes during the year, is presented below:

	Year ended May 31, 2008		**Year ended May 31, 2007**	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, opening:	4,313,296	$2.70	-	$ -
Granted: agent' s compensation options	-	$ -	498,748	$1.30
Granted	290,000	$1.52	2,830,000	$2.70
Granted: agent' s compensation options	-	$ -	488,360	$2.70
Granted	-	$ -	845,000	$2.95
Exercised	(14,121)	$1.30	(348,812)	$1.30
Options outstanding, ending:	4,589,175	$2.64	4,313,296	$2.70

Stock options outstanding are as follows:

	Year ended May 31, 2008			**Year ended May 31, 2007**			
	Expiry Date	Exercise Price	Number of Shares	Exercisable at Period End	Exercise Price	Number of Shares	Exercisable at Year End
August 4, 2008	$1.30	135,815	135,815	$1.30	149,936	149,936	
January 26, 2009	$2.70	2,830,000	2,830,000	$2.70	2,830,000	2,717,500	
May 9, 2009	$2.70	488,360	488,360	$2.70	488,360	488,360	
May 23, 2009	$2.95	845,000	845,000	$2.95	845,000	845,000	
January 16, 2010	$1.52	190,000	182,500	$1.52	-	-	
February 1, 2010	$2.15	100,000	25,000	$2.15	-	-	
		4,589,175	4,506,675		4,313,296	4,200,796	

Subsequent to May 31, 2008, following review and approval by the Company' s Compensation Committee, on July 16, 2008 the Board of Directors amended the expiry dates and exercise prices of an aggregate of 3,675,000 outstanding incentive stock options to extend the expiry date for up to eighteen months, such that all such options (which were originally granted for a period of two years and which have expiry dates ranging from January 26, 2009 to May 23, 2009) will now expire on July 16, 2010; and to reduce the exercise prices (which currently range from CAD 2.70 to 2.95, with a weighted average exercise price of CAD 2.75) to CAD 1.75. An aggregate of 2,405,000 of these options are held by insiders and, in accordance with the requirements of the TSX Venture Exchange' s policies, the amendments to such options are subject to the approval of the Company' s "disinterested" shareholders. Accordingly, approval to the amendments to these insider options will be sought at the 2008 annual general meeting of the shareholders of ITH to be held on Tuesday, October 21, 2008.

The Board of Directors believe that the stock option repricing is justified, as current management has been working steadily to deliver on its promise to create shareholder value (having identified significant inferred gold resources and currently pushing forward with an aggressive exploration programs to increase those resources and identify additional ones) but the results, and the value thereby created, are not being appropriately recognized in the current market or reflected in the Company' s share price through no fault of management. The Directors are therefore of the view that the resetting of the exercise price of these options will restore the appropriate incentive to management that the grant of stock options is intended to provide.

Warrants

Warrant transactions are summarized as follows:

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

Warrants outstanding are as follows:

	Year ended May 31, 2008		**Year ended May 31, 2007**	
Expiry date	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
October 21, 2007	-	$0.26	950,000	$0.26
August 4, 2008	3,572,954	$1.00	3,891,743	$1.00
August 4, 2008	2,247,492	$1.50	2,656,020	$1.50
August 4, 2008 - commission warrants	47,478	$1.50	55,703	$1.50
May 9, 2009	7,304,500	$3.00	7,304,500	$3.00
May 9, 2009 - commission warrants	212,242	$3.00	212,242	$3.00
Warrants exercisable, end of year	13,384,666	$2.21	15,070,208	$2.04

Additional Sources of Information

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

Form 52-109F1 ***Certification of Annual Filings***

I, ***Jeffery Pontius, Chief Executive Officer of International Tower Hill Mines Ltd.*** *›*, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of International Tower Hill Mines Ltd. (the issuer) for the period ending May 31, 2008;

2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings;

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings;

4. The issuer' s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared;

   (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer' s GAAP; and

   (c) evaluated the effectiveness of the issuer' s disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation; and

5. I have caused the issuer to disclose in the annual MD&A any change in the issuer' s internal control over financial reporting that occurred during the issuer' s most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer' s internal control over financial reporting.

August 29, 2008

______*"Jeffery Pontius"*______
Jeffery Pontius, CEO

Form 52-109F1 ***Certification of Annual Filings***

I, ***Michael Kinley, Chief Financial Officer of International Tower Hill Mines Ltd.*** ›, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of International Tower Hill Mines Ltd. (the issuer) for the period ending May 31, 2008;

2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings;

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings;

4. The issuer' s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared;

   (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer' s GAAP; and

   (c) evaluated the effectiveness of the issuer' s disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation; and

5. I have caused the issuer to disclose in the annual MD&A any change in the issuer' s internal control over financial reporting that occurred during the issuer' s most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer' s internal control over financial reporting.

August 29, 2008

_____*"Michael Kinley"*______
Michael Kinley, CFO