

Consolidated financial statements of

Tyhee Development Corp.

November 30, 2008 and 2007

Tyhee Development Corp.

November 30, 2008 and 2007

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Auditors' report

To the Shareholders of
Tyhee Development Corp.

We have audited the consolidated balance sheets of Tyhee Development Corp. as at November 30, 2008 and 2007 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. 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 November 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP

Chartered Accountants
February 5, 2009

Tyhee Development Corp.

Consolidated statements of operations, comprehensive loss and deficit
years ended November 30, 2008 and 2007

	2008	2007
	\$	\$
Administrative expenses		
Stock-based compensation	1,287,681	415,934
Investor relations (Note 13)	331,085	433,400
Consulting	262,390	270,040
Amortization	246,384	265,917
Salaries and benefits	194,426	185,976
Flow through Part XII.6 tax (Note 10 (a))	102,957	-
Professional fees	88,512	71,460
General corporate	76,533	80,147
Rent	56,392	51,731
Transfer agent and filing fees	17,155	15,470
Travel	11,495	8,489
Telephone	7,550	6,726
	2,682,560	1,805,290
Other expenses (income)		
Write-off of plant and equipment	11,352	-
Interest expense	9,765	14,899
Write-off of exploration properties	-	316,824
Foreign exchange (gain) loss	(29,056)	395
Interest income	(186,745)	(106,274)
	(194,684)	225,844
Loss before income taxes	(2,487,876)	(2,031,134)
Income tax recovery (Note 12)	1,667,971	1,158,848
Net loss and comprehensive loss (Note 3 (n))	(819,905)	(872,286)
Deficit, beginning of year	(18,003,265)	(17,130,979)
Deficit, end of year	(18,823,170)	(18,003,265)
Loss per share - basic and diluted	0.00	0.01
Weighted average number of shares outstanding	165,637,693	128,468,477

Tyhee Development Corp.

Consolidated balance sheets

as at November 30, 2008 and 2007

	2008	2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,669,436	3,507,332
Amounts receivable	42,037	150,368
Inventory (Note 6)	263,010	231,650
Prepaid expenses and advances	42,853	91,547
	3,017,336	3,980,897
Security deposits (Note 7)	474,000	406,500
Plant and equipment (Note 8)	784,987	838,813
Exploration properties (Note 9)	43,646,610	32,436,282
	47,922,933	37,662,492
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	258,549	818,863
Asset retirement obligation	490,000	200,000
Future income tax liability (Note 12)	1,124,306	-
	1,872,855	1,018,863
Shareholders' equity		
Share capital		
Authorized		
Unlimited common shares without par value		
Issued (Note 10)		
169,063,327 (2007 - 144,691,279) common shares	61,077,210	52,094,422
Contributed surplus (Note 10)	3,796,038	2,552,472
Deficit	(18,823,170)	(18,003,265)
	46,050,078	36,643,629
	47,922,933	37,662,492

Going concern (Note 1)

Approved by the Directors

(Signed) David R. Webb

David R. Webb, Director

(Signed) Roger G. Sylvestre

Roger G. Sylvestre, Director

Tyhee Development Corp.

Consolidated statements of cash flows

years ended November 30, 2008 and 2007

	2008	2007
	\$	\$
Operating activities		
Net loss	(819,905)	(872,286)
Add (deduct) items not affecting cash		
Amortization	246,384	265,917
Income tax recovery	(1,667,971)	(1,158,848)
Stock-based compensation	1,287,681	415,934
Write-off of plant and equipment	11,352	-
Write-off of exploration property	-	316,824
	(942,459)	(1,032,459)
Changes in non-cash operating working capital		
Amounts receivable	108,331	153,310
Inventory	(31,360)	53,780
Prepaid expenses and advances	48,694	26,109
Accounts payable and accrued liabilities	46,013	25,452
	(770,781)	(773,808)
Investing activities		
Security deposits	(67,500)	5,500
Purchases of plant and equipment	(203,910)	(193,140)
Additions to exploration properties, net of amounts		
in accounts payable at year end	(11,458,670)	(8,329,749)
Acquisition of exploration properties	(47,535)	(85,142)
	(11,777,615)	(8,602,531)
Financing activities		
Issuance of shares, net of issue costs, for		
Private placements	6,903,163	6,575,899
Warrants	4,807,337	3,234,538
Stock options	-	109,665
	11,710,500	9,920,102
(Decrease) increase in cash and cash equivalents	(837,896)	543,763
Cash and cash equivalents, beginning of year	3,507,332	2,963,569
Cash and cash equivalents, end of year	2,669,436	3,507,332
Cash and cash equivalents is comprised of the following		
Cash	777,802	3,507,332
Term deposits	1,891,634	-
	2,669,436	3,507,332
Non-cash financing activities		
Issuance of common shares for mineral property	20,450	20,450
Supplemental cash flow information		
Interest paid	9,765	14,899

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

1. Going concern

Tyhee Development Corp. (the "Company") is an advanced exploration enterprise with no ongoing revenues. The Company is in the process of exploring its various exploration properties, all of which are located in Canada.

These consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company's ability to proceed with the next planned phase of the project and to continue as a going concern is dependent upon its ability to attract significant cash investments and ultimately upon attaining future profitable operations.

The financial markets throughout the world have experienced a dramatic decline which has affected the market value of the Company's shares. The decline in equity markets and value of the Company's shares may affect its ability to finance further exploration for the foreseeable future. There is sufficient cash in the treasury to maintain the Company as a going concern for the foreseeable future based on its current reduced level of operations.

If the going concern basis was not appropriate for these financial statements, then significant adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications.

2. Changes in accounting policies

(a) Accounting policies implemented effective December 1, 2007

On December 1, 2007, the Company adopted Handbook Section 3031, *Inventories* ("Section 3031") and new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1535, *Capital Disclosures* ("Section 1535"), *Financial Instruments - Disclosures* ("Section 3862"), Handbook Section 3863, *Financial Instruments - Presentation* ("Section 3863") and Handbook Section 1400, *General Standards of Financial Statements Presentation* ("Section 1400").

(i) Capital disclosures

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new disclosures are included in Note 4.

(ii) Financial instruments disclosures and presentation

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments - Disclosures and Presentation*, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and the extent of risks arising from financial instruments and how the entity manages those risks. The new disclosures pursuant to these new Handbook sections are included in Note 6.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

2. Changes in accounting policies (continued)

(a) *Accounting policies implemented effective December 1, 2007 (continued)*

(iii) Inventories

Under Section 3031, inventories are required to be measured at the "lower of cost and net realizable value". Costs such as storage costs and administrative overhead that do not contribute to bringing inventories to their present location and condition are specifically excluded from the cost of inventories and expensed in the period. The new standard also requires additional disclosures. The Company adopted Section 3031 without restatement of the results of operations of prior periods. This section provides more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. There was no material impact on the Company's financial condition or operating results and disclosures as a result of the adoption of Section 3031. The amount of inventory consumed during the period is reported as an increase in exploration properties.

(iv) General standards of financial statements presentation

Section 1400 includes requirements for management to assess and disclose an entity's ability to continue as a going concern. There was no material impact on the Company's financial condition or operating results and disclosures as a result of the adoption of Section 1400.

(b) *Accounting policies to be implemented*

(i) In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, and amended Section 1000, *Financial Statement Concepts*, clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The standard is effective for fiscal years beginning on or after October 1, 2008 and early adoption is permitted. The Company is currently evaluating the impact these sections will have on our results of operations and financial position.

(ii) In January 2006, the CICA adopted a strategic plan for the direction of accounting standards in Canada. Accounting standards for public companies in Canada will converge with the International Financial Reporting Standards ("IFRS") by 2011 and the Company will be required to report according to IFRS standards in the year ended December 31, 2011. The Company is currently assessing the impact of the convergence of Canadian GAAP with IFRS on the results of operations, financial position and disclosures.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

3. Significant accounting policies

(a) *Basis of consolidation*

The consolidated financial statements include the accounts of the Company, a British Columbia company, and its 100% owned subsidiary, Tyhee N.W.T. Corp., a Northwest Territories registered company.

Intercompany transactions and balances have been eliminated upon consolidation.

(b) *Measurement uncertainty*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates relate to the carrying value of mineral properties and deferred exploration costs, provision for future site restoration costs and determination of stock-based compensation charges. Actual results could differ from those estimates.

(c) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on deposit and highly liquid securities with interest rates of 2% and 2.42% per year and have maturities of three months or less from the date of issue.

(d) *Inventory*

Inventory is comprised of diesel, gasoline and propane and is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out method of accounting. During the current fiscal year, the amount of inventory consumed during the period is reported as an increase in exploration properties.

(e) *Plant and equipment*

Plant and equipment include office furniture, automobiles and various equipment that are stated at cost and amortized at 20% to 45% per annum on a declining balance basis. Leasehold improvements are capitalized and amortized over the term of the lease on a straight line basis.

(f) *Exploration properties*

The investigation, pre-acquisition costs, costs of acquiring mineral properties and the related exploration and development expenses are deferred and allocated to individual properties until the properties are brought into production, at which time they are amortized on a unit-of-production basis, or until the properties are abandoned or sold, at which time the costs are charged to operations.

Management reviews the carrying value of each property on a regular basis. This review generally is made by reference to the timing of exploration and/or development work, work programs proposed, the exploration results achieved by Tyhee and by others, and, in the case of producing properties, the estimated future operating results and net cash flows. When the carrying value of a property is estimated to exceed its net recoverable amount, provision is made for the decline in value.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

3. Significant accounting policies (continued)

(g) *Impairment of long-lived assets*

The Company reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or has been impaired. The determination of any impairment would be based on a comparison of estimated future cash flows anticipated to be generated during the remaining life of the asset to the net carrying value of the asset. If impairment is determined, assets held for use are written down to their fair values.

(h) *Asset retirement obligation*

CICA Handbook, Section 3110, *Asset Retirement Obligations*, focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for the accretion of discount and any changes in the underlying cash flows. The asset retirement cost is capitalized to the related asset and amortized into the statement of operations over time. Environmental expenditures relating to clean up are charged to the statement of operations as incurred during the exploration phase. Significant environmental expenditures to be incurred subsequent to the cessation of exploration are accrued when their extent can be reasonably estimated. The Company has estimated (before discounting) and recorded the fair value of this liability as it is uncertain when the Company will be required to commence the remediation process. The increase in the liability from the prior year reflects increases in the estimated fair value of the liability.

(i) *Income taxes*

The fundamental principle of "future income taxes" is that an enterprise recognizes a future income tax liability whenever recovery or settlement of the carrying amount of an asset or liability would result in future income tax outflows. Similarly, an enterprise recognizes a future income tax asset whenever recovery or settlement of the carrying amount of an asset or liability would generate future income tax reductions. An extension of this fundamental principle is that in the case of unused tax losses, income tax reductions, and certain items that have a tax basis but cannot be identified with an asset or liability on the balance sheet, the recognition of future income tax benefits is determined by reference to the likely realization of a future income tax reduction.

(j) *Stock options*

The Company accounts for all grants of options to employees, non-employees and directors in accordance with the fair value method for accounting for stock-based compensation as defined by accounting principles generally accepted in Canada. Stock-based compensation expense is calculated using the Black-Scholes option pricing model. The resulting value is charged to the income statement and the contributed surplus account is increased.

(k) *Foreign currency translation*

Transactions denominated in a foreign currency are translated using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the rate in effect on the balance sheet date. Other balance sheet items and revenues and expenses are translated at the rates prevailing on the respective transaction dates. Exchange gains and losses related to monetary items are charged to the statement of operations.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

3. Significant accounting policies (continued)

(l) *Loss per share*

The basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed to give effect to the incremental common shares issuable upon the exercise of stock options and warrants. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method only "in-the-money" dilutive instruments impact the dilution calculations.

(m) *Financial instruments*

The Company classifies its financial instruments into one of the following categories: held-for-trading (assets and liabilities), available-for-sale (assets), loans and receivables, held-to-maturity (assets) and other financial liabilities. All financial instruments are measured at fair value on initial recognition.

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Deposits are classified as held-to-maturity, and are measured at amortized cost. Accounts payable are classified as other liabilities, which are measured at amortized cost.

(n) *Comprehensive income*

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. The Company had no other comprehensive income or loss transactions during the years ended November 30, 2008 and 2007, and no opening or closing balances for "accumulated other comprehensive income or loss". During the years ended November 30, 2008 and 2007, comprehensive loss was equal to net loss.

4. Capital management

The Company's objectives when managing capital are to:

- (a) safeguard the Company's ability to continue as a going concern;
- (b) maintain sufficient capital to develop and explore the Company's mineral properties; and
- (c) provide sufficient funds for the Company's corporate activities.

The capital of the Company consists of the items included in shareholder's equity. The Company is able to sustain its operations at its current reduced level, and in order to carry out the Company's planned exploration and development programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. The Company has historically relied on equity financings to finance its exploration properties. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process. The Company is not subject to any externally imposed capital requirements.

The Company is subject to its flow through obligations to investors, which require it to use the funds raised through the issue of "flow through shares" on exploration expenditures.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

5. Financial instruments

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include currency, credit, interest rate and liquidity risks. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) *Credit risk*

The Company manages credit risk by investing its cash with Canadian chartered banks. The Company's other assets consist primarily of tax receivables due from the federal government. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

Credit risk has not changed significantly from the prior year.

(b) *Interest rate risk*

The Company's interest income earned on cash and cash equivalents is exposed to interest rate risk.

(c) *Currency risk*

The Company is exposed to currency risk on a U.S. dollar bank account it holds. At November 30, 2008, the Company held \$21,282 in U.S. dollars. The Company does not have a formal policy to manage currency risk, however management actively monitors movements in foreign currency and forecasts foreign currency payments.

(d) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity or debt financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash inflow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned development, exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's exploration properties.

Liquidity risk has not changed significantly from the prior year.

Accounts payable and accrued liabilities are generally settled within 30 days.

6. Inventory

At November 30, 2008, the inventory consists of diesel, gasoline and propane and amounted to \$263,010 (2007 - \$231,650). During the current fiscal year, inventory purchases amounted to \$396,210 and, based on consumption, an amount of \$364,850 was charged to exploration properties in the current year. Cost of inventory includes amounts paid to the supplier including transportation costs, and is measured using the first-in, first-out ("FIFO") method.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

7. Security deposits

	2008	2007
	\$	\$
Mackenzie Valley Land and Water Board	474,000	406,500

Security deposits of \$474,000 in cash have been posted with the Mackenzie Valley Land and Water board for land use permits and a water license for the Company's exploration properties. In the current fiscal year, a \$75,000 security deposit was posted for a land use permit on the Company's BigSky Property and a security deposit of \$7,500 on the BigSky property was refunded.

8. Plant and equipment

	2008		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Automobiles	262,920	165,868	97,052
Boats and canoes	14,465	8,564	5,901
Camp facilities	330,781	188,943	141,838
Computer/electronic equipment	101,566	75,528	26,038
Data network infrastructure	36,744	25,823	10,921
Leasehold improvements	3,120	2,427	693
Mining equipment	920,063	438,306	481,757
Office furniture	56,694	35,907	20,787
	1,726,353	941,366	784,987

	2007		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Automobiles	273,919	133,524	140,395
Boats and canoes	14,465	7,522	6,943
Camp facilities	328,814	142,762	186,052
Computer/electronic equipment	111,161	71,057	40,104
Data network infrastructure	33,537	21,142	12,395
Leasehold improvements	3,120	1,387	1,733
Mining equipment	752,882	317,030	435,852
Office furniture	50,119	34,780	15,339
	1,568,017	729,204	838,813

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

9. Exploration properties

	Yellowknife Gold Project						
	Ormsby, Nicholas Lake, Bruce Lake	Goodwin Lake Property	Clan Lake Property	Total	BigSky Property	Other properties	Total
	\$	\$	\$	\$	\$	\$	\$
November 30, 2006							
Acquisition	649,655	19,176	-	668,831	27,758	127,438	824,027
Exploration	22,737,484	-	-	22,737,484	30,316	189,387	22,957,187
	23,387,139	19,176	-	23,406,315	58,074	316,825	23,781,214
Write-offs/adjustments							
Acquisitions	-	-	-	-	-	(127,437)	(127,437)
Exploration	-	-	-	-	-	(189,387)	(189,387)
	-	-	-	-	-	(316,824)	(316,824)
Additions							
Acquisition	24,802	11,689	21,350	57,841	45,071	2,680	105,592
Exploration							
Assaying/preparation	1,259,280	16,874	15,665	1,291,819	24,754	-	1,316,573
Camp costs	618,435	20,166	28,602	667,203	28,225	-	695,428
Drilling	2,780,579	-	-	2,780,579	49,336	-	2,829,915
Equipment rentals/repairs	84,099	320	-	84,419	325	-	84,744
Environmental	573,390	-	-	573,390	-	-	573,390
Flights/travel	408,022	128,779	135,770	672,571	263,468	9,295	945,334
Geology	627,556	32,881	193,902	854,339	135,084	88	989,511
Project management	340,173	27,356	27,752	395,281	42,448	867	438,596
Property holding costs	23,657	-	-	23,657	675	-	24,332
Supplies (operating)	470,605	9,997	19,457	500,059	14,060	-	514,119
Reports	326,087	-	18,371	344,458	-	-	344,458
Winter road	109,900	-	-	109,900	-	-	109,900
	7,621,783	236,373	439,519	8,297,675	558,375	10,250	8,866,300
November 30, 2007							
Acquisition	674,457	30,865	21,350	726,672	72,829	2,681	802,182
Exploration	30,359,267	236,373	439,519	31,035,159	588,691	10,250	31,634,100
	31,033,724	267,238	460,869	31,761,831	661,520	12,931	32,436,282
Additions							
Acquisition	20,140	10,250	3,178	33,568	34,416	-	67,984
Exploration							
Assaying/preparation	350,708	141,026	321,204	812,938	179,308	-	992,246
Camp costs	330,515	76,461	244,010	650,986	233,868	-	884,854
Drilling	1,041,501	540,910	1,345,101	2,927,512	1,102,701	-	4,030,213
Equipment rentals/repairs	53,379	-	6,351	59,730	38,584	400	98,714
Environmental	1,011,355	-	-	1,011,355	5,493	-	1,016,848
Flights/travel	229,605	278,367	533,253	1,041,225	536,086	3,160	1,580,471
Geology	300,298	114,960	306,394	721,652	194,903	822	917,377
Project management	225,924	37,957	117,981	381,862	68,522	-	450,384
Property holding costs	9,594	165	425	10,184	1,667	-	11,851
Supplies (operating)	402,318	48,761	54,990	506,069	112,681	-	618,750
Reports	303,518	1,389	44,370	349,277	63,134	-	412,411
Winter road	128,225	-	-	128,225	-	-	128,225
	4,386,940	1,239,996	2,974,079	8,601,015	2,536,947	4,382	11,142,344
November 30, 2008							
Acquisition	694,597	41,115	24,528	760,240	107,245	2,681	870,166
Exploration	34,746,207	1,476,369	3,413,598	39,636,174	3,125,638	14,632	42,776,444
	35,440,804	1,517,484	3,438,126	40,396,414	3,232,883	17,313	43,646,610

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

9. Exploration properties (continued)

Yellowknife Gold Project

(a) *Ormsby, Nicholas Lake and Bruce Lake*

The Company has a 100% interest in Ormsby, Nicholas Lake and Bruce Lake that consist of 14 mineral leases and two mineral claims. The project is located 90 km north of Yellowknife, Northwest Territories, Canada.

A net smelter royalty was payable to David R. Webb, President and CEO of the Company. In the current fiscal year, Mr. Webb sold his royalty interest to Giauque Holdings Ltd., a private company in which Mr. Webb is also a director and officer. The terms of the net smelter return royalty ("NSR") are as follows:

For the period beginning on the commencement of commercial production and expiring on the earlier of:

- (i) Recovery of the capital costs (without interest) incurred by the Company in constructing the mining facilities and processing, treatment and other capital facilities, and
- (ii) The fifth anniversary of the commencement of commercial production,

the percentage of the NSR will be 0.75%.

Thereafter, the percentage will be 1% to 2.25%, depending on the monthly average gold price (with 2.25% applicable at a monthly average gold price greater than US\$500 per ounce).

The Company has agreed, that commencing in April 2004 and on every anniversary thereafter, to advance to Giauque, a non-refundable minimum payment of US\$20,000 which is deductible from the NSR described above. These advance payments have been paid to date.

A total of 914.10 hectares of new claims have been added since 2006. The NSR agreement with Giauque does not include the new claims.

To November 30, 2008, the Company has spent \$35,440,804 on acquisition and exploration of Ormsby, Nicholas Lake and Bruce Lake.

(b) *Goodwin Lake Property*

The Goodwin Lake property is located 60 km north of Yellowknife, Northwest Territories, Canada and is comprised of four mineral claims and covers approximately 722 hectares (1,780 acres).

The Company optioned three of the mineral claims in November 2006 from an arm's length, Yellowknife-based prospector for 85,000 shares issuable over two years and a 2% NSR, half of which may be purchased by the Company for \$1 million. The final 25,000 shares were issued on November 4, 2008 at \$0.41 per share for a gross value of \$10,250 in accordance with the terms of the property option agreement dated November 9, 2006.

To November 30, 2008, the Company has spent \$1,517,484 on the acquisition and exploration of the Goodwin Lake Property.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

9. Exploration properties (continued)

Yellowknife Gold Project (continued)

(c) Clan Lake Property

The Clan Lake property is located 50 km north of Yellowknife, Northwest Territories, Canada. It is comprised of seven mineral claims, staked by the Company in fiscal 2007 and 2008, totalling approximately 2,809 hectares (6,935 acres).

At November 30, 2008, the Company has spent \$3,438,126 on the acquisition and exploration of the Clan Lake property.

BigSky Property

The BigSky property is located 17 km north of Yellowknife, Northwest Territories, Canada. The property is comprised of five mining leases covering 137 hectares (338 acres) and 20 claims totalling 1,853 hectares (4,579 acres).

The Ken claims, covering 193 hectares (477 acres) includes a 2% NSR, one-half of which can be purchased by the Company for \$500,000 at any time.

The Company entered into a property option agreement to acquire the Blue Claims covering 588 hectares (1,453 acres) with an arm's length Yellowknife businessman on January 15, 2007. The consideration was 60,000 common shares and a 2% NSR, of which one-half may be purchased by the Company for \$500,000. The Company has issued the first two payments totalling 40,000 shares at \$0.51 per share for a gross value of \$20,400. (20,000 shares were issued on February 22, 2008 at \$0.51 per share.) An additional 20,000 shares are payable on or before February 12, 2009.

During the current year, the Company purchased a 100% interest in five mining leases (Oro Lake Property) adjacent to and forming part of the BigSky Property for a one-time payment of \$20,000. The Company will return the mining leases to the seller if the Company no longer wishes to retain the mining leases or fails to expend \$100,000 on the leases within five years of the date of the agreement for the purchase of the leases. During the current year, the Company has expended approximately \$42,000 in exploration expenditures on these leases.

To November 30, 2008, the Company has spent \$3,232,883 on acquisition and exploration of the BigSky Property.

Other properties

At November 30, 2008, the Company has incurred an additional \$17,313 on acquisition and exploration expenditures to assess other potential targets in the Yellowknife area. In 2007, the Company assessed the carrying value of the Longtom Property and determined to write down the property by \$314,999 to a carrying value of \$1.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

10. Share capital

	Number	Amount	Contributed surplus
		\$	\$
Balance, November 30, 2006	114,999,799	43,565,669	1,883,587
Issued during the year for cash - private placements	15,611,054	6,239,344	336,555
Exercise of warrants for cash	13,510,926	3,264,945	(30,407)
Exercise of options for cash	524,500	162,862	(53,197)
Issued during the year for mineral property	45,000	20,450	-
Renunciation of flow through shares	-	(1,158,848)	-
Stock-based compensation	-	-	415,934
Balance, November 30, 2007	144,691,279	52,094,422	2,552,472
Issued during the year for cash - private placement	9,999,931	6,903,163	-
Exercise of warrants for cash	14,327,117	4,851,452	(44,115)
Exercise of options for cash	-	-	-
Issued during the year for mineral property	45,000	20,450	-
Renunciation of flow through shares	-	(2,792,277)	-
Stock-based compensation	-	-	1,287,681
Balance, November 30, 2008	169,063,327	61,077,210	3,796,038

(a) Private placement

On December 13, 2007, the Company issued a total of 9,999,931 common shares, designated as flow through shares, at a price of \$0.75 for gross proceeds of \$7,499,948. Share issue costs were \$596,785, which included 7% cash commission paid to a brokerage firm. TSX Venture Exchange approval was received on December 19, 2007.

The Company incurred Part XII.6 tax of \$102,957 (2007 - \$Nil) on the monthly unspent portions of the proceeds from its flow through financing.

(b) Share purchase warrants

	2008	2007
Warrants outstanding, beginning of year	16,711,617	34,885,833
Warrants issued during the year	-	2,080,500
Warrants exercised	(14,327,117)	(13,510,926)
Warrants expired	(2,384,500)	(6,743,790)
Warrants outstanding, end of year	-	16,711,617

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

10. Share capital (continued)

(c) Stock options

The Company has adopted a stock option plan (the "Plan") available to eligible persons, whereby a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. Options issued under the Plan vest immediately, except certain options which vest over a 12 month period. The minimum exercise price of a stock option cannot be less than the applicable closing market price of the Company's shares on the date prior to the stock option grant. Options issued under the Plan have a maximum life of five years from the date of grant.

	2008		2007	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	11,640,000	0.35	10,475,100	0.34
Granted	5,114,000	0.51	2,026,000	0.42
Exercised	-	-	(524,500)	0.21
Expired	(1,469,000)	0.45	(336,600)	0.51
Outstanding, end of year	15,285,000	0.40	11,640,000	0.35

At November 30, 2008, the following stock options were outstanding and exercisable:

Date of grant	Options outstanding			Options exercisable	
	Number of shares outstanding	Exercise price	Expiry date	Number of shares exercisable	Exercise price
		\$			\$
February 6, 2004	150,000	0.50	February 6, 2009	150,000	0.50
September 3, 2004	780,000	0.38	September 3, 2009	780,000	0.38
March 2, 2005	1,393,000	0.45	March 2, 2010	1,393,000	0.45
May 16, 2005	190,000	0.33	May 16, 2010	190,000	0.33
March 21, 2006	3,782,000	0.21	March 21, 2011	3,782,000	0.21
October 25, 2006	2,000,000	0.42	October 25, 2011	2,000,000	0.42
June 27, 2007	1,876,000	0.41	June 27, 2012	1,876,000	0.41
December 14, 2007	3,276,000	0.58	December 14, 2012	3,276,000	0.58
July 21, 2008	1,688,000	0.38	July 21, 2013	1,688,000	0.38
September 15, 2008	150,000	0.38	September 15, 2013	-	0.38
	15,285,000	0.40		15,135,000	0.40

At November 30, 2008, the average remaining contractual life was 2.99 years (2007 - 3.29 years).

Stock-based compensation expense of \$1,287,681 was recorded for the year ended November 30, 2008 (2007- \$415,934) and added to contributed surplus in shareholders' equity. The weighted average fair value of stock options granted during the year ended November 30, 2008 was \$0.25 per share (2007 - \$0.21 per share).

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

10. Share capital (continued)

(c) *Stock options (continued)*

The fair value of stock options is estimated using the Black-Scholes option pricing model with the following assumptions:

	2008	2007
Risk free interest rate	2.76 - 3.96%	4.16 - 4.64%
Annual dividends	Nil	Nil
Expected stock volatility	75 - 89%	74 - 84%
Expected life	3 years	3 years

11. Related party transactions

These transactions were in the normal course of operations and were measured at the exchange amount.

(a) Related party transactions with a director and companies controlled by directors for the year ended November 30:

	2008	2007
	\$	\$
Consulting fees		
Roger's Drilling Services Inc. ("RDS")	144,100	163,260
DRW Geological Consultants Ltd. ("DRW")	157,200	177,420
	301,300	340,680

An amount of \$145,070 (2007 - \$185,080) has been recorded as consulting fees; the balance of fees relating to RDS and DRW have been charged to exploration properties for time spent managing operations, administration and review of properties.

(b) The following transactions were also included in the financial statements for the year ended November 30, 2008:

- An amount of \$117,320 (2007 - \$84,960) was paid in consulting fees to the Chief Financial Officer of the Company.
- An amount of \$55,124 (2007 - \$116,603) was charged in legal fees by a legal firm of which a partner is an officer of the Company.
- An advance NSR payment of \$20,140 (US\$20,000) was paid to a private company for which David Webb (President and Chief Executive Officer of Tyhee) is a director and officer.

(c) Of the 9,999,931 flow through shares issued on December 13, 2007 at a price of \$0.75 per unit, Mr. Roger Sylvestre, Executive Vice-President, and Mr. Lorne Anderson, Chief Financial Officer of the Company, participated in the private placement for 15,000 and 50,000 flow through shares, respectively.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

11. Related party transactions (continued)

(d) Directors' fees (included in salaries and benefits) are as follows:

	2008	2007
	\$	\$
Denis M. Taschuk	17,000	14,500
William D. Burton	15,500	13,750
Dave Nickerson	14,000	13,000
	46,500	41,250

(e) Included in accounts payable and accrued liabilities at November 30, 2008 are the following balances with directors and officers and companies controlled by directors:

	2008	2007
	\$	\$
Roger G. Sylvestre	5,571	-
DRW Geological Consultants Ltd.	1,615	25,920
Roger's Drilling Services Inc.	-	23,760
Lorne B. Anderson	-	14,803
Dave Nickerson	-	1,285
	7,186	65,768

12. Income taxes

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	2008	2007
	\$	\$
Statutory tax rate	31.00%	34.12%
Recovery relating to income taxes computed at statutory rates	771,242	693,023
Non-deductible stock-based compensation	(399,181)	(141,917)
Tax effect of flow through renunciation	2,792,277	1,158,848
Tax benefit not recognized in prior year	(1,496,367)	(551,106)
	1,667,971	1,158,848

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

12. Income taxes (continued)

The approximate tax effect of each type of temporary difference that gives rise to the Company's future income tax liability are as follows:

	2008	2007
	\$	\$
Net operating loss carryforwards	1,878,217	1,771,530
Exploration expenditures	(3,633,501)	(898,371)
Share issue costs	322,062	399,824
Capital assets	308,916	283,773
	(1,124,306)	1,556,756
Less: Valuation allowance	-	(1,556,756)
	(1,124,306)	-

At November 30, 2008, the Company has available losses that may be carried forward to apply against future income for tax purposes as follows:

Expiry date	Amount
	\$
2009	30,587
2010	558,436
2014	916,618
2015	1,292,390
2016	1,256,249
2027	1,571,145
2028	1,598,488

The exploration expenditures funded by the 2008 flow through share issuances were renounced for tax purposes in fiscal 2008. The renouncement has resulted in a \$2,792,277 (2007 - \$1,158,848) income tax recovery and an equal reduction in shareholders' equity. The future income tax liability has offset this income tax recovery by \$1,124,306 and a future income tax liability has been recorded for the same amount.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

13. Investor relations

	2008	2007
	\$	\$
Shows and conventions	131,366	112,655
Advertising	45,147	41,449
Travel	39,328	99,331
Consultants' fees and expenses	29,753	84,365
Annual general meeting	29,099	33,953
Materials	21,138	21,411
Meals and entertainment	16,866	17,711
News releases	10,895	14,490
Telephone	4,457	5,538
Subscriptions and dues	2,117	1,708
Other	919	789
	331,085	433,400

14. Commitments

- (a) The Company entered into a lease agreement for head office premises for a term of five years ending May 31, 2006. On June 1, 2005, the Company renewed and amended the lease agreement for a further term of three years ending May 31, 2009. The aggregate minimum future annual rental under the lease for the year ended November 30, 2009, including utilities, is \$28,562.
- (b) Annual lease payments of \$17,000 are required to keep the Company's mining properties in good standing.
- (c) A non-refundable advance NSR of US\$20,000 is payable yearly, as described in Note 9 (a).

15. Guarantees

Guarantees the Company has provided to third parties are as follows:

- (a) The Company entered into indemnity agreements with its directors/officers. Under the agreements, the Company will indemnify and save harmless the indemnitee from and against any and all claims, proceedings, whether civil, criminal, quasi-criminal or administrative, of every nature and kind whatsoever made or brought at any time against the indemnitee by reason that the indemnitee is or was a director of the Company or a subsidiary provided that, at all relevant times, the indemnitee acted honestly and in good faith with a view to the best interests of the Company and, in the case of a criminal or administrative action or proceeding, had reasonable grounds for believing that the indemnitee's conduct was lawful.
- (b) The Company also entered into flow through subscription agreements with subscribers in which the Company agreed to indemnify and save the subscriber harmless for the full amount of any additional tax payable by the subscriber under the Income Tax Act or the laws of any province of Canada as a consequence of any failure of the Company to renounce an amount to the subscriber as required under the agreement.

Tyhee Development Corp.

Notes to the consolidated financial statements

November 30, 2008 and 2007

16. Subsequent events

On December 15, 2008, the Company granted 1,378,000 options with an exercise price of \$0.18 per option and expiring on December 15, 2013 to directors, officers and employees of the Company.

On December 31, 2008, the Company issued 2,242,856 common shares on a flow through basis at a price of \$0.21 per flow through share for proceeds of \$471,000. A finder's fee was paid consisting of \$36,000 cash and 128,571 warrants to purchase common shares at a price of \$0.21 per share. The warrants can be exercised at any time on or before December 31, 2009. All securities issued in connection with the private placement are subject to a hold period which expires May 1, 2009. Final TSX Venture Exchange acceptance was received on January 6, 2009.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

The following is a discussion and analysis of the consolidated financial condition and operating results of Tyhee Development Corp. (the "Company") for the year ended November 30, 2008.

Some of the statements set forth are forward-looking statements relating to the Company's expected future operating results based on the information available to the Company at February 5, 2009. These forward-looking statements are subject to a variety of risks, uncertainties and other factors including, but not limited to, changes in government legislation, regulations and corporate assumptions. The actual results may vary from the results anticipated in these statements. The effective date of this report is February 5, 2009.

Description of Business

Tyhee Development Corp. is an advanced exploration company that trades on the TSX Venture Exchange under the symbol TDC. The Company is a reporting issuer in British Columbia, Alberta and Ontario. Its focus is the exploration and development of mineral resource properties, located in politically and socially stable environments, where there is a reasonable expectation of identifying a world-class deposit. The Company strives to increase shareholder value by advancing projects in a manner that optimizes the potential of a property while minimizing costs.

All properties and licenses are owned by Tyhee NWT Corp., a wholly-owned subsidiary of Tyhee Development Corp.

Overview

Tyhee is pleased with the progress on all properties this year. Highlights started with drill programs on all three of our exploration properties. The initial encouraging results obtained from BigSky were overshadowed by the very significant results on Goodwin Lake and then on Clan Lake, resulting in a reallocation of funds to the more promising targets.

In April 2008, the Company announced a revision of the gold resource for the Yellowknife Gold Project, increasing ounces at Nicholas Lake.

The Preliminary Assessment on the Ormsby, Nicholas Lake and Bruce Zones was completed midway through the year. It demonstrated robust economics for the established resource and supports management's belief that a viable mining project could be developed. The mine and mill operation was modeled at 3,000 tons per day (tpd) to yield 163,500 ounces of gold per year at an operating cost of \$384 per ounce for seven years. Subsequent to this Tyhee revised its gold resource upward, incorporating a 25% increase in the measured and indicated categories.

Tyhee's permitting advanced with the filing of its revised Project Description Report (PDR) in July 2008. This replaced the previously filed PDR and incorporated changes identified in completing the Preliminary Assessment. A Scoping Session to hear comments from the regulators and the public was held in October, and their comments will be incorporated into the Terms of Reference for a Developers Assessment Report (DAR)



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Overview (continued)

that will be filed subsequent to receiving the “comments” from the PDR review and adequate funding to complete the DAR.

The Company’s exploration properties continued to yield very encouraging drill results and subsequent to the year-end it was determined enough information had been obtained to estimate a gold resource on the Goodwin Lake and Clan Lake properties.

General Economic Conditions

Tyhee has monitored the equity markets and has adjusted its plans accordingly. The Company shut down its three diamond drills between March and September of 2008, in order to balance exploration and development objectives and maintain adequate funds to sustain the Company. The Company will defer any decision on major financing or expanding its exploration and development programs until market conditions improve.

Yellowknife Gold Project

The Ormsby, Nicholas Lake and Bruce Zones, purchased in 2001 for cash and royalties, is located 90 kilometres north of Yellowknife, Northwest Territories, Canada. It remains subject to a net smelter royalty that was held by David Webb, Director, President and Chief Executive Officer of the Company. In 2007, Mr. Webb sold his royalty interest to a private company in which Mr. Webb is also a director and officer. Two additional claims, which are not subject to the royalty, have been acquired by staking and have been added to this property.

A total resource, for the Yellowknife Gold Project, of 17.0 million tonnes (measured and indicated) grading 3.39 grams of gold per tonne containing 1,847,000 ounces of gold (at a cut-off of 1.25 grams per tonne for the Ormsby, Bruce and Clan Lake Main Zone, and a cut-off of 1.1 grams per tonne (gpt) for the Nicholas Lake Zone) was reported on January 22, 2009. An additional 2.5 million tonnes is estimated as an inferred resource, grading 3.29 grams per tonne gold containing 269,000 ounces of gold. The gold resource was calculated in compliance with National Instrument 43-101.

The Preliminary Assessment, that encompasses only the Ormsby, Nicholas and Bruce Lake zones, utilized the then current Measured and Indicated Resource of 11.2 million tonnes grading 3.52 gpt gold containing 1,270,000 ounces of gold plus 3.6 million tonnes of Inferred Resources grading 3.21 gpt gold containing 374,000 ounces of gold. This assessment complies with NI 43-101 standards, is preliminary in nature and the economic analysis includes inferred resources that are considered too speculative geologically to have economic considerations applied to them so that they may be categorized as mineral reserves. There is no certainty that the results of this Preliminary Assessment will be realized.

The base case considers a 3,000 tonne per day operation, initially as an open pit with underground operations commencing in year two at Nicholas Lake and year three at Ormsby, recovering an average of 163,500 ounces of gold per year for 7 years (total 1,144,500 ounces) at an average operating cost of \$384 per ounce of gold. Initial capital costs are projected to be \$150 million, including a contingency of 30% of direct costs. At a base



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Yellowknife Gold Project (continued)

case of \$750 per ounce of gold, and a 5% discount rate, the project has an IRR of 21.3% and a NPV of \$145 million. All cost estimates are at +/- 30% for accuracy. The \$US/\$CAN rate is assumed to be at par.

Gold Price	Pre-Tax Net Present Value at 0% Discount	Pre-Tax Internal Rate of Return	Pre-Tax Net Present Value at 5% Discount
\$650	\$135,884,000	14.8%	\$73,149,000
\$750	\$235,845,000	21.3%	\$144,905,000
\$900	\$415,702,000	30.9%	\$268,993,000
\$1,000	\$504,668,000	31.2%	\$320,675,000

The Ormsby open pit mine would extract 2 million tonnes of ore grading 3.08 gpt with an overall strip ratio of 5.9, while the Nicholas Lake open pit mine would extract 470,000 tonnes grading 4.11 gpt with an overall strip ratio of 6.26. The underground operations using a 2.5 gpt cut-off would extract 3.8 million tonnes grading 5.55 gpt from the Ormsby Zone and 1.4 million tonnes grading 6.16 gpt from Nicholas Lake.

In January 2009, the Company announced a revised gold resource as disclosed in the following table:

Gold Resource Table, Yellowknife Gold Project, 2009-01-22

Measured	tonnes	gold grade (gpt)	ounces of gold
Ormsby Zone	3,003,000	3.41	329,000
Nicholas Zone	1,249,000	3.81	153,000
Bruce Zone			
GL Vad Zone			
Clan Main Zone			
Total	4,252,000	3.53	482,000

Indicated			
Ormsby Zone	7,898,000	3.42	869,000
Nicholas Zone	1,484,000	3.32	158,000
Bruce Zone	791,000	3.31	84,000
GL Vad Zone			
Clan Main Zone	2,527,000	3.12	254,000
Total	12,700,000	3.40	1,365,000



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Yellowknife Gold Project (continued)

M&I			
Ormsby Zone	10,901,000	3.42	1,198,000
Nicholas Zone	2,733,000	3.54	311,000
Bruce Zone	791,000	3.31	84,000
GL Vad Zone			
Clan Main Zone	2,527,000	3.12	254,000
Total	16,952,000	3.39	1,847,000

Inferred			
Ormsby Zone	223,000	3.14	23,000
Nicholas Zone	955,000	3.92	120,000
Bruce Zone	396,000	2.76	35,000
GL Vad Zone	971,000	2.91	91,000
Clan Main Zone			
Total	2,545,000	3.29	269,000

Ormsby, Bruce Lake, GL Vad and Clan Main Zones at 1.25 gpt cut-off

Nicholas Lake Main Zone at 1.1 gpt cut-off

Figures are rounded for presentation

NI 43-101 reported January 22 2009, V.V. Pratico QP.

Gold Mineralization

A number of potentially economic gold zones are located on mining leases of the Yellowknife Gold Project. Past production of 1,023,575 ounces of gold from 1,018,786 tonnes of ore occurred from the Discovery Main Zone between 1949 and 1969. Mineralization remains open to depth below the shaft bottom at 1,235 metres. The Ormsby Zone, located two kilometres southwest of the Discovery Main Zone, was partially developed by Ormsby Mines Ltd. in the 1950's. The Company has been focusing its recent exploration in the area between the Ormsby Zone and the Discovery Main Zone. Gold mineralization also occurs at the Nicholas Lake Zone, eight kilometres northeast of the Ormsby Zone.

Exploration since the mid 1990's has focused on a different form of mineralization in the Ormsby Zone that had previously not been recognized. By July 2008, approximately 585 diamond drillholes totalling more than 136,000 metres, exclusive of Nicholas Lake, had been completed since the mid 1990's, expanding the known resource on the properties. Additional untested potential occurs to depth and along strike of the Ormsby and Nicholas Lake Zones where gold values have been found.

Gold mineralization at the Ormsby Zone is found within a hydrothermal breccia, which occurs within the Discovery Shear Zone. This shear zone has been traced for over three kilometres across the properties. The



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Yellowknife Gold Project (continued)

brecciated metavolcanic rocks encompassing the quartz veins have been sulphidized, with the introduction of various concentrations of gold, carbonate, biotite, garnet, and sulphides. Individual mineralized domains are subparallel and may coalesce to form larger zones. Elsewhere in the Discovery Shear Zone, similar mineralization has been identified at the West Zone and Bruce Lake Zone.

Gold mineralization at the Nicholas Lake Zone occurs within and adjacent to auriferous quartz veins transecting metasedimentary or metaintrusive rocks. The Nicholas Lake Zone hosts at least 15 auriferous quartz sulphide veins that range from approximately one metre to several metres in width, and 50 to 100 metres in length. A revised resource estimate was published April 3, 2008.

Additional mineralization is identified at the MacAskill Zone, and the East Zone. The Nicholas Lake Zone was discovered in 1985 and has been partially developed to a depth of 90 metres below surface via a decline. Four veins have been subdrifted on, and a bulk sample of development muck is on surface.

The Clan Lake resource was developed from 43 new diamond drillholes. Mineralization at Clan Lake is largely constrained to a 6.5 kilometre long, 900 m wide north-northeast striking domain (open in strike). Mapping and prospecting has identified significant gold mineralization throughout this zone including the 330, Pond, Main, Cranberry, Morel, Iceberg, and Cub Zones. Mineralization consists of altered, silicified, and sulphidized rocks that generally strike to the northwest and individually may exceed 100 m in width.

The Goodwin Lake Vad Zone (GL Vad) resource was developed from 28 diamond drillholes over a 400 m long portion of a mafic intrusion. Mineralization occurs in shallow-plunging prolate domains of silicification, and potassium and sulphide enrichment. Sulphide enrichment is minor and consists primarily of pyrrhotite, sphalerite and galena. Arsenopyrite is rare to absent. The zone is open along strike and to depth.

Year in Review

The Goodwin Lake Property was acquired in 2006 by option and staking, and consists of mineral claims totalling 722 hectares (1780 acres). A 2% Net Smelter Returns Royalty is payable to the arms-length vendor of the claims. The claims are located 14 kilometres south of the Yellowknife Gold Project and cover a similar geology as the Ormsby Zone, including gold-bearing mafic igneous breccias. In 2008, Tyhee completed 28 diamond drillholes into the Vad Zone and identified significant mineralization, resulting in an initial resource calculation.

The Clan Lake Property was acquired in 2006 and 2007 by staking and consists of mineral claims totalling 2,809 hectares (6,935 acres). The claims are located 12 kilometres south of the Goodwin Lake Property. Gold mineralization occurs in quartz veins and silicified and sulphidized rocks within volcanic breccias. More than 10,000 metres of diamond drilling has been recorded on the Clan Lake Property over the past 40 years.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Year in Review (continued)

Additionally, a 1,045-tonne bulk sample from the property taken in the mid-1960's graded 14.5 grams per tonne gold¹. In 2008, Tyhee has identified a 6.5 km long trend within which seven significant gold zones have been identified.

The Company completed 43 diamond drillholes, primarily into the Main Zone and reported an initial resource for the property during the current year.

The BigSky Property was acquired in 2006 by staking and by option in 2007. Five mining leases covering extensions of historic gold showings were purchased in June 2008 to expand the property by approximately 338 acres. The claims adjoin the Giant Yellowknife Mine (past producer of 8 million ounces of gold from 14.5 million tonnes of ore grading 17.0 grams per tonne) to the south and east, and the Bluefish hydroelectric power plant on the east. The property is underlain by the late stage, highly evolved Duckfish Granite as well as mafic volcanic rocks of the Kam Group and older rocks. The Duckfish Granite is a moderately peralkaline, zoned porphyritic intrusion that contains extensive domains that have been intensely altered and contain gold as well as fluorine, lead, bismuth, antimony, arsenic, silver and tellurium. Initial sampling has identified grab samples containing up to 2.2 grams per tonne gold. Claims encompassing the western-most extent of the Duckfish Granite have been dropped subsequent to the end of the year in order to focus on the eastern extent of the property. A second type of mineralization was identified peripheral to the granite where a system of mineralized shear zones extends for a width of 500 metres over a strike length of four kilometres. Individual shear zones have returned grab sample results up to 51.1 grams per tonne gold. Tyhee's initial diamond drill results confirmed the shear zones to be significantly gold-bearing, with results including 3.0 metres grading 3.2 grams per tonne gold and 2.2 metres grading 3.5 grams per tonne gold (NR S9 R3, February 4, 2008) and expanded the mineralized portion of the WK Shear to a minimum strike length of 300 metres (NR S.9, R.8, April 29, 2008 and NR S.9, R.10, July 8, 2008).

In 2008, the Oro Lake Property (338 acres of mining leases) was acquired from an arms-length company for a one time payment of \$20,000. Tyhee will return the mining leases to the vendor if Tyhee:

- a) no longer wishes to retain the mining leases or
- b) fails to expend \$100,000 on the leases within 5 years of the date of the agreement for the purchase of the leases (the Company has spent approximately \$42,000 on exploration expenditures on these leases in the current year).

The Oro Lake Property was worked on in the 1930's and 1940's, and drilled by Lynx Yellowknife Gold Mines in 1944, resulting in the discovery of a gold-bearing shear zone transecting Kam Group volcanic rocks. Narrow high-grade gold mineralization has been defined in several places along the shear zone from historic work including drillholes which returned values including 208.1 grams per tonne (gpt) gold over 0.6 metres (m) in

¹ Webb, D.R. 1994. Report on the Diamond Drill Program on the Clan Lake Property, Lease 2495, Lot 913, and Lease 2707, Lot 943 (Nose Claims) Yellowknife Greenstone Belt, 85-J-16 Claim Sheet, 62° 55' N Latitude, 114° 14' W Longitude, MacKenzie District, Northwest Territories. Completed May 1992 to December 1993.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Year in Review (continued)

diamond drill hole (ddh)19, 27.8 gpt gold over 1.8 m in ddh 23, and 9.9 gpt over 0.8 m in ddh 52 (Mason, J.D., 1975²). These are historic assay results and cannot be verified. They are reported because the Company believes they are reliable, and identify a potential exploration target to guide additional work. The mineralized structure extends onto the BigSky Property, and is located 6.5 km south of Tyhee's southern-most drillholes. Tyhee intends to assess the previous work completed on the Oro Lake Property.

Ongoing and Future Developments

The Company announced the results of a Preliminary Assessment demonstrating positive economics potential for the Ormsby, Nicholas Lake and Bruce Zones.

Tyhee continues to advance the permitting to develop a producing mine on the Yellowknife Gold Project. The Company submitted a revised Project Description Report (PDR) in July 2008 withdrawing the previously submitted PDR. The Yellowknife Gold Project was referred to the Mackenzie Valley Environmental Impact Review Board for an Environmental Assessment in August 2008. Scoping sessions were held in Yellowknife in October 2008 and that input plus additional data were compiled to develop a draft Terms of Reference (ToR) and draft Work Plan (WP) (received subsequent to this year's end). The Company will review these documents and together with the regulators will develop a ToR and WP that will guide the development of a Developer's Assessment Report (DAR). The DAR represents a principal document upon which the regulators assess to determine if and under what conditions a mine may be operated in the NWT. Tyhee will continue with this work, subject to the requirements determined from this process.

The Company continues to focus on the potential of its existing claims, the acquisition of claims immediately adjacent to the Yellowknife Gold Project, and other properties in the Yellowknife Greenstone Belt. Additional opportunities for exploration and development are considered on a case by case basis. Because of the weak financial markets and the reduced value of the company's shares Tyhee intends to carefully monitor its remaining cash and to reduce all but the most urgent expenditures.

Changes in Management and Board

No changes at the management or board level have occurred during the year.

² Mason, J.D., 1975. Diamond drill report for Lynx-Yellowknife Gold Mines Ltd., Oro Lake Property. Assessment Report NTGO file 061577, pp.66.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Discussion of Operations and Financial Condition

Overall Performance and Results of Operations

The year ended November 30, 2008 compared to the year ended November 30, 2007

The Company incurred a net loss of \$819,905 during the year ended November 30, 2008 compared to a net loss of \$872,286 incurred during the year ended November 30, 2007.

An income tax recovery of \$1,667,971 was recorded for the year ended November 30, 2008 compared to an income tax recovery of \$1,158,848 recorded for the year ended November 30, 2007. Income tax recoveries were recognized in both years due to the renouncement of flow-through expenditures that caused a recognition of the income tax benefit of \$2,792,277 during the current year that had previously been subject to a valuation allowance. A future tax liability of \$1,124,306 was recorded because of the renouncement of future tax deductions to investors. Excluding the income tax recovery, the loss before income taxes for the year ended November 30, 2008 was \$2,487,876 compared to loss before income taxes of \$2,031,134 for the year ended November 30, 2007. Net loss is higher in the current year due to higher administrative expenses.

Administrative expenses for the year ended November 30, 2008 were \$877,270 higher than for the year ended November 30, 2007. This difference is mainly a result of stock based compensation expense which increased by \$871,747 during the year ended November 30, 2008 due to a greater number of options granted in the current fiscal year. In the current year, an amount of \$102,957 was recorded for taxes paid on flow through shares as a consequence of using the look-back rule. Investor relations costs decreased by \$102,315 due to a decrease in consulting fees and travel. Other income increased by \$420,528 as a result of the Longtom Property being written down in the prior year in the amount of \$314,999 and an increase to interest income of \$80,471 during the current year as a result of higher interest earned on bank accounts.

The Company expanded its surface exploration program in the current year with exploration expenditures at November 30, 2008 exceeding those at November 30, 2007, by \$3,128,921.

The following are highlights of financial data of the Company for the most recently completed three financial years:

	November 30, 2008	November 30, 2007	November 30, 2006
Net loss	\$ 819,905	\$ 872,286	\$ 1,069,186
Loss per share	0.00	0.01	0.01
Total assets	47,922,933	37,662,492	28,775,137
Total liabilities	1,872,855	1,018,863	456,860
Working capital	2,758,787	3,162,034	3,328,473

The Company does not produce any revenues and has generally incurred losses. Due to increased flow through share issuances in 2007 and 2008, the increase in the income tax recovery amounts have resulted in lower net



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Overall Performance and Results of Operations (continued)

losses in 2007 and 2008 than that of 2006 . The Company’s projects have advanced and this is reflected in the increase in total assets over the last three years.

Total liabilities in each of the three years consists of current accounts payable and accrued liabilities, and includes an estimated asset retirement obligation of \$490,000 in 2008, \$200,000 in 2007, and \$115,000 in 2006. In 2008, a future income tax liability of \$1,124,306 has been recorded. The Company has had positive working capital positions for each of the last three years.

Summary of Quarterly Results

Period Ended	2008 Nov 30	2008 Aug 31	2008 May 31	2008 Feb 29	2007 Nov 30	2007 Aug 31	2007 May 31	2007 Feb 28
Other income (expenses)	23,271	53,674	66,679	51,060	(294,260)	(1,119)	43,122	26,413
Net earnings (loss)	(1,546,034)	(608,837)	(316,290)	1,651,256	(362,189)	(840,510)	(353,123)	683,536
Earnings (loss) per share	(0.01)	(0.00)	(0.00)	0.01	(0.01)	(0.00)	(0.00)	0.00
Earnings (loss) per share, fully diluted	(0.01)	(0.00)	(0.00)	0.01	(0.01)	(0.00)	(0.00)	0.00

With the exception of the two quarters ending February 29, 2008 and February 28, 2007, the Company has generally incurred net losses. For the quarters ending February 29, 2008 and February 28, 2007, income tax recoveries of \$2,792,277 and \$1,158,848 respectively, were recorded due to the benefit recognition of tax losses from the tax effect of issuing flow-through shares. The positive earnings for those two quarters were a result of these recoveries. The net losses for the quarters ending August 31, 2008 and August 31, 2007 were higher mainly due to stock options being granted and hence, stock based compensation expenses being recorded during those quarters. The higher net loss during the fourth quarter of 2008 is a result of the future income tax liability recorded at year end which reduced the income tax recovery amount.

Fourth Quarter

During the fourth quarter of 2008, the Company incurred a net loss of \$1,546,034 compared to net loss of \$362,189 in the fourth quarter of 2007. The higher net loss in the fourth quarter of 2008 is explained above (under summary of quarterly results).

The Company curtailed its exploration expenditures and expended approximately \$1,300,000 to complete current exploration programs. The Company also reduced its administrative expenses and will continue to monitor the economic situation and make further adjustments if required. Professional fees increased in the fourth quarter as a result of audit fees being recorded and accrued for 2008.

The Company recorded a future income tax liability in the amount of \$1,124,306 (discussed above) and increased the asset retirement obligation amount by \$290,000 to reflect the estimated cost relating to a closure plan prepared by an independent consultant for the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Liquidity and Solvency

During the year ended November 30, 2008, total net proceeds of \$6,903,163 were received from a private placement. In addition, net proceeds of \$4,807,337 were received from the exercise of 14,327,117 warrants for the year ended November 30, 2008. These funds and the cash on hand at November 30, 2007 were used for exploration expenditures and for working capital requirements.

The Company's investing activities are mainly additions to exploration properties and purchase of plant and equipment. Expenditures on exploration properties of \$11,458,670 were incurred and plant and equipment totalling \$203,910 were purchased during the year ended November 30, 2008. In 2007, expenditures on exploration properties of \$8,329,749 were incurred and plant and equipment totalling \$193,140 were purchased during the same period.

At November 30, 2008, the Company had cash and cash equivalents of \$2,669,436 and a working capital position of \$2,758,787. The recent economic situation affecting the financial markets and market value of the Company's shares, has shifted the Company's focus to preserving its cash so that it can continue as a "going concern" until markets improve. Subsequent to November 30, 2008, the Company has continued its advancement with geological and permitting work; any expansion of exploration programs have been curtailed. Additional flow through funds of \$471,000 were raised in December 2008; these funds will be used to complete the assaying and geological work relating to the recently completed drill programs and relogging and sampling program on Clan Lake. The Company does not have any long-term debt or capital commitments.

The source of funds for continued operations is through the issuance of equity securities and the exercise of warrants and options. The Company will continue to require additional financings for operations and further advancement in exploration.

Changes in Accounting Policies

On December 1, 2007, the Company adopted Handbook Section 3031, *Inventories* ("Section 3031") and new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1535, *Capital Disclosures* ("Section 1535"), *Financial Instruments - Disclosures* ("Section 3862"), Handbook Section 3863, *Financial Instruments - Presentation* ("Section 3863") and Handbook Section 1400, *General Standards of Financial Statements Presentation* ("Section 1400").

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new disclosures are included in Note 4 of the consolidated financial statements for the year ended November 30, 2008.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Changes in Accounting Policies (continued)

Financial instruments disclosures and presentation

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments - Disclosures and Presentation*, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and the extent of risks arising from financial instruments and how the entity manages those risks. The new disclosures pursuant to these new Handbook sections are included in Note 5 of the consolidated financial statements for the year ended November 30, 2008.

Inventories

Under Section 3031, inventories are required to be measured at the “lower of cost and net realizable value”. Costs such as storage costs and administrative overhead that do not contribute to bringing inventories to their present location and condition are specifically excluded from the cost of inventories and expensed in the period. The new standard also requires additional disclosures. The Company adopted Section 3031 without restatement of the results of operations of prior periods. This section provides more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. There was no material impact on the Company’s financial condition or operating results and disclosures as a result of the adoption of Section 3031. The amount of inventory consumed during the period is reported as an increase in “exploration properties”.

General standards of financial statements presentation

Section 1400 includes requirements for management to assess and disclose an entity’s ability to continue as a going concern. There was no material impact on the Company’s financial condition or operating results and disclosures as a result of the adoption of Section 1400.

New Accounting Pronouncements

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, and amended Section 1000, *Financial Statement Concepts*, clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The standard is effective for fiscal years beginning on or after October 1, 2008 and early adoption is permitted. The Company is currently evaluating the impact these sections will have on our results of operations and financial position.

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan for the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”). In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

New Accounting Pronouncements (continued)

to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2012 with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements and capital requirements. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion.

Financial Risks and Uncertainties

Future financings cannot be guaranteed as external factors are beyond the control of management and development results cannot be assured. The Company does not have any operating revenues and does not anticipate any operating revenues until it is able to place a profitable mining operation into production. Share price, general market conditions and commodity prices may affect investor preferences and interest in resource properties and the development of, and production from the Company's properties. These factors may adversely affect the company's ability to raise capital to acquire, explore and develop its properties.

Substantial funding is required to advance the Yellowknife Gold Project. The funds raised through the issuance of equity securities, will reduce the percentage ownership of current shareholders and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders.

The financial markets throughout the world have experienced a dramatic decline which has affected the market value of the Company's shares. The decline in equity markets and value of the Company's shares may affect its ability to finance further exploration for the foreseeable future.

Operational Risks and Uncertainties

Operations are still at an advanced exploration stage and while there are positive results, there is no assurance that the exploration and development activities will result in a profitable mine. Some of the operational obstacles that may pose problems include winter road access, recruitment of qualified individuals, obtaining necessary permits, environmental concerns, and title to surface and mineral rights.

The federal government is settling native land claim issues throughout Canada, and the Yellowknife Gold Project area lies within an area subject to native land claims. Agreements between the federal government and native groups may affect title, licensing, and access, and impose operational structures not currently contemplated.

Access to the winter road and all-weather airstrip is determined during the permitting process. Due to environmental concerns, these are seen as sensitive issues by the affected communities and the licensing



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Operational Risks and Uncertainties (continued)

authorities. It cannot be guaranteed that access will be permitted, or if permitted, that access will continue in the future. The Company also relies on winter road access for moving most of the heavy equipment and bulk supplies. The establishment of the winter road is weather dependent and available for only a short period. Missing the winter road season for any reason could delay development plans.

Mine development and operational permits require extensive baseline environmental, geotechnical and community studies and consultations with interested parties and are by no means assured. Other potential risks may result from changes in government regulations relating to land use, taxes and environmental policies.

The Company is dependent on its employees and contractors to carry out operations, as planned. The mining business is intensely competitive and skilful, qualified individuals may not be as readily available due to the cyclical nature of the industry. Also, failure of third parties such as mining contractors or drilling contractors in meeting their obligations under contracts or agreements may delay and/or negatively affect operations.

Related Party Transactions

During the year ended November 30, 2008, an aggregate of \$301,300 (at November 30, 2007: \$340,680) was paid to private companies owned by the President and Chief Executive Officer, and Executive Vice-President for consulting services. Directors' fees of \$46,500 (at November 30, 2007: \$41,250) were paid to the independent directors of the Company at November 30, 2008. (See Note 11 of the consolidated financial statements for the year ended November 30, 2008). Related party transactions are measured at the exchange amounts, which is their fair value as agreed between management and the related parties.

The Company also entered into the following related party transactions for the year ended November 30, 2008:

An amount of \$117,320 (at November 30, 2007: \$84,960) was paid in consulting fees to the Chief Financial Officer of the Company.

An amount of \$55,124 (at November 30, 2007: \$116,603) was paid in legal fees to a legal firm of which a partner is an officer of the Company.

An advance net smelter royalty payment of \$20,140 (US\$20,000) was paid to a private company for which David Webb (President and Chief Executive Officer of Tyhee) is a director and officer.

Of the 9,999,931 flow through shares issued at \$0.75 on December 13, 2007, Roger Sylvestre, Executive Vice-President and Lorne Anderson, Chief Financial Officer of the Company, purchased 15,000 and 50,000 flow through shares, respectively.

On December 14, 2007, the Company granted 3,276,000 stock options to directors, officers and employees of the Company. The exercise price is \$0.58 and the expiry date is December 14, 2012.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Related Party Transactions (continued)

On July 21, 2008, the Company granted 1,688,000 stock options to directors, officers and employees of the Company. The exercise price is \$0.38 and the expiry date is July 21, 2013.

On December 15, 2008, the Company granted 1,378,000 stock options to directors, officers and employees of the Company. The exercise price is \$0.18 and the expiry date is December 15, 2013.

Investor Relations

The Company retains The Equicom Group ("Equicom") to provide strategic communications support to the Company on an "as needed" basis, at a rate of \$200 per hour.

The Company had also retained Axiom Consulting Corp. ("Axiom") as a Corporate Development consultant; however, this contract was terminated on July 29, 2008. A total of 850,000 options with exercise prices ranging from \$0.34 to \$0.50 expired on October 29, 2008.

On September 15, 2008, the Company renewed its contract with Dr. Leanne Baker (Investor Resources LLC) and entered into an agreement with Kathleen Walton (The Basic Industries Group) to provide capital market exposure and increase market awareness of the Company. The arrangement is for a twelve month period and the consideration is \$600 per day for each day services are performed for the Company. Dr. Baker and Ms. Walton were granted 75,000 options each, exercisable at \$0.38 for a period of five years or earlier, upon expiry of their contracts. 150,000 options granted to Dr. Baker under the previous agreement were cancelled.

Guarantees and Commitments

See Note 14 and Note 15 of the consolidated financial statements for the year ended November 30, 2008 outlining the contractual commitments and guarantees provided to third parties.

Financial Instruments

The financial instruments of the Company are comprised of cash and cash equivalents (term deposits). It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximate their carrying values.

Disclosure for Venture Issuers Without Significant Revenue

See Note 9 of the consolidated financial statements for the year ended November 30, 2008 for detail of the exploration and development costs.

An analysis of administrative expenses is provided in the consolidated statements of loss and deficit in the consolidated financial statements for the years ended November 30, 2008 and November 30, 2007.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. It includes those policies and procedures that:

- (i) pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions related to the acquisition, maintenance and dispositions of assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and receipts are recorded and expenditures are incurred only in accordance with authorization of management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on financial statements.

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

Disclosure Controls and Procedures

Company management, with the participation of the Chief Executive Officer and Chief Financial Officer have assessed the effectiveness of internal controls over financial reporting. Based on this assessment, management believes that, as of November 30, 2008, internal control over financial reporting was effective to provide reasonable assurance that the information to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and forms.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2008

Outstanding Share Data

The Company has authorized an unlimited number of common shares without par value. At February 5, 2009, 171,306,183 common shares were issued and outstanding. There is no other class or series of voting or equity securities. There are a maximum number of 16,663,000 options outstanding which can be converted into 16,663,000 common shares and 128,571 warrants outstanding which can be converted into 128,571 common shares. At February 5, 2009, there are 188,097,754 fully diluted common shares outstanding.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.