



Consolidated Financial Statements  
November 30, 2009 and 2008



November 30, 2009 and 2008

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Deloitte & Touche LLP  
2800 - 1055 Dunsmuir Street  
4 Bentall Centre  
P.O. Box 49279  
Vancouver BC V7X 1P4  
Canada

Tel: 604-669-4466  
Fax: 604-685-0395  
www.deloitte.ca

## **Auditors' Report**

To the Shareholders of  
Tyhee Development Corp.

We have audited the consolidated balance sheets of Tyhee Development Corp. as at November 30, 2009 and 2008 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, 2009 and 2008 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 10, 2010



## Consolidated Statements of Operations, Comprehensive Loss and Deficit

	<i>For the Years Ended</i>	
	<u>November 30, 2009</u>	<u>November 30, 2008</u>
<b>Administrative Expenses:</b>		
Amortization	\$ 204,199	\$ 246,384
Consulting	340,111	262,390
Flow through Part XII.6 tax	2,931	102,957
General corporate	54,619	76,533
Investor relations (Note 13)	296,584	331,085
Professional fees	77,641	88,512
Rent	55,888	56,392
Salaries and benefits	194,227	194,426
Stock-based compensation	406,592	1,287,681
Telephone	7,753	7,550
Transfer agent and filing fees	16,701	17,155
Travel	13,169	11,495
	<b>1,670,415</b>	<b>2,682,560</b>
<hr/>		
Other expenses (income)		
Foreign exchange loss (gain)	2,380	(29,056)
Interest expense	-	9,765
Interest income	(18,369)	(186,745)
Write off of plant and equipment	2,975	11,352
Write off of exploration properties	45,030	-
	<b>32,016</b>	<b>(194,684)</b>
<hr/>		
Loss before income taxes	(1,702,431)	(2,487,876)
Future income tax (expense) recovery (Note 12)	(36,889)	1,667,971
<hr/>		
<b>Net loss and comprehensive loss</b>	<b>(1,739,320)</b>	<b>(819,905)</b>
Deficit, beginning of year	(18,823,170)	(18,003,265)
<b>Deficit, end of year</b>	<b>\$ (20,562,490)</b>	<b>\$ (18,823,170)</b>
<hr/>		
Loss per share – basic and diluted	\$ (0.01)	\$ (0.00)
<hr/>		
Weighted average number of shares outstanding		
Basic and diluted	<b>180,758,445</b>	<b>165,637,693</b>
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## Consolidated Balance Sheets

	<i>As at</i>	
	<b>November 30, 2009</b>	November 30, 2008
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,675,533	\$ 2,669,436
Amounts receivable	61,103	42,037
Inventory (Note 6)	175,055	263,010
Prepaid expenses and advances	80,024	42,853
	1,991,715	3,017,336
Security deposits (Note 7)	474,000	474,000
Plant and equipment (Note 8)	593,924	784,987
Exploration properties (Note 9)	46,623,194	43,646,610
	\$ 49,682,833	\$ 47,922,933
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 454,301	\$ 258,549
Asset retirement obligation	490,000	490,000
Future income tax liability	1,214,602	1,124,306
	2,158,903	1,872,855
<b>SHAREHOLDERS' EQUITY</b>		
Share capital		
Unlimited Common shares without par value (Note 10)		
Issued 196,772,158 (November 30, 2008 - 169,063,327 )	63,168,905	61,077,210
Contributed surplus	4,917,515	3,796,038
Deficit	(20,562,490)	(18,823,170)
	47,523,930	46,050,078
	\$ 49,682,833	\$ 47,922,933

Going Concern (Note 1)  
 Commitment (Note 14)  
 Guarantee (Note 15)

Approved by the Directors

(Signed) David R. Webb

David R. Webb, Director

(Signed) Roger G. Sylvestre

Roger G. Sylvestre, Director



## Consolidated Statements of Cash Flows

	<i>For the Years Ended</i>	
	November 30, 2009	November 30, 2008
<b>Operating activities</b>		
Net loss	\$ (1,739,320)	\$ (819,905)
Add (deduct) items not affecting cash -		
Amortization	204,199	246,384
Future income tax expense (recovery)	36,889	(1,667,971)
Stock-based compensation	406,592	1,287,681
Write off of plant and equipment	2,975	11,352
Write off of exploration properties	45,030	-
	(1,043,635)	(942,459)
Changes in non-cash operating working capital		
Amounts receivable	(19,066)	108,331
Inventory	87,955	(31,360)
Prepaid expenses and advances	(37,171)	48,694
Accounts payable and accrued liabilities	(22,560)	46,013
	(1,034,477)	(770,781)
<b>Investing activities</b>		
Deposits	-	(67,500)
Purchase of plant and equipment	(28,409)	(203,910)
Additions to exploration properties, net of amounts in accounts payable	(2,752,373)	(11,458,670)
Acquisition of exploration properties	(28,432)	(47,535)
	(2,809,214)	(11,777,615)
<b>Financing activities</b>		
Issuance of shares, net of issue costs, for		
Private placements	2,849,788	6,903,163
Warrants	-	4,807,337
	2,849,788	11,710,500
(Decrease) in cash and cash equivalents	(993,903)	(837,896)
Cash and cash equivalents, beginning of year	2,669,436	3,507,332
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,675,533</b>	<b>\$ 2,669,436</b>
Cash and cash equivalents is comprised of the following		
Cash	\$ 568,845	\$ 777,802
Term deposits	1,106,688	1,891,634
	\$ 1,675,533	\$ 2,669,436
Non-cash financing activities		
Issuance of common shares for mineral property	\$ 10,200	\$ 20,450
Supplemental cash flow information		
Interest paid	-	9,765



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 1. **Going Concern**

Tyhee Development Corp. (the "Company" or "Tyhee") is an advanced exploration enterprise with no ongoing revenues. The Company is in the process of exploring its various mineral 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 Company raised funds subsequent to November 30, 2009 and there is currently sufficient cash in the treasury to maintain the Company as a going concern for the foreseeable future.

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, 2008*

In February 2008, the Canadian Institute of Chartered Accountants ("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. The Company has adopted this standard; adoption of this standard has not had a material impact on its results or operations.

In June 2009, the CICA amended Section 3862, Financial Instruments - Disclosures ("Section 3862"), to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The three levels of fair value hierarchy under Section 3862 are:

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

Cash and cash equivalents fair value approximates its historic value due to the short term nature of this the item. The adoption of this statement did not have a material impact on the Company's financial position or results of operations.



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 2. Changes in Accounting Policies (Continued)

#### (a) *Accounting policies implemented effective December 1, 2008 (Continued)*

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable to the Company's interim and annual financial statements for its fiscal year ending November 30, 2009, with retroactive application. The adoption of EIC-173 did not result in a material impact on the Company's financial statements.

In March 2009, the CICA issued Abstract EIC 174, Mining Exploration Costs, that provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as of November 30, 2009.

#### (b) *Accounting policies to be implemented*

In February 2008 the Canadian Accounting Standards Board announced January 1, 2011 as the changeover date for publicly-listed companies to move to the International Financial Reporting Standards ("IFRS"), replacing Canada's own generally accepted accounting principles. The Company will be required to report according to IFRS standards in the year ended November 30, 2012 and will require restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. The Company is currently assessing the impact of the convergence of Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS on the results of operations, financial position and disclosures.

In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non Controlling Interests, to replace Section 1581 and Section 1600. These sections shall be applied prospectively to business combinations on or after the beginning of the first annual reporting period beginning after January 1, 2011 with earlier application permitted. Effective December 1, 2011, the Company will adopt the new handbook sections, which establish updated standards on the recognition, measurement criteria and presentation for acquisitions, the accounting for assets and liabilities assumed and non-controlling interests. The impact of implementation of these standards will not have a material impact on the Company's consolidated financial statements.

### 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 company).

Intercompany transactions and balances have been eliminated upon consolidation.



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 3. Significant Accounting Policies (Continued)

(b) *Measurement Uncertainty*

The preparation of financial statements in accordance with 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, assessment of impact of accounting policies to be implemented 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 interest bearing securities 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 includes office furniture, automobiles and various equipment that are stated at cost and amortized at 15% 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.

(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.



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 3. Significant Accounting Policies (Continued)

(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 full value of this liability without discounting as it is uncertain when the Company will be required to commence the remediation process.

(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 Canadian GAAP. Stock-based compensation expense is calculated using the Black-Scholes option pricing model. The resulting value is charged to the statement of operations 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.

(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 is 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.



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 3. Significant Accounting Policies (Continued)

#### (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. Security deposits are classified as held-to-maturity, and are measured at amortized cost. Accounts payable are classified as other financial 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, 2009 and 2008, and no opening or closing balances for "accumulated other comprehensive income or loss". During the years ended November 30, 2009 and 2008, 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 will use its current working capital and flow through funds raised subsequent to November 30, 2009 to carry out the Company's planned exploration and development programs and to pay for administrative costs, and will continue to 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 flow through obligations to investors, which require it to use the funds raised through the issue of "flow through shares" on exploration expenditures.



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 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 Canadian 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 decreased 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, 2009, the Company held \$2,963 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 when 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.

The Company has raised additional flow through funds subsequent to November 30, 2009 to continue with its planned exploration programs.

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

### 6. Inventory

At November 30, 2009, the inventory consisted of diesel, gasoline and propane and amounted to \$175,055 (2008 - \$263,010). During the current fiscal year, inventory purchases amounted to \$30,302 and, based on consumption, an amount of \$118,257 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 method.



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

7. Security Deposits

	<u>2009</u>	<u>2008</u>
Mackenzie Valley Land and Water Board	\$ 474,000	\$ 474,000

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 on the Company's exploration properties.

8. Plant and Equipment

	<u>2009</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Automobiles	\$ 245,747	\$ 179,011	\$ 66,736
Boats and canoes	12,170	8,082	4,088
Camp facilities	331,821	222,939	108,882
Computer/electronic equipment	98,551	83,743	14,808
Data network infrastructure	36,744	29,099	7,645
Leasehold improvements	3,120	3,120	-
Mining equipment	932,779	557,644	375,135
Office furniture	56,694	40,064	16,630
	<u>\$ 1,717,626</u>	<u>\$ 1,123,702</u>	<u>\$ 593,924</u>

	<u>2008</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
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
	<u>\$ 1,726,353</u>	<u>\$ 941,366</u>	<u>\$ 784,987</u>



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 9. Exploration Properties

	Yellowknife Gold Project						
	Ormsby, Nicholas Lake, Bruce Lake	Goodwin Lake Property	Clan Lake Property	Total	BigSky Property	Other Properties	Total
<b>November 30, 2007</b>							
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
	<u>\$ 31,033,724</u>	<u>\$ 267,238</u>	<u>\$ 460,869</u>	<u>\$ 31,761,831</u>	<u>\$ 661,520</u>	<u>\$ 12,931</u>	<u>\$ 32,436,282</u>
<b>Additions</b>							
Acquisition	\$ 20,140	\$ 10,250	\$ 3,178	\$ 33,568	\$ 34,416	\$ -	\$ 67,984
<b>Exploration</b>							
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
	<u>\$ 4,386,940</u>	<u>\$ 1,239,996</u>	<u>\$ 2,974,079</u>	<u>\$ 8,601,015</u>	<u>\$ 2,536,947</u>	<u>\$ 4,382</u>	<u>\$ 11,142,344</u>
<b>November 30, 2008</b>							
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
	<u>\$ 35,440,804</u>	<u>\$ 1,517,484</u>	<u>\$ 3,438,126</u>	<u>\$ 40,396,414</u>	<u>\$ 3,232,883</u>	<u>\$ 17,313</u>	<u>\$ 43,646,610</u>
<b>Write-offs/adjustments</b>							
Acquisition	\$ (3,946)	\$ -	\$ -	\$ (3,946)	\$ (20,047)	\$ (2,680)	\$ (26,673)
Exploration	-	-	-	-	(3,725)	(14,632)	(18,357)
	<u>\$ (3,946)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,946)</u>	<u>\$ (23,772)</u>	<u>\$ (17,312)</u>	<u>\$ (45,030)</u>
<b>Additions</b>							
Acquisition	\$ 24,200	\$ -	\$ 4,232	\$ 28,432	\$ 10,200	\$ -	\$ 38,632
<b>Exploration</b>							
Assaying/preparation	\$ 23,763	\$ -	\$ 141,377	\$ 165,140	\$ -	\$ -	\$ 165,140
Camp costs	280,375	-	41,180	321,555	-	-	321,555
Drilling	88,401	-	-	88,401	-	-	88,401
Equipment rentals/repairs	19,962	-	3,546	23,508	-	-	23,508
Environmental	444,131	-	-	444,131	-	-	444,131
Flights/travel	171,321	-	64,669	235,990	-	-	235,990
Geology	146,048	14,624	225,234	385,906	34,208	-	420,114
Project management	368,834	13,365	78,060	460,259	1,485	-	461,744
Property holding costs	15,897	628	787	17,312	34,676	-	51,988
Supplies (operating)	137,552	-	18,155	155,707	-	-	155,707
Reports	605,429	-	9,275	614,704	-	-	614,704
	<u>\$ 2,301,713</u>	<u>\$ 28,617</u>	<u>\$ 582,283</u>	<u>\$ 2,912,613</u>	<u>\$ 70,369</u>	<u>\$ -</u>	<u>\$ 2,982,982</u>
<b>November 30, 2009</b>							
Acquisition	\$ 714,851	\$ 41,115	\$ 28,760	\$ 784,726	\$ 97,398	\$ 1	\$ 882,125
Exploration	37,047,920	1,504,986	3,995,881	42,548,787	3,192,282	-	45,741,069
	<u>\$ 37,762,771</u>	<u>\$ 1,546,101</u>	<u>\$ 4,024,641</u>	<u>\$ 43,333,513</u>	<u>\$ 3,289,680</u>	<u>\$ 1</u>	<u>\$ 46,623,194</u>



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 9. Exploration Properties (Continued)

#### *Yellowknife Gold Project*

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

The Company has a 100% interest in the Ormsby, Nicholas Lake and Bruce Lake properties that consist of 14 mineral leases. Two mineral claims were allowed to lapse during the current fiscal year and an amount of \$3,946 was written off. The properties are located 90 km north of Yellowknife, Northwest Territories, Canada.

As part of the purchase price of the Ormsby, Nicholas Lake and Bruce Lake properties, the Company agreed, that commencing in April 2004 and on every anniversary thereafter, to advance to Giauque Holdings Ltd., a private company in which David Webb (Director, President and Chief Executive Officer of Tyhee) is a director and officer, a non-refundable minimum payment of US\$20,000 which is deductible from the NSR described below. The advance payments have been paid to date. 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).

To November 30, 2009, the Company has spent \$37,762,771 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 a 2% NSR, half of which may be purchased by the Company for \$1 million. In addition, a total of 85,000 shares at \$0.41 per share for a gross value of \$34,850 were issued in accordance with the terms of the property option agreement.

To November 30, 2009, the Company has spent \$1,546,101 on the acquisition and exploration of the Goodwin Lake Property.



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 9. Exploration Properties (Continued)

#### (c) *Clan Lake Property*

The Clan Lake property is located 50 km north of Yellowknife, Northwest Territories, Canada. It is comprised of nine mineral claims, staked by the Company since 2007, totalling approximately 3,186 hectares (7,872 acres).

At November 30, 2009, the Company has spent \$4,024,641 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. During the current fiscal year, the Company dropped 16 claims to retain five leases and twenty claims totaling 2,976 hectares (7,353 acres) as it was determined that the claims to be dropped had lower mineral potential. The property has been written down by \$23,772 to adjust for the dropped claims.

The Ken claims constitute 188 hectares (465 acres) of the BigSky Property and were acquired in 2007 from an arms-length Yellowknife businessman. Consideration includes a 2% NSR, one half of which can be purchased by the Company for \$500,000 at any time.

The Blue claims constitute 588 hectares (1,453 acres) of the BigSky Property and were acquired in 2007 from an arms-length Yellowknife businessman for 60,000 common shares, to be issued over three years and a 2% NSR, one half of which may be purchased by the Company for \$500,000. The final 20,000 shares were issued on February 12, 2009.

The Oro Lake Property constitutes 137 hectares (338 acres) of leases which are part of the BigSky Property and were acquired in 2008 from an arms-length company for a one time payment of \$20,000. The Company will return the mining leases to the vendor if the Company no longer wishes to retain the mining leases or fails to expend a minimum of \$100,000 on the leases within five years of the date of the agreement. To November 30, 2009, the Company has expended \$70,800 on the Oro Lake Property.

The Duck Claims and the YK claims were acquired by staking and constitute 2,063 hectares (5,097 acres) of the BigSky Property.

To November 30, 2009, the Company has spent \$3,289,680 on acquisition and exploration of the BigSky Property.

#### ***Other Properties***

The Company has incurred \$17,313 on acquisition and exploration expenditures to assess other potential targets in the Yellowknife area. During the current year, management determined that these claims did not meet the Company's investment objectives and a decision was made to allow the claims to lapse and to write them off. The Longtom Property, which was previously written down to \$1 is being held at that value because it is still subject to an option agreement, dated February 12, 1998.



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

10. Share Capital

	Number	Amount	Contributed Surplus
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)
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
<b>Balance, November 30, 2008</b>	<b>169,063,327</b>	<b>61,077,210</b>	<b>3,796,038</b>
Issued during the year for cash - private placements (Note (a)(i) and (ii) below)	27,688,831	2,203,955	714,885
Issued during the year for mineral property	20,000	10,200	-
Renunciation of flow through shares	-	(122,460)	-
Stock-based compensation	-	-	406,592
<b>Balance, November 30, 2009</b>	<b>196,772,158</b>	<b>\$ 63,168,905</b>	<b>\$ 4,917,515</b>

(a) Private Placements

- (i) On December 31, 2008, the Company issued a total of 2,242,856 common shares, designated as flow through shares, at a price of \$0.21 for gross proceeds of \$471,000. A finder's fee was paid consisting of \$36,000 cash and 128,571 agent warrants to purchase common shares at a price of \$0.21 per share. The warrants could be exercised at any time on or before December 31, 2009. All securities issued in connection with the private placement were subject to a hold period which expired May 1, 2009. Final TSX Venture Exchange acceptance was received on January 6, 2009.
- (ii) On July 15, 2009, the Company closed a \$2.65 million brokered private placement which consisted of 4,416,000 flow through common shares at a price of \$0.125 per flow through share, and 21,030,000 units at \$0.10 per unit. Each unit consists of one common share and one common share purchase warrant, exercisable to acquire an additional common share for a period of 24 months from closing at a price of \$0.15 per share. The Company paid a total cash commission of \$147,325 to the agents. In addition, the agents received share purchase warrants entitling them to purchase a total of up to 631,000 common shares for a period of 15 months at a price of \$0.15 per share. All securities issued in connection with the private placement were subject to a four-month hold period which expired November 15, 2009. The Company received final TSX Venture Exchange acceptance of the private placement on July 17, 2009.



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

**10. Share Capital (Continued)**

(a) *Private Placements (Continued)*

	Number of Units	Proceeds
December 31, 2008 (i)	2,242,856	\$ 471,000
July 15, 2009 (ii)	25,446,000	2,655,000
Rounding - per transfer agent	(25)	-
	<u>27,688,831</u>	<u>3,126,000</u>
Less: Share issue costs (including \$714,885 allocated to warrants)	-	(922,045)
	<u>27,688,831</u>	<u>\$ 2,203,955</u>

(b) *Share Purchase Warrants*

	2009	2008
Warrants outstanding, beginning of year	-	16,711,617
Warrants issued during the year	<b>21,789,571</b>	-
Warrants exercised	-	(14,327,117)
Warrants expired/cancelled	-	(2,384,500)
Warrants outstanding, end of year	<b>21,789,571</b>	-

The fair value of the warrants issued was estimated using the Black-Scholes model and a total of \$714,885 was added to contributed surplus in the shareholder's equity.

Share purchase warrants outstanding at November 30, 2009 are as follows:

Number of Warrants	Class of Shares	Expiry Date	Exercise Price
128,571	Common	December 31, 2009	\$ 0.21
21,030,000	Common	July 15, 2011	0.15
631,000	Common	October 15, 2010	0.15
<u>21,789,571</u>			



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

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.

	2009		2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	15,285,000	\$ 0.40	11,640,000	\$ 0.35
Granted	4,003,000	0.15	5,114,000	0.51
Expired	(1,130,000)	0.40	(1,469,000)	0.45
Outstanding, end of year	18,158,000	\$ 0.34	15,285,000	\$ 0.40

At November 30, 2009, the following stock options were outstanding and exercisable:

Date of Grant	Number of Shares Outstanding	Expiry Date	Number of Shares Exercisable	Exercise Price
March 2, 2005	1,393,000	March 2, 2010	1,393,000	\$ 0.45
May 16, 2005	190,000	May 16, 2010	190,000	0.33
March 21, 2006	3,782,000	March 21, 2011	3,782,000	0.21
October 25, 2006	2,000,000	October 25, 2011	2,000,000	0.42
June 27, 2007	1,676,000	June 27, 2012	1,676,000	0.41
December 14, 2007	3,276,000	December 14, 2012	3,276,000	0.58
July 21, 2008	1,688,000	July 21, 2013	1,688,000	0.38
September 15, 2008	150,000	September 15, 2013	150,000	0.38
December 15, 2008	1,378,000	December 15, 2013	1,378,000	0.18
August 5, 2009	2,625,000	August 5, 2014	2,568,750	0.13
	18,158,000		18,101,750	\$ 0.34



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

**10. Share Capital (Continued)**

(c) *Stock Options (Continued)*

At November 30, 2009, the average remaining contractual life was 2.65 years (2008 - 2.99 years).

Stock-based compensation expense of \$406,592 was recorded for the year ended November 30, 2009 (2008 - \$1,287,681) and added to contributed surplus in shareholders' equity. The weighted average fair value of stock options granted during the year ended November 30, 2009 was \$0.10 per share (November 30, 2008 - \$0.25 per share).

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

	<u>2009</u>	<u>2008</u>
Risk free interest rate	2.4 - 3.5%	2.76 - 3.96%
Annual dividends	Nil	Nil
Expected stock volatility	95 - 98%	75 - 89%
Expected life	4 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:

	<u>2009</u>	<u>2008</u>
Consulting fees		
Roger's Drilling Services Inc. ("RDS")	\$ 163,350	\$ 144,100
DRW Geological Consultants Ltd. ("DRW")	178,200	157,200
	<u>\$ 341,550</u>	<u>\$ 301,300</u>

An amount of \$188,471 (2008 - \$145,070) 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, 2009:

- An amount of \$136,640 (2008 - \$117,320) was paid in consulting fees to the Chief Financial Officer of the Company.
- An amount of \$71,425 (2008 - \$55,124) was charged in legal fees by a legal firm of which a partner is an officer of the Company.



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

**11. Related Party Transactions (Continued)**

(c) Certain insiders of the Company participated in the July 15, 2009 private placement as follows: Dave Nickerson and William Burton, Directors of the Company, purchased 50,000 and 200,000 units, respectively; DRW Geological Consultants Ltd., (a private company where David Webb, President and Chief Executive Officer of the Company is a director and officer) purchased 50,000 units and 36,000 flow through shares and Lorne Anderson, Chief Financial Officer of the Company purchased 30,000 units and 180,000 flow through shares.

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

	<u>2009</u>	<u>2008</u>
Denis M. Taschuk	\$ 18,250	\$ 17,000
William D. Burton	16,000	15,500
Dave Nickerson	14,000	14,000
	<u>\$ 48,250</u>	<u>\$ 46,500</u>

(e) Included in accounts payable and accrued liabilities at November 30, 2009 are the following balances with directors and officers and companies controlled by directors:

	<u>2009</u>	<u>2008</u>
DRW Geological Consultants Ltd.	\$ 44,406	\$ 1,615
Roger's Drilling Services Inc.	18,150	-
Lorne B. Anderson	15,200	-
Roger G. Sylvestre	-	5,571
	<u>\$ 77,756</u>	<u>\$ 7,186</u>



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

**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:

	<u>2009</u>	<u>2008</u>
Loss before income taxes	\$ (1,702,431)	\$ (2,487,876)
Statutory tax rate	<b>30.0%</b>	31.0%
Recovery relating to income taxes computed at statutory rates	\$ 510,729	\$ 771,242
Non-deductible stock-based compensation	(121,977)	(399,181)
Impact of reduction in tax rates	(85,122)	-
Adjustment from taxes booked to returns filed	(19,859)	-
Tax effect of flow through renunciation	(122,460)	2,792,277
Other	(198,200)	-
Tax benefit not recognized in prior year	-	(1,496,367)
	<b>\$ (36,889)</b>	<b>\$ 1,667,971</b>

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

	<u>2009</u>	<u>2008</u>
Net operating loss carryforwards	\$ 1,911,072	\$ 1,878,217
Unutilized exploration expenditures	(3,600,243)	(3,633,501)
Share issue costs (S20(1)(e))	253,677	322,062
Capital losses	53,715	-
Capital assets	351,903	308,916
Other	7,439	-
	<b>(1,022,437)</b>	<b>(1,124,306)</b>
Less: Valuation allowance	<b>(192,165)</b>	-
	<b>\$ (1,214,602)</b>	<b>\$ (1,124,306)</b>

At November 30, 2009, the Company has available losses that may be carried forward to apply against future income tax for tax purposes as follows:

<u>Expiry Date</u>	<u>Amount</u>
2010	\$ 553,802
2014	896,559
2015	1,288,637
2016	1,256,249
2027	1,571,145
2028	1,549,638
2029	528,258



Notes to the Consolidated Financial Statements  
November 30, 2009 and 2008

**12. Income Taxes (Continued)**

The exploration expenditures funded by the 2009 flow through share issuances were renounced for tax purposes in fiscal 2009. The renouncement has resulted in a \$122,460 (2008 - \$2,792,277) income tax recovery and an equal reduction in share capital.

**13. Investor Relations**

	<u>2009</u>	<u>2008</u>
Annual general meeting	\$ 80,470	\$ 29,099
Shows and conventions	76,042	131,366
Consultants' fees and expenses	48,134	29,753
Travel	42,439	39,328
Advertising	14,700	45,147
Meals and entertainment	10,580	16,866
Materials	9,225	21,138
News releases	6,996	10,895
Telephone	4,907	4,457
Subscriptions and dues	2,607	2,117
Other	484	919
	<u>\$ 296,584</u>	<u>\$ 331,085</u>

**14. Commitments**

- (a) Annual lease payments of \$17,000 are required to keep the Company's mining properties in good standing.
- (b) A non-refundable advance net smelter royalty 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.



## Notes to the Consolidated Financial Statements November 30, 2009 and 2008

### 16. Subsequent Events

On December 11, 2009, the Company completed the initial closing of 7,500,000 flow through shares purchased at \$0.20 per flow through share for proceeds of \$1,500,000. The agent was paid a cash commission equal to 7% of the proceeds of this sale. The flow through shares are subject to a four month hold period expiring April 12, 2010.

On December 18, 2009, the Company completed a further closing of 5,982,000 flow through shares at a price of \$0.20 per flow through share for proceeds of \$1,196,400. A 7% cash finder's fee was paid on \$1,009,400 and a 2% financial advisory fee was paid on \$187,000 on this financing. The flow through shares are subject to a four month hold period expiring April 19, 2010. In this private placement, Dave Nickerson, Director of the Company, purchased 10,000 flow through shares; David Webb, President and Chief Executive Officer of the Company purchased 75,000 flow through shares and Lorne Anderson, Chief Financial Officer of the Company purchased 100,000 flow through shares.

On December 23, 2009, the Company completed the final closing of its flow through financings. A total of 5,908,000 flow through shares at a price of \$0.20 per flow through share were issued for proceeds of \$1,181,600. A 7% cash finder's fee was paid on this financing. The flow through shares are subject to a four month hold period expiring April 23, 2010.

On December 23, 2009, final acceptance from the TSX Venture Exchange was received for all three private placements.

On December 31, 2009, 128,571 warrants at a price of \$0.21 expired unexercised.

From December 1, 2009 to February 10, 2010, 1,000,000 warrants were exercised at \$0.15 for proceeds of \$150,000.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

**November 30, 2009**

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, 2009.

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 10, 2010. 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 10, 2010.

### **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 N.W.T. Corp., a wholly-owned subsidiary of Tyhee Development Corp.

### **Overview**

Tyhee is focused on two objectives; advancing the Yellowknife Gold Project towards production and identifying additional resources to supplement potential production at the Yellowknife Gold Project.

Engineering and permitting work for the Yellowknife Gold Project is ongoing. A Preliminary Feasibility Study was initiated in mid 2009 and much of the required field work was completed by the end of the fiscal year. Management anticipates completion of this study prior to the end of June, 2010.

The company submitted the Project Description Report to the Mackenzie Valley Land and Water Board (MVLWB) in July 2008, which was referred to the Mackenzie Valley Environmental Impact Review Board (MVEIRB) in September 2008 and the company received the final Terms of Reference and Work Plan in May 2009. The Developer's Assessment Report is being prepared for submission before the end of June 2010. This will be followed by a Technical Review by the MVEIRB of the report to determine if our development should proceed.

Tyhee continues to add to its gold resource, increasing our Measured and Indicated Resource by 45% this year over the resource considered in our 2008 Preliminary Assessment. Subsequent to year-end this trend continued with a further 100,000 ounces being added in December 2009.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### General Economic Conditions

The year started with a substantial collapse of the financial markets. Equity prices around the world saw dramatic reductions, and Tyhee's share price was not spared. The Company reacted by sharply reducing activity and curtailing most discretionary spending and deferring capital expenditures where possible. Conditions improved for junior gold explorers by mid year, and Tyhee raised sufficient funds to restart its capital programs.

### Yellowknife Gold Project

The Yellowknife Gold Project consists of the Ormsby, Nicholas Lake, Bruce Lake, Goodwin Lake and Clan Lake Zones.

The Ormsby, Nicholas Lake and Bruce Zones, purchased in 2001 for cash and royalties, are located 90 kilometres north of Yellowknife, Northwest Territories, Canada. They remain subject to a net smelter return royalty. These zones have been submitted in a Project Description Report to the MVLWB for permitting to establish a mine and mill and ancillary facilities. Clan Lake and Goodwin Lake gold zones have been identified and added to the Yellowknife Gold Project.

### Gold Mineralization

A number of potentially economic gold zones are located on mineral claims and mining leases of the Yellowknife Gold Project including the Nicholas Lake, Bruce, Ormsby, Goodwin Lake Vad, and Clan Lake Main Zones.

Past production of 1,023,575 ounces of gold from 1,018,786 tonnes of ore occurred adjacent to the Bruce Lake and Ormsby Zones on the Yellowknife Gold Project at the Discovery Mine Main Zone between 1949 and 1969. This mineralization remains open to depth below the shaft bottom at 1,235 metres below surface. The Bruce Lake Zone was mined in the 1950's as part of the Discovery Mine, and the Ormsby Zone, located two kilometres southwest of the Discovery Mine Main Zone, was partially developed by Ormsby Mines Ltd. in the 1950's.

Recently exploration 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 at the Ormsby Zone.

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 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 Bruce Lake Zone.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Gold Mineralization (continued)

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.

The Clan Lake Property is located 33 km south of the Ormsby Zone. In 2009 a gold 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 domain 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. A 1,045-tonne bulk sample from the property taken in the mid-1960's graded 14.5 grams per tonne gold<sup>1</sup>.

The Goodwin Lake Vad Zone (GL Vad) Property is located 13 km south of the Ormsby Zone. In 2009 a gold 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.

The BigSky Property (not part of the Yellowknife Gold Project) 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 (described further below). 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.

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

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<sup>1</sup> 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, 2009

### Gold Mineralization (continued)

mineralized portion of the WK Shear Zone 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).

<b>Table 1. Yellowknife Gold Project Resource Summary</b>					
		<b>Measured</b>	<b>Indicated</b>	<b>M + I</b>	<b>Inferred</b>
<b>Ormsby Zone</b>	Tonnes	<b>3,003,000</b>	<b>7,898,000</b>	<b>10,901,000</b>	<b>223,000</b>
	Grams per Tonne	<b>3.41</b>	<b>3.42</b>	<b>3.42</b>	<b>3.14</b>
	Troy Ounces, Gold	<b>329,000</b>	<b>869,000</b>	<b>1,198,000</b>	<b>23,000</b>
<b>Nicholas Zone</b>	Tonnes	<b>1,249,000</b>	<b>1,484,000</b>	<b>2,733,000</b>	<b>955,000</b>
	Grams per Tonne	<b>3.81</b>	<b>3.32</b>	<b>3.54</b>	<b>3.92</b>
	Troy Ounces, Gold	<b>153,000</b>	<b>158,000</b>	<b>311,000</b>	<b>120,000</b>
<b>Bruce Zone</b>	Tonnes		<b>791,000</b>	<b>791,000</b>	<b>396,000</b>
	Grams per Tonne		<b>3.31</b>	<b>3.31</b>	<b>2.76</b>
	Troy Ounces, Gold		<b>84,000</b>	<b>84,000</b>	<b>35,000</b>
<b>Clan Main Zone</b>	Tonnes		<b>3,021,000</b>	<b>3,021,000</b>	
	Grams per Tonne		<b>3.64</b>	<b>3.64</b>	
	Troy Ounces, Gold		<b>354,000</b>	<b>354,000</b>	
<b>Goodwin Vad Zone</b>	Tonnes				<b>971,000</b>
	Grams per Tonne				<b>2.91</b>
	Troy Ounces, Gold				<b>91,000</b>
<b>Resource Totals</b>		<b>Measured</b>	<b>Indicated</b>	<b>M + I</b>	<b>Inferred</b>
	Tonnes	<b>4,252,000</b>	<b>13,194,000</b>	<b>17,446,000</b>	<b>2,545,000</b>
	Grams per Tonne	<b>3.53</b>	<b>3.45</b>	<b>3.47</b>	<b>3.29</b>
	Troy Ounces, Gold	<b>482,000</b>	<b>1,465,000</b>	<b>1,947,000</b>	<b>269,000</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Gold Mineralization (continued)

The resource estimates are based on geological models for which the nature and orientation of the mineralization is derived from observation of underground and surface exposures and diamond drill core. The inclusion of geological data results in a more robust resource estimate. The resource estimates conform to National Instrument 43-101 policies. The cut-off grades utilized are reported without economic implications. Cut-off grades are supported by the report prepared for Tyhee Development Corp entitled "NI 43-101 Technical Report on the Preliminary Assessment of the Yellowknife Gold Project" dated August 30, 2008. Details for Ormsby, Nicholas Lake, Bruce and Goodwin are disclosed in a report prepared for Tyhee Development Corp entitled "Report on the Resource Estimate of the Yellowknife Gold Project" dated March 4, 2009 available on [www.SEDAR.com](http://www.SEDAR.com) or [www.tyhee.com](http://www.tyhee.com). Mr. Val Pratico is the QP within the meaning of NI 43-101 for these two reports and the preceding resource table. Samples greater than 65 gpt gold were cut and reported as 65 gpt. Samples were composited into 1.5 m lengths. Inverse distance squared techniques were used to estimate 3m cubic blocks using an 80m x 40m x 10 m search ellipsoid within a geological model that delineated brecciated and silicified rocks.

No economic viability is implied by the cut-off grades or the mineral resource estimates. Only Mineral Reserves as defined by National Instrument 43-101 have demonstrated economic viability. The mineral resource estimates will be affected by environmental, permitting, taxation, socio-economic, marketing, political, mining, metallurgical and infrastructure issues

### Preliminary Assessment

A Preliminary Assessment that encompasses only the Ormsby, Nicholas and Bruce Lake zones, utilized the (2007) 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 resource has been updated as reported above.

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 case of \$750 per ounce of gold, and a 5% discount rate, the project has a pre-tax internal rate of return (IRR) of 21.3% and a discounted (5%) Net Present Value of \$145 million. All cost estimates are at +/- 30% for accuracy. The \$US/\$CAN rate is assumed to be at par.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Preliminary Assessment (continued)

A sensitivity table reflecting different gold prices is presented below.

	Average Gold Price \$US	Pre-tax cash flow \$US	Pre-tax Internal Rate of Return	Pre-tax NPV @5% discount \$US
Low	650	133,750,222	14.79	72,028,327
Base	750	233,337,934	21.44	143,576,211
Current	900	382,091,361	25.96	239,073,552
High	1,000	502,224,605	32.7	328,602,488

### Ongoing and Future Developments

The Preliminary Assessment recommended completing a Prefeasibility Study that was started in mid-2009, on the Yellowknife Gold Project. Concurrent with this work Tyhee is advancing the permitting on the Yellowknife Gold Project. The Company submitted a revised Project Description Report in July 2008 withdrawing the previously submitted Project Description Report, because of a change in mine planning. The Yellowknife Gold Project was referred to the MVEIRB for an Environmental Assessment in August 2008. The MVEIRB developed a final Terms of Reference and Work Plan that was filed May 22, 2009. These documents will guide the development of a Developers Assessment Report (DAR). The DAR represents a principal document upon which the regulators assess if and under what conditions a mine may be operated in the Northwest Territories. Tyhee continues to work with this process, anticipating completion of the DAR before the end of June 2010.

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.

The Company's shareholders ratified a shareholder rights plan, at the Company's annual shareholder meeting that was held on May 7, 2009. The Rights Plan has been adopted to ensure the fair treatment of shareholders in connection with any take-over bid for common shares of the Company. The Rights Plan seeks to provide shareholders with adequate time to properly assess a take-over bid without undue pressure. It also provides the Board with more time to fully consider an unsolicited take-over bid and, if applicable, to explore other alternatives to maximize shareholder value. The Rights Plan was not adopted in response to an anticipated takeover bid. A copy of the Rights Plan is available on SEDAR.

### Changes in Management and Board

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



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Discussion of Operations and Financial Condition

#### Overall Performance and Results of Operations

The year ended November 30, 2009 compared to the year ended November 30, 2008

The Company incurred a net loss of \$1,739,320 during the year ended November 30, 2009 compared to net loss of \$819,905 incurred during the year ended November 30, 2008.

A future income tax expense of \$36,889 was recorded for the year ended November 30, 2009 compared to a future income tax recovery of \$1,667,971 recorded for the year ended November 30, 2008. An income tax expense was recorded for 2009 as a result of management's use of a valuation allowance for certain loss carry forwards which are anticipated to expire unutilized. An income tax recovery was recognized in 2008 mainly due to the tax effect of flow through renunciation. Excluding the income tax expense/recovery, the loss before income taxes for the year ended November 30, 2009 was \$1,702,431 compared to loss before income taxes of \$2,487,876 for the year ended November 30, 2008. Net loss is lower in the current year due to lower administrative expenses.

Administrative expenses for the year ended November 30, 2009 were \$1,012,145 lower than for the year ended November 30, 2008. This difference is mainly a result of stock based compensation expense which decreased by \$881,089 during the year ended November 30, 2009 due to fewer options being awarded and lower benefit recognition values calculated for the option grants in the current year. Consulting fees increased by \$77,721 as a result of bonuses awarded to the executive officers in 2009. Investor relations costs decreased by \$34,501, general corporate expenses decreased by \$21,914 and amortization decreased by \$42,185; the decreases are a result of the reduced level of activity during the current year. Also contributing to the lower administrative expenses was the flow through Part XII.6<sup>(1)</sup> tax which decreased by \$100,026 in the current year. Investor relations costs overall decreased by \$34,501; however, within the investor relations category, show and convention costs decreased by \$55,324, advertising and materials decreased by \$42,360, annual general meeting costs increased by \$51,371 due to the engagement of proxy solicitation services and consultant fees and expenses increased by \$18,381.

Other income decreased by \$226,700 mainly as a result of a decrease in interest income of \$168,376 during the year ended November 30, 2009 due to lower interest earned on bank accounts. An amount of \$45,030 in exploration expenditures was written off relating to certain BigSky and other mineral claims that were allowed to lapse (described in Note 9 of the consolidated financial statements for the year ended November 30, 2009).

Exploration expenditures decreased by \$8,706,297 in the year ended November 30, 2009 compared to the same period last year. This reduction is in line with the Company's planned expenditures and work program for the current year. Any expansion of exploration programs had been curtailed until further funds were raised. Subsequent to year-end, the Company has raised \$3,878,000 through the issuance of flow through shares.

<sup>(1)</sup> The Part XII.6 tax is the tax levied by the federal government when flow through funds are used throughout the year following renouncement.



## MANAGEMENT DISCUSSION AND ANALYSIS

**November 30, 2009**

### **Overall Performance and Results of Operations (continued)**

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

	<b>November 30, 2009</b>	<b>November 30, 2008</b>	<b>November 30, 2007</b>
Net loss	\$ 1,739,320	\$ 819,905	\$ 872,286
Loss per share	0.01	0.00	0.01
Total assets	49,682,833	47,922,933	37,662,492
Total liabilities	2,158,903	1,872,855	1,018,863
Working capital	1,537,414	2,758,787	3,162,034

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 losses in 2007 and 2008, than that of 2009. The Company's advancement of its projects is reflected in the increase in total assets from 2007 to 2008. This advancement was restricted from 2008 to 2009 due to the economic crisis during the current year and the impact on financial markets.

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 2009 and 2008, and \$200,000 in 2007. In 2008, a future income tax liability of \$1,124,306 had been recorded and in 2009 a future income tax liability of \$1,214,602 was recorded. There was no future income tax liability recorded for 2007. The Company has had positive working capital positions for each of the last three years.

#### The three month period ended November 30, 2009 compared to the three month period ended November 30, 2008

Net loss for the three month period ended November 30, 2009 was \$562,296 compared to net loss of \$1,546,034 for the same period last year. The higher net loss during the fourth quarter of 2008 was a result of the future income tax liability of \$1,124,306 recorded at year-end which reduced the income tax recovery amount.

In the fourth quarter of 2009, administrative expenses were higher mainly due to the awarding of bonuses to management and employees; this increase was offset due the lower amount paid for the flow through part XII.6 tax (see footnote <sup>(1)</sup> on page 7) by approximately \$100,000.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Overall Performance and Results of Operations (continued)

#### Summary of Quarterly Results

Period Ended	2009 Nov 30	2009 Aug 31	2009 May 31	2009 Feb 28	2008 Nov 30	2008 Aug 31	2008 May 31	2008 Feb 29
Other income (expenses)	4,959	(43,083)	(1,468)	7,576	23,271	53,674	66,679	51,060
Net earnings (loss)	(562,296)	(516,412)	(348,111)	(312,501)	(1,546,034)	(608,837)	(316,290)	1,651,256
Earnings (loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	0.01
Earnings (loss) per share, fully diluted	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	0.01

With the exception of the quarter ended February 29, 2008, the Company has generally incurred net losses. For the quarter ended February 29, 2008, an income tax recovery of \$2,792,277 was recorded due to the benefit recognition of tax losses from the tax effect of issuing flow-through shares. The positive earnings for that quarter was a result of that recovery.

### Liquidity and Solvency

During the year ended November 30, 2009, total net proceeds of \$2,849,788 were received from two private placements. These funds and the cash on hand at November 30, 2008 were used for an exploration program on Clan Lake, a prefeasibility study, continued permitting work, and for working capital requirements.

The Company's investing activities were mainly additions to exploration properties. Expenditures on exploration properties of \$2,752,373 were incurred during the year ended November 30, 2009. In 2008, expenditures on exploration properties of \$11,458,670 were incurred during the same period.

At November 30, 2009, the Company had cash and cash equivalents of \$1,675,533 and a working capital position of \$1,573,414. During the current fiscal year, the Company continued its advancement with the initiation of the prefeasibility study and continued environmental and permitting work. During the third quarter, subsequent to raising additional funds, an exploration program was initiated on Clan Lake. Further expansion of exploration drill programs were curtailed until additional funds were raised. The Company does not have any long-term debt or capital commitments.

Subsequent to year end, in three separate closings (December 11, December 18 and December 23, 2009), the Company issued a total of 19,390,000 flow through shares at a price of \$0.20 for gross proceeds of \$3,878,000. A total of \$258,370 was paid in finder's fees and a financial advisory fee of \$3,740 was paid on the non-brokered portion of the private placements. The shares are subject to a four month hold period from the date of issuance. Final acceptance was received for all three private placements from the TSX Venture Exchange on December 23, 2009. These funds will be used to advance exploration on the Yellowknife Gold Project.

Also in December 2009, 1,000,000 warrants issued were exercised at \$0.15 for proceeds of \$150,000.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Liquidity and Solvency (continued)

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 of exploration.

### Changes in Accounting Policies

#### Accounting policies implemented effective December 1, 2008

In February 2008, the Canadian Institute of Chartered Accountants (“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. The Company has adopted this standard; adoption of this standard has not had a material impact on its results or operations.

In June 2009, the CICA amended Section 3862, Financial Instruments – Disclosures (“Section 3862”), to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The three levels of fair value hierarchy under Section 3862 are:

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

Cash and cash equivalents fair value approximates its historic value due to the short term nature of this item. The adoption of this statement did not have a material impact on the Company’s financial position or results of operations.

In January 2009, the CICA issued Emerging Issues Committee (“EIC”) Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (“EIC-173”). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable to the Company’s interim and annual financial statements for its fiscal year ending November 30, 2009, with retroactive application. The adoption of EIC-173 did not result in a material impact on the Company’s financial statements.

In March 2009, the CICA issued Abstract EIC 174, Mining Exploration Costs, that provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Changes in Accounting Policies (continued)

assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as of November 30, 2009.

#### Accounting policies to be implemented

In February 2008, the Canadian Accounting Standards Board announced January 1, 2011 as the changeover date for publicly-listed companies to move to the International Financial Reporting Standards ("IFRS"), replacing Canada's own generally accepted accounting principles. The Company will be required to report according to IFRS standards in the year ended November 30, 2012 and will require restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. The Company is currently assessing the impact of the convergence of Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS on the results of operations, financial position and disclosures.

In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non Controlling Interests, to replace Section 1581 and Section 1600. These sections shall be applied prospectively to business combinations on or after the beginning of the first annual reporting period beginning after January 1, 2011 with earlier application permitted. Effective December 1, 2011, the Company will adopt the new handbook sections, which establish updated standards on the recognition, measurement criteria and presentation for acquisitions, the accounting for assets and liabilities assumed and non-controlling interests. The impact of implementation of these standards will not have a material impact on the Company's consolidated financial statements.

### 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 equity markets have become more liquid during the past year and while the junior gold equities have not had a major change so far, it is expected that the ability to finance will ease during the coming year.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### 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 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, 2009, an aggregate of \$341,550 (at November 30, 2008: \$301,300) was paid to private companies owned by the President and Chief Executive Officer, and Executive Vice-President for consulting services. Directors' fees of \$48,250 (at November 30, 2008: \$46,500) were paid to the independent directors of the Company at November 30, 2009. (See Note 11 of the consolidated financial statements for the year ended November 30, 2009). 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, 2009:

An amount of \$136,640 (at November 30, 2008: \$117,320) was paid in consulting fees to the Chief Financial Officer of the Company.

An amount of \$71,425 (at November 30, 2008: \$55,124) was charged in legal fees by a legal firm of which a partner is an officer of the Company.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### Related Party Transactions (continued)

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.

On August 5, 2009, the Company granted 2,550,000 stock options to directors, officers and employees of the Company. The exercise price is \$0.13 and the expiry date is August 5, 2014.

On April 17, 2009, an advance net smelter royalty payment of \$24,200 (US\$20,000) was paid to a private company in which David Webb (President and Chief Executive Officer of Tyhee) is a director and officer (See Note 9(a) in the consolidated financial statements for the year ended November 30, 2009).

Certain insiders of the Company participated in the July 15, 2009 private placement as follows: Dave Nickerson and William Burton, Directors of the Company, purchased 50,000 and 200,000 units, respectively; DRW Geological Consultants Ltd., (a private company where David Webb, President and Chief Executive Officer of the Company is a director and officer) purchased 50,000 units and 36,000 flow through shares and Lorne Anderson, Chief Financial Officer of the Company purchased 30,000 units and 180,000 flow through shares.

In December 2009, of the 19,390,000 flow through shares issued Dave Nickerson, Director of the Company purchased 10,000 flow through shares; David Webb, President and Chief Executive Officer of the Company purchased 75,000 flow through shares and Lorne Anderson, Chief Financial Officer of the Company purchased 100,000 flow through shares.

### Investor Relations

On August 5, 2009, the Company entered into an agreement with Envoy Strategic Partners (Envoy) to assist the Company in increasing its investor outreach and communications efforts. Envoy will receive \$3,900 per month and has been granted 75,000 options at an exercise price of \$0.13 to vest quarterly over 12 months. TSX acceptance of the agreement was received on October 7, 2009.

The Company has continued its contract with Dr. Leanne Baker (Investor Resources LLC) and with Kathleen Walton (The Basic Industries Group) to provide capital market exposure and increase market awareness of the Company. The arrangement continues at \$600 per day for each day services are performed for the Company. Dr. Baker and Ms. Walton were granted 75,000 options each, which have now vested and are exercisable at \$0.38 for a period of five years or earlier, upon expiry of their contracts.

### Guarantees and Commitments

See Note 14 and Note 15 of the consolidated financial statements for the year ended November 30, 2009 outlining the contractual commitments and guarantees provided to third parties.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

**November 30, 2009**

### **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, 2009 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 year ended November 30, 2009 and 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2009

### 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, 2009, 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 in the required form.

### Outstanding Share Data

The Company has authorized an unlimited number of common shares without par value. At February 10, 2010, 217,162,158 common shares were issued and outstanding. There is no other class or series of voting or equity securities. There are a maximum number of 18,158,000 options outstanding which can be converted into 18,158,000 common shares and 20,660,999 warrants outstanding which can be converted into 20,660,999 common shares. At February 10, 2010, there are 255,981,157 fully diluted common shares outstanding.

### Additional Information

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).