



Consolidated Financial Statements of

Tyhee Gold Corp.

(formerly Tyhee Development Corp.)

November 30, 2010 and 2009



November 30, 2010 and 2009

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Auditors' Report

To the Shareholders of
Tyhee Development Corp.

We have audited the consolidated balance sheets of Tyhee Gold Corp. (formerly Tyhee Development Corp.) as at November 30, 2010 and 2009 and the consolidated statements of operations and 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, 2010 and 2009 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
Vancouver, British Columbia
February 22, 2011



Consolidated Statements of Operations and Comprehensive Loss and Deficit

	For the Years Ended	
	November 30, 2010	November 30, 2009
Administrative Expenses:		
Amortization	\$ 154,030	\$ 204,199
Consulting	276,870	340,111
Flow through Part XII.6 tax (Note 12)	32,826	2,931
General corporate	51,225	54,619
Investor relations (Note 13)	312,613	296,584
Professional fees	83,936	77,641
Rent	54,188	55,888
Salaries and benefits	414,193	194,227
Stock-based compensation	5,970	406,592
Telephone	8,787	7,753
Transfer agent and filing fees	22,720	16,701
Travel	16,590	13,169
	1,433,948	1,670,415
Other expenses (income)		
Foreign exchange (gain) loss	(717)	2,380
Interest expense	554	-
Interest income	(8,418)	(18,369)
Write off of plant and equipment	605	2,975
Write off of exploration properties	-	45,030
	(7,976)	32,016
Loss before income taxes	(1,425,972)	(1,702,431)
Future income tax recovery (expense) (Note 12)	657,738	(36,889)
Net loss and comprehensive loss	(768,234)	(1,739,320)
Deficit, beginning of period	(20,562,490)	(18,823,170)
Deficit, end of period	\$ (21,330,724)	\$ (20,562,490)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding		
Basic and diluted	225,284,153	180,758,445

See accompanying notes to the consolidated financial statements.



Consolidated Balance Sheets

	<i>As at</i>	
ASSETS	November 30 2010	November 30 2009
Current Assets		
Cash and cash equivalents	\$ 5,747,494	\$ 1,675,533
Amounts receivable	83,499	61,103
Inventory (Note 6)	440,127	175,055
Prepaid expenses and advances	67,890	80,024
	6,339,010	1,991,715
Security deposits (Note 7)	474,000	474,000
Plant and equipment (Note 8)	445,636	593,924
Exploration properties (Note 9)	52,470,937	46,623,194
	\$ 59,729,583	\$ 49,682,833
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,013,484	\$ 454,301
Asset retirement obligation	490,000	490,000
Future income tax liability (Note 12)	1,418,053	1,214,602
	2,921,537	2,158,903
SHAREHOLDERS' EQUITY		
Share capital		
Unlimited Common shares without par value (Note 10)		
Issued 288,574,991 (November 30, 2009 – 196,772,158)	71,426,612	63,168,905
Contributed surplus	6,712,158	4,917,515
Deficit	(21,330,724)	(20,562,490)
	56,808,046	47,523,930
	\$ 59,729,583	\$ 49,682,833

Going Concern (Note 1)
 Commitments (Note 14)
 Guarantees (Note 15)

Approved by the Directors

(Signed) David R. Webb

David R. Webb, Director

(Signed) Denis M. Taschuk

Denis M. Taschuk, Director

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Cash Flows

	For the Years Ended	
	November 30, 2010	November 30, 2009
Operating activities		
Net loss	\$ (768,234)	\$ (1,739,320)
Add (deduct) items not affecting cash -		
Amortization	154,030	204,199
Future income tax (recovery) expense	(657,738)	36,889
Stock-based compensation	5,970	406,592
Write off of plant and equipment	605	2,975
Write off of exploration properties	-	45,030
	(1,265,367)	(1,043,635)
Changes in non-cash operating working capital		
Amounts receivable	(22,396)	(19,066)
Inventory	(265,072)	87,955
Prepaid expenses and advances	12,134	(37,171)
Accounts payable and accrued liabilities	202,866	(22,560)
	(1,337,835)	(1,034,477)
Investing activities		
Purchase of plant and equipment	(6,347)	(28,409)
Additions to exploration properties, net of amounts in accounts payable	(5,471,465)	(2,752,373)
Acquisition of exploration properties	(19,961)	(28,432)
	(5,497,773)	(2,809,214)
Financing activities		
Issuance of shares, net of issue costs, for		
Private placements	10,752,889	2,849,788
Stock options	4,680	-
Warrants	150,000	-
	10,907,569	2,849,788
Increase (decrease) in cash and cash equivalents	4,071,961	(993,903)
Cash and cash equivalents, beginning of year	1,675,533	2,669,436
Cash and cash equivalents, end of year	\$ 5,747,494	\$ 1,675,533
Cash	\$ 5,747,494	\$ 568,845
Term deposits	-	1,106,688
	\$ 5,747,494	\$ 1,675,533
Non-cash financing activities		
Issuance of common shares for mineral property	\$ -	\$ 10,200
Supplemental cash flow information		
Interest paid	554	-

See accompanying notes to the consolidated financial statements.



Notes to the Consolidated Financial Statements November 30, 2010 and 2009

1. **Going concern**

Tyhee Gold Corp. (formerly Tyhee Development Corp.) (the “Company”) 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.

On February 1, 2011, the Company obtained regulatory approval and changed its name to Tyhee Gold Corp. The Company made the change to better reflect its vision and strategy in the exploration and development of gold resources.

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 continued financial support from shareholders and its ability to attract significant cash investments and ultimately upon attaining future profitable operations. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. 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**

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.

In January 2009, the Canadian Institute of Chartered Accountants (“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 applications 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, 2010 and 2009

3. Significant accounting policies (continued)

(b) *Measurement uncertainty*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles (“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 exploration properties, asset retirement obligation 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.

(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 will be 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, 2010 and 2009

3. Significant accounting policies (continued)

(h) *Asset retirement obligation*

CICA Handbooks, 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.

(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, 2010 and 2009

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. 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, 2010 and 2009, and no opening or closing balances for "accumulated other comprehensive income or loss". During the years ended November 30, 2010 and 2009, 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 to carry out the Company's planned exploration and development programs and to pay for administrative costs, and will continue to raise additional funds. 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.

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.



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

5. Financial instruments (continued)

(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, 2010, the Company held \$98,267 in U.S. dollars (2009 - US\$ 2,963). 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 and the inability to meet obligations as they come due.

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

6. Inventory

At November 30, 2010, the inventory consists of diesel, gasoline and propane and amounted to \$440,127 (November 30, 2009 - \$175,055). During the year ended November 30, 2010, inventory purchases amounted to \$490,907 and, based on consumption, an amount of \$225,835 was charged to exploration properties in year ended November 30, 2010. Cost of inventory includes amounts paid to the supplier including transportation costs.

7. Security deposits

	November 30, 2010	November 30, 2009
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 licence on the Company's exploration properties.



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

8. Plant and equipment

2010			
	Cost	Accumulated Amortization	Net Book Value
Automobiles	\$ 245,747	\$ 199,032	\$ 46,715
Boats and canoes	12,170	8,695	3,475
Camp Facilities	331,821	250,159	81,662
Computer/electronic equipment	98,551	89,871	8,680
Data network infrastructure	36,744	31,393	5,351
Mining equipment	938,027	652,083	285,944
Office furniture	56,743	42,934	13,809
	\$ 1,719,803	\$ 1,274,167	\$ 445,636

2009			
	Cost	Accumulated Amortization	Net Book Value
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
	\$ 1,717,626	\$ 1,123,702	\$ 593,924



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

9. Exploration properties

	Yellowknife Gold Project				BigSky Property	Other properties	Total
	Ormsby, Nicholas Lake, Bruce Lake	Goodwin Lake Property	Clan Lake Property	Total			
	\$	\$	\$	\$	\$	\$	\$
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
Write-offs/adjustments							
Acquisition	(3,946)	-	-	(3,946)	(20,047)	(2,680)	(26,673)
Exploration	-	-	-	-	(3,725)	(14,632)	(18,357)
	(3,946)	-	-	(3,946)	(23,772)	(17,312)	(43,030)
Additions							
Acquisition	24,200	-	4,232	28,432	10,200	-	38,632
Exploration							
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
Prefeasibility report	605,429	-	9,275	614,704	-	-	614,704
	2,301,713	28,617	582,283	2,912,613	70,369	-	2,982,982
November 30, 2009							
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
	37,762,771	1,546,101	4,024,641	43,333,513	3,289,680	1	46,623,194
Additions							
Acquisition	19,961	-	-	19,961	-	-	19,961
Exploration							
Assaying/preparation	27,259	-	231,498	258,757	-	-	258,757
Camp costs	148,098	-	504,384	652,482	-	-	652,482
Drilling	347,195	-	1,227,067	1,574,262	-	-	1,574,262
Equipment rentals/repairs	24,231	-	34,237	58,468	-	-	58,468
Environmental	326,544	-	-	326,544	-	-	326,544
Flights/travel	36,013	-	284,258	320,271	-	-	320,271
Geology	171,256	36,264	369,712	577,232	-	-	577,232
Project management	132,334	1,320	288,380	422,034	1,320	-	423,354
Property holding costs	15,700	1,277	372	17,349	1,469	-	18,818
Supplies (operating)	67,297	-	196,822	264,119	-	-	264,119
Prefeasibility report	1,117,708	-	3,124	1,120,832	-	-	1,120,832
Winter road	91,624	-	141,019	232,643	-	-	232,643
	2,505,259	38,861	3,280,873	5,824,993	2,789	-	5,827,782
November 30, 2010							
Acquisition	734,814	41,115	28,760	804,689	97,398	1	902,086
Exploration	39,553,179	1,543,847	7,276,754	48,373,780	3,195,071	-	51,568,851
	40,287,993	1,584,962	7,305,514	49,178,469	3,292,469	1	52,470,937



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

9. Exploration properties (continued)

Yellowknife Gold Project

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

The Company has a 100% interest in the 14 mineral leases which host the Ormsby, Nicholas Lake and Bruce Lake Zones that cover approximately 6,348 hectares (15,650 acres). The leases are located 90 km north of Yellowknife, Northwest Territories, Canada.

As part of the purchase price of the leases, 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 net smelter return royalty ("NSR"). The advance payments have been paid to date. The terms of the 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, 2010, the Company has spent \$40,287,993 on acquisition and exploration of the leases.

(b) *Goodwin Lake property*

The Goodwin Lake property is located 60 km north of Yellowknife, Northwest Territories, Canada is comprised of four mineral claims that cover approximately 722 hectares (1,780 acres) and hosts the Vad Zone. Tyhee has completed surveys and has applied to convert the three NAK claims to mineral leases.

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. 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, 2010, the Company has spent \$1,584,962 on the acquisition and exploration of the Goodwin Lake property.

(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) and hosts several gold zones including the Main Zone.

At November 30, 2010, the Company has spent \$7,305,514 on the acquisition and exploration of the Clan Lake property.



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

9. Exploration properties (continued)

BigSky property

The BigSky property is located 17 km north of Yellowknife, Northwest Territories, Canada. The property is comprised of six mining leases (Oro Lake and three of the four Blue claims) covering 597 hectares (1,474 acres) and 17 claims totalling 2,403 hectares (5,936 acres).

The Blue claims were acquired in 2007 from an arm's length Yellowknife businessman for 60,000 common shares which were issued over three years and a 2% NSR, one-half of which may be purchased by the Company for \$500,000.

The Ken claims constitute 188 hectares (465 acres) of the BigSky property and were acquired in 2007 from an arm's 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 Oro Lake property constitutes 137 hectares (338 acres) of leases which are part of the BigSky property and were acquired in 2008 from an arm's 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 agreement dated April 30, 2008. To November 30, 2010, the Company has expended approximately \$70,800 in exploration expenditures 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, 2010, the Company has spent \$3,292,469 on acquisition and exploration of the BigSky property.

Other properties

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, 2010 and 2009

10. Shareholders' equity

	Number	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity Total
		\$	\$	\$	\$
Balance, November 30, 2008	169,063,327	61,077,210	3,796,038	(18,823,170)	46,050,078
Issued during the year for cash – private placements	27,688,831	2,203,955	714,885	-	2,918,840
Issued during the year for mineral property	20,000	10,200	-	-	10,200
Flow through shares renunciation	-	(122,460)	-	-	(122,460)
Stock-based compensation	-	-	406,592	-	406,592
Loss for the year	-	-	-	(1,739,320)	(1,739,930)
Balance, November 30, 2009	196,772,158	63,168,905	4,917,515	(20,562,490)	47,523,930
Issued during the year for cash – private placements (Note 10(a))	90,765,333	9,173,626	1,825,574	-	10,999,200
Exercise of warrants for cash (Note 10(b))	1,000,000	182,299	(32,299)	-	150,000
Exercise of options for cash (Note 10(c))	37,500	9,282	(4,602)	-	4,680
Flow through shares renunciation (Note 12)	-	(1,107,500)	-	-	(1,107,500)
Stock-based compensation (Note 10(c))	-	-	5,970	-	5,970
Loss for the year	-	-	-	(768,234)	(768,234)
Balance, November 30, 2010	288,574,991	71,426,612	6,712,158	(21,330,724)	56,808,046

(a) *Private placements*

- (i) 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 were subject to a four month hold period expiring April 12, 2010.
- (ii) 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 were subject to a four month hold period expiring April 19, 2010.
- (iii) 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 were subject to a four month hold period expiring April 23, 2010. Final acceptance from the TSX Venture Exchange was received for all three private placements on December 23, 2009.



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

10. Shareholders' equity (continued)

(a) *Private Placements (continued)*

- (iv) On February 25, 2010, the Company issued 4,830,000 units at \$0.15 per unit for proceeds of \$724,500. A total of 4,830,000 shares and 2,415,000 warrants exercisable at \$0.25 for a period ending July 15, 2011 were issued. Subscribers to this private placement agreed to surrender a share purchase warrant issued during a previous private placement, exercisable at \$0.15 (and valued at \$0.03) and expiring July 15, 2011 for cancellation and pay \$0.15 cash for each unit subscribed to. All securities issued were subject to a four month hold period expiring June 25, 2010.
- (v) On October 29, 2010, the Company issued 31,200,000 units at \$0.10 per unit for proceeds of \$3,120,000 and 13,658,332 flow through units at \$0.12 per unit for proceeds of \$1,639,000. A total of 44,858,332 shares and 22,429,164 warrants exercisable at \$0.125 for a period ending October 29, 2012 were issued. A 7% cash commission was paid on the common share units and a 6% cash commission on the flow through units. The agent also received 1,872,000 warrants to purchase non flow through units exercisable at \$0.10 per unit, expiring January 29, 2012. Each warrant can be exercised for one common share and half a share purchase warrant exercisable at \$0.125, expiring October 29, 2012.

All warrants will expire prior to the expiry date, with a 30-day notice, if the share price closes at or above \$0.20 for a period of 20 days.

- (vi) On November 15, 2010, the Company issued 11,300,000 units at \$0.10 per unit for proceeds of \$1,130,000 and 10,387,001 flow through units at \$0.12 per unit for proceeds of \$1,246,440. A total of 21,687,001 shares and 10,843,500 warrants exercisable at \$0.125 for a period ending November 15, 2012 were issued. A 7% cash commission was paid on the common share units and a 6% cash commission on the flow through units. The agent also received 678,000 warrants to purchase non flow through units, exercisable at \$0.10 per unit, expiring February 15, 2012. Each warrant can be exercised for one common share and half a share purchase warrant, exercisable at \$0.125, expiring November 15, 2012.

All warrants will expire prior to the expiry date, with a 30-day notice, if the share price closes at or above \$0.20 for a period of 20 days.

	Number of Units	Proceeds \$
December 11, 2009 (i)	7,500,000	1,500,000
December 18, 2009 (ii)	5,982,000	1,196,400
December 23, 2009 (iii)	5,908,000	1,181,600
February 25, 2010 (iv)	4,830,000	724,500
October 29, 2010 (v)	44,858,332	4,759,000
November 10, 2010 (vi)	21,687,001	2,376,440
	90,765,333	11,737,940
Less: Share issue costs (including \$246,311 future income tax impact on share issuance costs)	-	(738,740)
	90,765,333	10,999,200



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

10. Shareholders' equity (continued)

(b) Share purchase warrants

	2010	2009
Warrants outstanding, beginning of year	21,789,571	-
Warrants issued during the year	38,237,664	21,789,571
Warrants exercised during the year	(1,000,000)	-
Warrants expired/surrendered during the year	(5,589,571)	-
Warrants outstanding, end of year	53,437,664	21,789,571

The fair value of the warrants issued in the current year was estimated using the Black-Scholes model. A weighted average issue-date fair value of \$0.05 was calculated using the following assumptions: annual dividends of \$Nil are to be paid; volatility of 110 – 117%, risk free interest rate of 1.21 – 1.43% and expected life of 15-24 months. A total of \$1,825,574 was added to contributed surplus in the shareholder's equity.

Share purchase warrants outstanding at November 30, 2010 are as follows:

Number of Warrants	Class of shares	Expiry Date	Exercise Price
			\$
2,415,000	Common	July 15, 2011	0.25
15,200,000	Common	July 15, 2011	0.15
1,872,000	Common	January 29, 2012	0.10
678,000	Common	February 15, 2012	0.10
22,429,164 ¹	Common	October 29, 2012	0.125
10,843,500 ¹	Common	November 15, 2012	0.125
53,437,664			

¹ Each warrant can be exercised for one common share and half a share purchase warrants - Notes 10 (a)(v) and (vi).

(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.

	2010		2009	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
		\$		\$
Options outstanding, beginning of year	18,158,000	0.34	15,285,000	0.40
Options granted during the year	-	-	4,003,000	0.15
Options exercised during the year	(37,500)	0.13	-	-
Options expired during the year	(1,583,000)	0.44	(1,130,000)	0.14
Options outstanding, end of year	16,537,500	0.33	18,158,000	0.34

See Subsequent Event (Note 16)



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

10. Shareholders' equity (continued)

(c) *Stock options (continued)*

At November 30, 2010, the following stock options were outstanding and exercisable:

Date of grant	Number of shares outstanding and exercisable	Expiry date*	Exercise price
			\$
March 21, 2006	3,782,000	March 21, 2011	0.21
October 25, 2006	2,000,000	October 25, 2011	0.42
June 27, 2007	1,676,000	June 27, 2012	0.41
December 14, 2007	3,276,000	December 14, 2012	0.58
July 21, 2008	1,688,000	July 21, 2013	0.38
September 15, 2008	150,000	September 15, 2013	0.38
December 15, 2008	1,378,000	December 15, 2013	0.18
August 5, 2009	2,587,500	August 5, 2014	0.13
	16,537,500		0.33

*See Related Party Transactions (Note 11)

At November 30, 2010, the average remaining contractual life was 1.89 years (November 30, 2009 – 2.65 years).

Stock-based compensation expense of \$5,970 (previously granted; now vested) was recorded for the year ended November 30, 2010 (November 30, 2009 - \$406,592) and added to contributed surplus in shareholders' equity.

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

	November 30, 2009
Risk free interest rate	2.4 – 3.5%
Annual dividends	Nil
Expected stock volatility	95 - 98%
Expected life	4 years



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

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:

	2010	2009
	\$	\$
Consulting fees		
Roger's Drilling Services Inc. ("RDS")	*72,600	163,350
DRW Geological Consultants Ltd. ("DRW")	178,200	178,200
	250,800	341,550

An amount of \$140,250 (2009 - \$188,471) 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.

* Effective May 31, 2010, Mr. Sylvestre retired from the management and Board of the Company. The Company agreed to pay Roger's Drilling Services Inc., commencing on June 1, 2010 and continuing thereafter for a total period of eighteen months, a monthly payment of \$12,100 for a total payment of \$217,800 plus applicable taxes, which was included in salaries and benefits. For the year ended November 30, 2010, an amount of \$72,600 plus applicable taxes has been paid to Roger's Drilling Services Inc. In addition, 2,492,500 stock options granted to him by the Company before the 2010 fiscal year are exercisable for a period of twelve months, expiring on May 31, 2011.

(b) The following transactions were also included in the financial statements for the year ended November 30, 2010:

- The Company paid consulting fees of \$136,620 (2009 - \$136,640) to the Chief Financial Officer of the Company.
- The Company paid legal fees of \$99,421 (2009 - \$71,425) to a legal firm of which an officer of the Company is a partner.

(c) Certain insiders of the Company participated in the private placements as follows:

- Of the 5,982,000 flow through share issued on December 18, 2009, 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.
- Of the 4,830,000 units issued on February 25, 2010, 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 Lorne Anderson, Chief Financial Officer of the Company, purchased 30,000 units.
- Of the 31,200,000 units issued on October 29, 2010, Dave Nickerson, Director of the Company, purchased 50,000 units and Williams Creek Explorations Ltd. (a public company where Michael Sonnenreich, Director of the Company is the Chairman and officer) purchased 10,000,000 units.



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

11. Related party transactions (continued)

- Of the 13,658,332 flow through units issued on October 29, 2010, Lorne Anderson, Chief Financial Officer of the Company, purchased 250,000 flow through units.
- Of the 11,300,000 units issued on November 15, 2010, Michael Sonnenreich, Director of the Company, purchased 1,500,000 units.
- Of the 10,387,000 flow through units issued on November 15, 2010, Dave Webb, President and Chief Executive Officer of the Company, and Denis Taschuk, Chairman of the Company, purchased 125,000 and 100,000 flow through units respectively.

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

	2010	2009
	\$	\$
Denis M. Taschuk	19,500	18,250
William D. Burton	16,500	16,000
Dave Nickerson	14,000	14,000
Michael Sonnenreich	1,000	-
	51,000	48,250

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

	2010	2009
	\$	\$
DRW Geological Consultants Ltd.	25,850	44,406
Lorne B. Anderson	15,180	15,200
Michael Sonnenreich	4,305	-
Dave Nickerson	2,108	-
Roger's Drilling Services Inc.	147,081	18,150
Denis M. Taschuk	1,862	-
	196,386	77,756



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

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>2010</u>	<u>2009</u>
Loss before income taxes	\$ (1,425,972)	\$ (1,702,431)
Statutory tax rate	28.6%	30.0%
Recovery relating to income taxes computed at statutory rates	\$ 408,256	\$ 510,729
Non-deductible stock-based compensation	(1,709)	(121,977)
Impact of reduction in tax rates	(46,492)	(85,122)
Adjustment from taxes booked to returns filed	253,663	(19,859)
Expiration of non-capital loss	(138,451)	-
Change in valuation allowance and others	182,471	(320,660)
	\$ 657,738	\$ (36,889)

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>2010</u>	<u>2009</u>
Net operating loss carryforwards	\$ 2,485,833	\$ 1,911,072
Unutilized exploration expenditures	(4,707,743)	(3,600,243)
Share issue costs (Income Tax Act §20(1)(e))	357,980	253,677
Capital losses	53,715	53,715
Capital assets	390,562	351,903
Other	1,600	7,439
	(1,418,053)	(1,022,437)
Less: Valuation allowance	-	(192,165)
	\$ (1,418,053)	\$ (1,214,602)



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

12. Income taxes (continued)

At November 30, 2010, the Company has available non-capital losses that may be carried forward to apply against future income tax for tax purposes as follows:

Expiry Date	Amount
2014	896,559
2015	1,288,637
2016	1,256,249
2027	1,571,145
2028	1,549,638
2029	1,528,659
2030	1,852,444

The exploration expenditures funded by the 2010 flow through share issuances were renounced for tax purposes in fiscal 2010. The renouncement has resulted in a \$1,107,500 (2009 - \$122,460) income tax recovery and an equal reduction in share capital. In 2010, the Company paid the Part XII.6 tax in the amount of \$32,825 (2009 - \$2,931) based on the unspent flow through share funds which had already been renounced under the “look-back” rule.

13. Investor relations

	2010	2009
	\$	\$
Shows and conventions	82,152	76,042
Travel	60,530	42,439
Consultants’ fees and expenses	51,248	48,134
Annual general meeting	39,891	80,470
Advertising	36,168	14,700
News releases	19,588	6,996
Subscriptions and dues	8,775	2,607
Materials	5,517	9,225
Meals and entertainment	4,593	10,580
Telephone	3,377	4,907
Courier and postage	774	484
	312,613	296,584

14. Commitments

- (a) Annual lease payments of \$17,500 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).
- (c) A total amount of \$145,200 plus applicable taxes is payable to Roger’s Drilling Services Inc., which is payable on the first day of each subsequent month in the amount of \$12,100 plus applicable taxes for a remaining twelve months in accordance with the agreement signed with Mr. Sylvestre on May 31, 2010, as described in Note 11.



Notes to the Consolidated Financial Statements
November 30, 2010 and 2009

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.

16. Subsequent event

On January 12, 2011, the Company granted incentive stock options to certain directors, officers and employees to purchase up to 8,219,000 common shares in the capital stock of the Company pursuant to a shareholder approved Incentive Stock Option Plan. The options are exercisable on or before January 12, 2016 at a price of \$0.16 per share.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

The following is a discussion and analysis of the consolidated financial condition and operating results of Tyhee Gold Corp. (the “Company”) for the year ended November 30, 2010.

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 22, 2011. 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 22, 2011.

Description of Business

On February 1, 2011 Tyhee Development Corp changed its name to Tyhee Gold Corp. The company has been focused on gold exploration and the new name will better reflect its vision and strategy in the exploration and development of gold resources.

Tyhee Gold 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 mandate 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 properties in a manner that optimizes the potential of a property, ultimately reaching production.

All properties and licences are owned by Tyhee N.W.T. Corp., a wholly-owned subsidiary of Tyhee Gold Corp.

Overview

Tyhee is advancing the Yellowknife Gold Project by working to obtain production permits and focusing on identifying additional resources to supplement potential production.

Engineering and permitting work for the Yellowknife Gold Project is ongoing. A Preliminary Feasibility Study was completed in July 2010, showing the Yellowknife Gold Project to have a positive net present value (NPV) and internal rate of return (IRR) under base case conditions (US\$950 gold). Initial capital costs are estimated to be CAD\$170 million including a CAD\$20 million contingency to construct a 3,000 tonne per day mine and mill complex producing an average of 108,000 ounces per year at cash costs of US\$546 per ounce. At more current gold prices the project provides for an exceptional return on investment and net present value.

The Company submitted the Project Description Report (“PDR”) 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. The Company received the final Terms of Reference and Work Plan in May 2009. The Developer’s Assessment Report (DAR) is being prepared and is anticipated to be submitted in Q1/Q2 2011. This will be followed by a Technical Review by the MVEIRB of the report.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Overview (continued)

Tyhee continues to explore its properties, expanding on known mineralization and identifying new areas of mineralization. The Clan Lake Main Zone was expanded to the southeast by nearly 400 metres in 2010 by a drill campaign of 20 diamond drillholes. In addition, two new gold zones were discovered, one on either side of the Main Zone.

Yellowknife Gold Project

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

The Ormsby, Bruce, and Nicholas Lake 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 the PDR to the MVLWB for permitting to establish a mine and mill and ancillary facilities. Gold zones were identified at Clan Lake and Goodwin Lake and have been added to the Yellowknife Gold Project, but not included in the PDR.

Gold Mineralization

Yellowknife Gold Project

A number of potentially economic gold zones are located on mineral claims and mining leases of the Yellowknife Gold Project including the Nicholas Lake Main Zone, Bruce Lake Zone, Ormsby Zone, Goodwin Lake Vad Zone, and Clan Lake Main Zone. All are hosted within Archean rocks of the Slave Structural Province, part of the Canadian Shield.

Past production of 1,023,575 ounces of gold from 1,018,786 tonnes of ore from the historic Discovery Mine (1949 to 1969)¹ occurred adjacent to the Bruce Zones on the Yellowknife Gold Project. Stope extensions, pillars and other scattered mineralization occur within the old workings. Mineralization also occurs to depth below the shaft bottom at 1,235 metres below surface. None of this mineralization is included in the current resource estimates. Portions of the Bruce Lake Zone were mined in the 1950's as part of the Discovery Mine. The Ormsby Zone, located two kilometres southwest of the Discovery Mine Main Zone, was partially developed by Ormsby Mines Ltd. in the 1950's.

Gold mineralization at the Ormsby and Bruce Lake Zones is found within what appears to be a structurally controlled breccia. This structure has been traced for over three kilometres across the project area. 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. The Ormsby and Bruce Lake Zones remain open to depth.

¹ McGlynn, J.C., 1971. Metallic Mineral Industry, District of Mackenzie, Northwest Territories. GSC Paper 70-17.194 p.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Gold Mineralization (continued)

Gold mineralization at the Nicholas Lake Main Zone is constrained to an altered metagabbro intrusion or within adjacent metasedimentary rocks. Gold occurs within and adjacent to quartz veins transecting these rocks. The Nicholas Lake Zone hosts at least 15 auriferous quartz sulphide veins that range from approximately one metre to several metres in width, 50 to 100 metres in length and over 100 metres in vertical extent. The Nicholas Lake Main Zone remains open to depth.

The Clan Lake Main Zone is located 33 km south of the Ormsby Zone. In 2009 a gold resource was developed from 43 new diamond drillholes. Mineralization is largely constrained to a 7.1 kilometre long, 1,200 m wide north-northeast striking domain (open along strike). Mineralization consists of altered, silicified, and sulphidized rocks that generally strike to the northwest. A 1,045-tonne bulk sample from the property taken in the mid-1960's graded 14.5 grams per tonne gold². Mapping and prospecting has identified other significant gold mineralization throughout this domain including the 330, Pond, Cranberry, Morel, Iceberg, and Cub Zones, and two new zones, the Bear and the Spud have recently been discovered. All zones remain open along strike and to depth.

The Goodwin Lake Vad Zone (GL Vad) 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 flattened tube-shaped domains of silicification, 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.

BigSky Property

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)³ 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

² 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.

³ Hauser, R.L., McDonald, D.W., and Siddorn, J.P., Geology of the Miramar Con Mine: Chapter 12 *in* Gold in the Yellowknife Greenstone Belt, Northwest Territories: Results of the EXTECH III Multidisciplinary Research Project, (ed) C.D. Anglin, H. Falk, D.F. Wright, and E.J. Ambrose; Geological Association of Canada, Mineral Deposits Division, Special paper No. 3, p173-187.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Gold Mineralization (continued)

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 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).

Yellowknife Gold Projects Mineral Resources ¹						
Category	Ormsby Zone	Nicholas Lake Main Zone	Bruce Lake Zone	Clan Lake Main Zone	Goodwin Lake Vad Zone	Total Resources
Measured						
Tonnes	3,003,000	1,249,000	-	-	-	4,252,000
Grams Gold per Tonne	3.41	3.81	-	-	-	3.53
Troy Ounces, Gold	329,000	153,000	-	-	-	482,000
Indicated						
Tonnes	7,898,000	1,484,000	791,000	3,021,000	-	13,194,000
Grams Gold per Tonne	3.42	3.32	3.31	3.64	-	3.45
Troy Ounces, Gold	869,000	158,000	84,000	354,000	-	1,465,000
Measured and Indicated						
Tonnes	10,901,000	2,733,000	791,000	3,021,000	-	17,446,000
Grams Gold per Tonne	3.42	3.54	3.31	3.64	-	3.47
Troy Ounces, Gold	1,198,000	311,000	84,000	354,000	-	1,947,000
Inferred						
Tonnes	223,000	955,000	396,000	-	971,000	2,545,000
Grams Gold per Tonne	3.14	3.92	2.76	-	2.91	3.29
Troy Ounces, Gold	23,000	120,000	35,000	-	91,000	269,000



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Gold Mineralization (continued)

Yellowknife Gold Projects Mineral Reserves ¹					
Category	Ormsby Zone Open Pit	Ormsby Zone Underground	Nicholas Lake Underground	Clan Lake Open Pit	Total Reserves
Proven					
Tonnes	2,788,000		134,000	-	2,922,000
Grams Gold per Tonne Recovered	2.77		6.37	-	2.94
Troy Ounces, Gold Recovered	248,800		27,400	-	276,200
Probable					
Tonnes	2,378,000	976,000	841,000	441,000	4,636,000
Grams Gold per Tonne Recovered	3.14	5.15	3.52	2.71	3.59
Troy Ounces, Gold Recovered	239,900	161,500	95,200	38,400	535,000
Total					
Tonnes	5,166,000	976,000	975,000	441,000	7,558,000
Grams Gold per Tonne Recovered	2.94	5.15	3.92	2.71	3.34
Troy Ounces, Gold Recovered	488,700	161,500	122,600	38,400	811,200

¹ Mineral Resources are in part inclusive of Mineral Reserves and comply with NI 43-101 standards. Proven and Probable Reserves are determined using recovered gold values based upon a US\$950 per ounce gold price and a \$US:\$CAD exchange rate of 0.93. Open pit reserves are established using a 3D Whittle optimization (Gemcom Whittle 4x). All underground Probable Reserves are determined using a 2.5 gpt cut-off. Mineral Resources for Ormsby, Bruce, Goodwin Vad and Clan Main Zones are at a 1.25 gpt cut-off. The Nicholas Lake Zone is at a 1.1 gpt cut-off. 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 3 m cubic blocks using an 80 m x 40 m x 10 m search ellipsoid within a geological model that delineated brecciated and silicified rocks. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability, and except as reported, there is no guarantee that any resource will become a reserve.

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. 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. Val Pratico, P.Geol. is the QP of this report within the meaning of NI 43-101. Details for Ormsby, Nicholas Lake, Bruce Lake and Goodwin Lake are disclosed in a report prepared for Tyhee Gold Corp entitled “Report on the Resource Estimate of the Yellowknife Gold Project” dated March 4, 2009. Val Pratico P.Geol. is the QP of this report within the meaning of NI 43-101. Details for Ormsby, Nicholas Lake and Clan Lake are updated and revised in a report for Tyhee Gold Corp entitled “Technical Report on the Pre-feasibility Study of the Yellowknife Gold Project, Northwest Territories, Canada” dated July 22, 2010 available on www.SEDAR.com or



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Gold Mineralization (continued)

www.tyhee.com. N.Eric Fier, P.Eng, John Fox, P.Eng., Frank Wright, P.Eng., Jerry Kaehne, Dipl.T., Lara Reggin, P.Geo., and Jay Collins, P.Eng. are QPs of this report within the meaning of NI 43-101.

Preliminary Feasibility Study

A Preliminary Feasibility Study (PFS) which was completed in July 2010 encompasses only the Ormsby, Nicholas Lake and Clan Lake (surface) zones. It utilized the (2010) Measured and Indicated Resource of 16,655,000 tonnes grading 3.45 gpt gold containing 1,863,000 ounces of gold. An additional 791,000 tonnes of indicated gold at Bruce Lake Zone grading 3.31 gpt gold for 84,000 ounces as well as 2.5 million tonnes of Inferred Resources grading 3.29 gpt gold containing 269,000 ounces of gold was excluded from economic analysis in this study (see preceding tables on Reserves and Resources under “Gold Mineralization”).

EBA Engineering Consultants Ltd (EBA), the lead consultants on the study, recommends that Tyhee initiate a Feasibility Study to refine the estimates and optimize the operations with respect to a reduction in strip ratio, further geotechnical work at Clan Lake, revised underground optimized designs and further trade off studies with respect to power and transportation. Capital costs were completed by Merit Consultants supplemented with costs by EBA. All gold zones are open to depth, Clan Lake Main and Goodwin Lake Vad are open along strike, and four additional gold zones exist near the Clan Lake Main Zone.

In this disclosure, all dollars are Canadian (\$CAN) unless otherwise reported. The \$CAN/\$US rate of exchange was assumed to be at 0.93. The base case considered a 3,000 tonne per day operation, initially as an open pit at Ormsby with underground operations at Nicholas Lake and converting to underground at Ormsby and open pit at Clan Lake in year four, recovering an average of 108,000 ounces of gold per year for 7.5 years (total 811,200 ounces) at an average operating cost of US\$546 per ounce of gold. Initial capital costs were projected to be \$170 million, including a contingency of \$20 million.

The project has a pre-tax internal rate of return (IRR) of 16.2% and a Net Present Value of \$71.3 million. All cost estimates were at +/- 30% for accuracy. The project showed the following sensitivities to discount rate and gold price.

Sensitivities to the discount rate for the base case

Discount	Before tax NPV (\$M)
0%	119.0
5%	71.3
7%	55.5
10%	34.5



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Preliminary Feasibility Study (continued)

Sensitivities to the gold price for the base case

Gold Price US\$	Before tax NPV (\$M)	IRR
850	-1.7	4.7%
950	71.3	16.1%
1,050	144.6	27.3%
1,150	217.7	38.8%

Note: figures rounded to the nearest hundred thousand dollars.

The Ormsby open pit mine will produce 5.2 million tonnes of ore grading 3.20 gpt with an overall strip ratio of 14.2:1. The Nicholas Lake underground mine will produce 975,000 tonnes grading 4.36 gpt concurrent with the Ormsby open pit. Underground operations at the Ormsby Zone will produce 976,000 tonnes grading 5.60 gpt and commence upon completion of the Nicholas Lake component. Mining at Clan Lake will produce 441,000 tonnes of ore grading 2.95 gpt from an open pit and commence near to the completion of the Ormsby open pit.

All ores are non-refractory and will be processed at a conventional crusher and grinding mill with separation utilizing gravity, flotation of the gravity tails, regrind of the flotation concentrate and cyanidation with Merrill Crowe recovery enabling doré bars to be poured on site. Gold recoveries of 92% for Ormsby and Clan Lake ores and 90% for Nicholas Lake ores were established.

The Preliminary Feasibility Study was prepared by several independent and dependent qualified persons including EBA Engineering Consultants Ltd. Authors N. Eric Fier, CPG, P.Eng., and Lara Reggin, P.Geol., Frank Wright, P.Eng., John Fox, P.Eng., Jerry Kaehne, Dipl.T., Jay Collins, P.Eng. All authors of the report are Qualified Persons within the meaning of NI 43-101. The report is filed on www.SEDAR.com and www.tyhee.com.

Ongoing and Future Developments

The Preliminary Feasibility Study recommended initiating a Feasibility Study on the Yellowknife Gold Project. The Feasibility Study would examine in detail the resource, and recommend the mining methods, metallurgical processing, site infrastructure including power needs, tailings containment, and environmental considerations. A financial model would be developed using this information, including projected engineered operating costs and capital costs based on new equipment. Power costs will focus on discussions with the utility company operating in the Yellowknife Gold Project area.

Tyhee intends to spend the next few months improving aspects of the project. This includes refining some of the projected input costs, optimizing some of the mining plans, as well as adding resources to the project that can be quickly and easily accessed.

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. This was



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Ongoing and Future Developments (continued)

necessary because of a substantial change in mining plans. A full environmental assessment report, “the Developers’ Assessment Report” (DAR) is expected to be completed and filed in Q1/Q2 2011.

Developments in the Northwest Territories are governed by the Mackenzie Valley Land and Water Act. This act saw the development of two boards that affect Tyhee, the Mackenzie Valley Land and Water Board (MVLWB) which is charged with reviewing all developments, and the Mackenzie Valley Environmental Impact Review Board (MVEIRB) which is charged with reviewing developments that have been determined by the MVLWB to have the potential to have a significant impact on the environment. 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 are guiding the development of a DAR. The DAR represents a principal document upon which the MVEIRB assess if and under what conditions a mine may be operated in the Northwest Territories.

Diamond drill results from the Clan Lake Main Zone have extended the Main Zone laterally to the southeast. Further drilling will be planned based upon these results. Additionally, two new zones, the Spud and the Bear were discovered on either side of the Main Zone. These were identified by prospectors and subsequently confirmed by mapping and sampling. The new zones are close to and parallel to both the Main Zone and the 330 Zone. It is significant that, if warranted, pits modeled on these zones are so close together that waste from one pit could affect the economics of an adjacent pit, thereby potentially reducing the effective strip ratios and permitting deeper mining of these adjacent zones. It is conceivable that a series of pits could coalesce into a single “super pit” under this scenario. Initial drill results from the Spud Zone, received subsequent to the end of the year, have been encouraging.

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.

Changes in Management and Board

Mr. Roger G. Sylvestre retired from the management and board of the Company, effective May 31, 2010. Mr. Sylvestre was a founder of the Company and spent the past 18 years building the Company. Mr. Sylvestre was provided an eighteen month retirement package, more fully described in Note 11 to the financial statements for the year ended November 30, 2010. Mr. Sylvestre will remain available to the Company for consulting services on an ad hoc basis.

Mr. Michael Sonnenreich joined the board on November 2, 2010. Mr. Sonnenreich is a graduate of the University of Wisconsin, the University of Madrid, Spain, and Harvard University Law School. He is involved with several companies and institutions in mining and health sciences, as well as in several non-profit institutions and foundations. Michael previously served in government in the Department of Justice and was appointed Executive Director of the National Commission on Marijuana and Drug Abuse and in 2008, he was named Distinguished Washingtonian by the University Club of Washington, D.C.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Discussion of Operations and Financial Condition

Overall Performance and Results of Operations

The year ended November 30, 2010 compared to the year ended November 30, 2009

The Company incurred a net loss of \$768,234 during the year ended November 30, 2010 compared to net loss of \$1,739,320 incurred during the year ended November 30, 2009.

A future income tax recovery of \$657,738 was recorded for the year ended November 30, 2010 compared to a future income tax expense of \$36,889 recorded for the year ended November 30, 2009. An income tax recovery was recorded during the current year mainly due to the tax loss carry forward and adjustment from taxes booked to returns filed. In 2009, an income tax expense was recorded mainly due to the net effect of tax loss carry forward, adjustment to permanent differences and valuation allowances. Excluding the income tax recovery/expense, the loss before income taxes for the year ended November 30, 2010 was \$1,425,972 compared to loss before income taxes of \$1,702,431 for the year ended November 30, 2009. Net loss is lower in the current year mainly due to lower administrative expenses.

Administrative expenses for the year ended November 30, 2010 were \$236,467 lower than for the year ended November 30, 2009. This difference is mainly a result of stock based compensation expense which decreased by \$400,622 during the year ended November 30, 2010 due to no new options being awarded in the current year. Consulting fees decreased by \$63,241 in the current year mainly as a result of Mr. Sylvestre's retirement at the end of May 2010. These decreases were offset by Mr. Sylvestre's retirement allowance (see Related Parties – Note 11 in the notes to the financial statements for the year ended November 30, 2010) being charged to salaries and benefits which contributed to the increase in salaries and benefits by \$219,966 in the current year. New capital purchases were minimal in the current year; hence amortization costs decreased by \$50,169. The flow through Part XII.6 tax expense, which is the tax payable on the unspent portion of the amount renounced to investors under the look-back rule increased by \$29,895. Although total investor relations cost only increased by approximately \$16,000, travel costs increased by approximately \$18,000 and advertising and news release dissemination costs increased by approximately \$34,000 in the current year. These increases were reduced by approximately \$40,000 as the Company did not retain proxy solicitation services for the annual general meeting in the current year.

Other income increased by approximately \$40,000 in the current year mainly due to no amounts being written off in 2010 for exploration properties compared to \$45,000 written off in 2009. Interest income in the current year was reduced by about \$10,000 from 2009 because of low interest rates and fewer dollars to invest.

Exploration expenditures increased by \$2,719,092 in the year ended November 30, 2010 compared to the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

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:

	November 30, 2010	November 30, 2009	November 30, 2008
Net loss	\$ 768,234	\$ 1,739,320	\$ 819,905
Loss per share	0.00	0.01	0.00
Total assets	59,729,583	49,682,833	47,922,933
Total liabilities	2,921,537	2,158,903	1,872,855
Working capital	5,325,526	1,537,414	2,758,787

The Company does not produce any revenues and has generally incurred losses. Due to increased flow through share issuances in 2008 and 2010, the increase in the income tax recovery amounts have resulted in lower net losses in 2008 and 2010, than that of 2009. The Company's advancement of its projects is reflected in the increase in total assets from 2009 to 2010. This advancement was restricted from 2008 to 2009 due to the economic crisis and the impact on financial markets during that period.

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. A future income tax liability of \$1,124,306 was recorded in 2008, a future income tax liability of \$1,214,602 was recorded in 2009, and a future income tax liability of \$1,418,053 was recorded in 2010. The Company has had positive working capital positions for each of the last three years. The current years' working capital position is higher due to funds raised at the end of fiscal 2010.

The three month period ended November 30, 2010 compared to the three month period ended November 30, 2009.

Net loss for the three month period ended November 30, 2010 was \$615,343 compared to net loss of \$562,296 for the three month period ended November 30, 2009. The higher net loss was mainly a result of increased salaries and benefits due to the recording of Mr. Sylvestre's remaining retirement allowance in the amount of \$145,200 as an accrual in the fourth quarter. To offset this increase, the income tax recovery recorded in the fourth quarter was higher by \$98,390 than in the fourth quarter of 2009.

Investor relations costs were lower by approximately \$36,000 due to decreased attendance at shows and conferences and lower advertising costs in the last quarter of 2010. Amortization costs were lower by \$10,150 due to minimal amount of new property, plant and equipment purchased in the current year. To offset these decreases, transfer agent and filing fees increased by \$11,088 due to increased activity and the flow through part XII.6 tax increased by \$30,930 as a result of using the look-back rule in 2009.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Overall Performance and Results of Operations (continued)

Summary of Quarterly Results

Period Ended	2010 Nov 30	2010 Aug 31	2010 May 31	2010 Feb 28	2009 Nov 30	2009 Aug 31	2009 May 31	2009 Feb 28
Other income (expenses)	1,225	1,449	2,894	2,408	4,959	(43,083)	(1,468)	7,576
Net earnings (loss)	(615,343)	(175,211)	(249,582)	271,902	(562,296)	(516,412)	(348,111)	(312,501)
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	0.00	(0.01)	(0.00)	(0.00)	(0.00)
Earnings (loss) per share, fully diluted	(0.00)	(0.00)	(0.00)	0.00	(0.01)	(0.00)	(0.00)	(0.00)

With the exception of the quarter ended February 28, 2010, the Company has generally incurred net losses. For the quarter ended February 28, 2010, an income tax recovery of \$579,380 was recorded due to the benefit recognition of tax losses from the tax effect of issuing flow-through shares. The positive earnings were a result of that recovery.

Liquidity and Solvency

During the year ended November 30, 2010, total net proceeds of \$10,752,889 were received from private placements. These funds and the cash on hand at November 30, 2009 were used for an exploration program on Clan Lake, the completion of a prefeasibility study, continued environmental and permitting work, and for working capital requirements.

The Company's investing activities were mainly additions to exploration properties. Expenditures on exploration properties of \$5,471,465 were incurred during the year ended November 30, 2010. In 2009, expenditures on exploration properties of \$2,752,373 were incurred.

At November 30, 2010, the Company had cash and cash equivalents of \$5,747,494 and a working capital position of \$5,325,526. The Company does not have any long-term debt or capital commitments. The Company will require additional funds to continue operations.

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.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Changes in Accounting Policies

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. Preparations have included the review and engagement of a specialized, third-party consultant to support the planning and implementation of the transition to the Company’s opening IFRS balance sheet as of December 1, 2010. Investments in training have been made and investments in software requirements are being reviewed. The most common accounting standard affecting the mining sector is IFRS 6 which requires entities to select and consistently apply an accounting policy specifying which exploration and evaluation expenditures are capitalized and which are expensed. The Company will establish an accounting policy in accordance with its current accounting policy of capitalizing the expenses. Other areas of consideration will include impairment of assets, stock based compensation, income taxes, flow through shares and first time adoption of IFRS.

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.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

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.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Related Party Transactions

During the year ended November 30, 2010, an aggregate of \$250,800 (at November 30, 2009: \$341,550) was paid to private companies owned by the President and Chief Executive Officer, and Executive Vice-President for consulting services. Directors' fees of \$51,000 (at November 30, 2009: \$48,250) were paid to the independent directors of the Company at November 30, 2010 (See Note 11 of the consolidated financial statements for the year ended November 30, 2010). 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, 2010:

An amount of \$136,620 (at November 30, 2009: \$136,640) was paid in consulting fees to the Chief Financial Officer of the Company.

An amount of \$99,421 (at November 30, 2009: \$71,425) was paid in legal fees by a legal firm of which a partner is an officer of the Company.

On April 21, 2010, an advance net smelter royalty payment of \$19,961 (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, 2010).

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.

In February 2010, of the 4,830,000 units issued, 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 Lorne Anderson, Chief Financial Officer of the Company, purchased 30,000 units.

In October 2010, of the 31,200,000 units issued, Dave Nickerson, Director of the Company, purchased 50,000 units and Williams Creek Explorations Ltd. (a public company where Michael Sonnenreich, Director of the Company is the Chairman and officer) purchased 10,000,000 units. Of the 13,658,332 flow through units issued, Lorne Anderson, Chief Financial Officer of the Company, purchased 250,000 flow through units.

In November 2010, of the 11,300,000 units issued, Michael Sonnenreich, Director of the Company, purchased 1,500,000 units. Of the 10,387,000 flow through units issued, Dave Webb, Director and Chief Executive Officer of the Company and Denis Taschuk, Chairman of the Company, purchased 125,000 and 100,000 flow through units respectively.

Of the 8,219,000 options granted on January 12, 2011, 6,773,000 options were granted to directors and officers of the Company. The options are exercisable on or before January 12, 2016 at a price of \$0.16 per share.



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Investor Relations

The Company has continued with its agreement with Envoy Strategic Partners (Envoy), dated August 5, 2009, to assist the Company in increasing its investor outreach and communications efforts. Envoy receives \$3,900 per month and was 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 also 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 on September 15, 2008, which 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, 2010 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) amounts receivable, security deposits and accounts payable. 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, 2010 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, 2010 and November 30, 2009.

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:



MANAGEMENT DISCUSSION AND ANALYSIS

November 30, 2010

Internal Control over Financial Reporting (Continued)

- (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, 2010, 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 22, 2011, 288,574,991 common shares were issued and outstanding. There is no other class or series of voting or equity securities. There are a maximum number of 24,756,500 options outstanding which can be converted into 24,756,500 common shares and 53,437,664 warrants outstanding which can be converted into 53,437,664 common shares. At February 22, 2011, there are 366,769,155 fully diluted common shares outstanding.

Additional Information

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