Condensed Consolidated Interim Financial Statements of

Tyhee Gold Corp.

Six months ended May 31, 2012 and May 31, 2011

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited condensed interim financial statements for the three and six months ended May 31, 2012 and May 31, 2011 have been prepared by management and approved by the audit committee and the board of directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial standards by an entity's auditors.

Condensed consolidated interim financial statements
May 31, 2012

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Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(In Canadian dollars)
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	May 31, 2012	May 31, 2011	**May 31, 2012**	May 31, 2011
				(Note 17)
Administrative Expenses:				
Amortization	**$ 21,771**	$ 29,297	**$ 43,428**	$ 58,171
Consulting and management fees (Note 10(b) and 11)	**106,251**	43,560	**606,114**	79,200
General corporate	**15,502**	17,065	**28,463**	25,717
Investor relations (Note 12)	**63,358**	106,341	**118,438**	149,538
Legal and audit fees	**47,806**	12,768	**116,456**	33,469
Rent	**14,966**	14,171	**29,666**	28,286
Salaries and benefits (Note 11)	**54,697**	52,046	**107,239**	104,864
Share-based payments compensation (Note 10(c))	**-**	-	**181,990**	955,397
Telephone	**1,784**	1,618	**3,382**	3,286
Transfer agent and filing fees	**6,768**	3,230	**9,774**	12,592
Travel	**1,962**	6,850	**19,395**	12,392
	334,865	286,946	**1,264,345**	1,462,912
Other expenses (income)				
Finance costs	**34**	-	**610**	-
Foreign exchange (gain) loss	**8,626**	648	**3,999**	5,361
General exploration	**1,136**	-	**1,189**	-
Interest income	**-**	(5,220)	**-**	(7,858)
Write off of plant and equipment	**-**	163	**7,459**	163
Write off of exploration expenditures	**-**	6,471	**-**	6,471
	9,796	2,062	**13,257**	4,137
Loss before income taxes	**(344,661)**	(289,008)	**(1,277,602)**	(1,467,049)
Deferred income tax recovery (expense) (Note 9)	**86,078**	(172,209)	**273,588**	(116,548)
Net loss and total comprehensive loss for the period	**(258,583)**	(461,217)	**(1,004,014)**	(1,583,597)
Loss per share – basic and diluted	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of shares outstanding Basic and diluted	**331,108,645**	288,724,991	**320,541,499**	288,635,980

Condensed Consolidated Interim Statements of Financial Position

(In Canadian dollars)
(Unaudited)

ASSETS	May 31, 2012	November 30, 2011
		(Note 17)
Current assets		
Cash	$ 483,172	$ 39,373
Trade and other receivables	59,848	80,556
Inventory (Note 5)	269,230	400,918
Prepaid expenses and advances	46,973	53,828
Total current assets	859,223	574,675
Non-current assets		
Security deposits (Note 6)	474,000	474,000
Plant and equipment (Note 7)	295,459	343,014
Exploration and evaluation properties (Note 8)	56,858,112	54,477,369
Total non-current assets	57,627,571	55,294,383
Total assets	$ 58,486,794	$ 55,869,058
LIABILITIES		
Current liabilities		
Trade and other payables (Note 11 (a)(i))	$ 642,763	$ 1,050,388
Non-current liabilities		
Other liabilities (Note 11 (a)(i))	39,600	-
Provision for reclamation	490,000	490,000
Deferred tax liability (Note 9)	699,356	1,013,005
Total non-current liabilities	1,228,956	1,503,005
Total liabilities	1,871,719	2,553,393
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	80,846,415	77,181,496
Share option reserve (Note 10(c))	5,079,351	4,897,361
Warrants reserve (Note 10(b))	2,986,233	2,529,718
Deficit	(32,296,924)	(31,292,910)
	56,615,075	53,315,665
	$ 58,486,794	$ 55,869,058

Going concern (Note 2)
Commitments and guarantee (Note 14)

Approved and authorized for issue by the Board on July 30, 2012

(Signed) Dave Nickerson
Dave Nickerson, Director

(Signed) Denis M. Taschuk
Denis M. Taschuk, Director

Condensed Consolidated Statement of Changes in Equity

(In Canadian dollars)
(Unaudited)

	Number of Shares	Share Capital	Share Option Reserve	Warrants Reserve	Deficit	Shareholders' Equity
		$	$		$	$
Balance, December 1, 2010	288,574,991	76,300,820	3,941,964	2,770,194	(26,681,831)	56,331,147
Share-based compensation	-	-	955,397	-	-	955,397
Warrants exercised	150,000	22,494		(7,220)		15,274
Net loss and total comprehensive loss	-	-	-	-	(1,583,597)	(1,583,597)
Balance, May 31, 2011	**288,724,991**	**76,323,314**	**4,897,361**	**2,762,974**	**(28,265,428)**	**55,718,221**
Balance, November 30, 2011	**293,724,991**	**77,181,496**	**4,897,361**	**2,529,718**	**(31,292,910)**	**53,315,665**
Common shares and warrants Issued for cash (Note 10)	46,955,823	3,664,919	-	439,515	-	4,104,434
Warrants to be issued for services (Note 10(b))	-	-	-	17,000	-	17,000
Share-based compensation	-	-	181,990	-	-	181,990
Net loss and total comprehensive loss for the period	-	-	-	-	(1,004,014)	(1,004,014)
Balance, May 31, 2012	**340,680,814**	**80,846,415**	**5,079,351**	**2,986,233**	**(32,296,924)**	**56,615,075**

Condensed Consolidated Interim Statements of Cash Flows

(In Canadian dollars)
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	May 31, 2012	May 31, 2011	**May 31, 2012**	May 31, 2011
				(Note 17)
Operating activities				
Net loss for the period	**$ (258,583)**	$ (461,217)	**$ (1,004,014)**	$ (1,583,597)
Items not involving cash -				
Amortization	**21,771**	29,297	**43,428**	58,171
Deferred income tax (recovery) expense	**(86,078)**	172,209	**(273,588)**	116,548
Share-based compensation	**-**	-	**181,990**	955,397
Write off of plant and equipment	**-**	163	**7,459**	163
Write off of exploration expenditures	**-**	6,471	**-**	6,471
Finance costs	**34**	-	**610**	-
Warrants issued for services (Note 10(b))	**-**	-	**17,000**	-
Changes in non-cash operating working capital				
Trade and other receivables	**3,934**	(14,327)	**20,708**	(16,003)
Inventory	**49,636**	(164,006)	**131,688**	(18,966)
Prepaid expenses and advances	**41,516**	8,157	**6,855**	7,526
Trade and other payables	**(120,120)**	(51,167)	**183,641**	(728,994)
Other liabilities	**(39,600)**	-	**39,600**	-
Flow-through share premium liability	**-**	-	**-**	476,899
Cash used in operating activities	**(387,490)**	(474,420)	**(644,623)**	(726,385)
Interest paid	**(34)**	-	**(610)**	-
Net cash flows used in operating activities	**(387,524)**	(474,420)	**(645,233)**	(726,385)
Investing activities				
Purchase of plant and equipment	**(1,412)**	2,360	**(3,332)**	(8,496)
Expenditures for exploration and evaluation properties	**(1,485,922)**	(1,987,331)	**(2,972,009)**	(3,450,285)
Net cash used in investing activities	**(1,487,334)**	(1,984,971)	**(2,975,341)**	(3,458,781)
Financing activities				
Issuance of common shares and warrants for cash	**1,361,208**	17,461	**4,064,373**	15,274
Net cash received from financing activities	**1,361,208**	17,461	**4,064,373**	15,274
Net increase (decrease) in cash and cash equivalents	**(513,650)**	(2,441,930)	**443,799**	(4,169,892)
Cash, beginning of period	**996,822**	4,019,532	**39,373**	5,747,494
Cash, end of period	**$ 483,172**	$ 1,577,602	**$ 483,172**	$ 1,577,602

Supplemental cash flow information				
Warrants issued for finder's fee	$ 36,670	-	$ 36,670	-

1. Nature of operations

Tyhee Gold Corp. (the "Company"), is a publicly listed company on the TSX Venture Exchange, incorporated under the laws of British Columbia. The Company and its wholly owned subsidiary, Tyhee N.W.T. Corp., are in the process of exploring and developing its various mineral properties, all of which are located in Canada.

The Company's registered office and the principal address is located at 1500-1055 W. Georgia, Vancouver, BC, Canada, V6E 4N7.

2. Going concern

These condensed 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 financing 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. At May 31, 2012, the Company had a net working capital (deficiency) of $216,460 (November 30, 2011 – $(475,713)) and an accumulated deficit of $32,296,924 (November 30, 2011 – $31,292,910). During the six months ended May 31, 2012, the Company issued a total of 46,955,823 units consisting of a common share and common share purchase warrant at a price of $0.09 for total gross proceeds of $4,226,024. Subsequent to May 31, 2012, the Company completed another closing of the private placement and raised an additional financing of $360,000 (Note 19). In total, the Company raised $4,586,024 as at the date of filing. The private placement is open for further fundraising up to $5,000,000 as initially announced in the December 16, 2011 press release.

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 statement of financial position classifications.

3. Significant accounting policies and basis of presentation

(a) *Statement of compliance and conversion to International Financial Reporting Standards*

The Canadian Accounting Standards Board confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011.

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements.

These are the Company's IFRS condensed consolidated interim financial statements for the second quarter of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending November 30, 2012. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with GAAP. The impact of the transition from GAAP to IFRS is explained in Note 17, and in the Company's condensed consolidated interim financial statements for the three months ended February 29, 2012.

3. Significant accounting policies and basis of presentation *(continued)*

(a) Statement of compliance and conversion to International Financial Reporting Standards (continued)

These condensed consolidated interim financial statements should be read together with the Company's condensed consolidated interim financial statements for the three months ended February 29, 2012 and the Company's consolidated financial statements for the year ended November 30, 2011. The Company's accounting policies are set out in the condensed consolidated interim financial statements for the three months ended February 29, 2012 and have been consistently applied to all periods presented in the preparation of these condensed consolidated interim financial statements.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company, and its 100% owned subsidiary, Tyhee N.W.T. Corp. (a Northwest Territories company). All intercompany transactions, balances, revenues and expenses have been eliminated upon consolidation.

(d) Critical judgments and accounting estimate

The preparation of interim consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Following are the items involving significant judgments:

- classification of financial instruments
- going concern assumption

Following are the items involving significant estimates:

- the assumptions used in the accounting for share-based compensation (Note 10 (c));
- the provision for income taxes and composition of deferred income tax assets and liabilities (Note 9);
- the recoverability of inventory for obsolete items;
- reserve estimates (see below);
- the anticipated costs of reclamation (Note 3 (k)); and
- valuation of warrants (Note 10 (a)).

3. Significant accounting policies and basis of presentation *(continued)*

(d) Critical judgments and accounting estimate (continued)

Reserve estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects ("NI 43-101"). Reserves are used in the calculation of depreciation and amortization, impairment assessment, assessment of life of mine stripping ratios and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(e) Foreign currency translation

The functional and presentation currency of the Company and Tyhee N.W.T. Corp. is the Canadian dollar. The functional currency of each entity is determined after consideration of the primary economic environment of the entity. Transactions denominated in foreign currencies have been translated into Canadian dollars at the approximate rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rates. Foreign currency translation gains or losses are recorded in earnings (loss) in the period in which they occur.

(f) Cash and cash equivalents

Cash equivalents consists of cash on deposit and highly liquid interest bearing securities and have maturities of three months or less from the date of issue. As at May 31, 2012, there is $11,500 invested in a guaranteed investment certificate (November 30, 2011 - $Nil).

(g) 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. The amount of inventory consumed during the period is charged to exploration and evaluation assets.

(h) Plant and equipment

Plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses, and amortized using a declining balance method at the following annual rates:

Mining equipment	25%
Camp facilities	25%
Automobiles, boats and canoes	15-30%
Computer/electronic equipment/data network	30% - 100%
Office furniture	20%

3. Significant accounting policies and basis of presentation *(continued)*

(h) Plant and equipment (continued)

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Any remaining carrying value associated with the component being replaced is derecognized upon its replacement. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

(i) Exploration and evaluation assets

Exploration and evaluation expenditures incurred before the Company has obtained legal rights to explore an area of interest are expensed as incurred. All costs related to the acquisition, exploration and development of mineral properties incurred subsequent to the acquisition of legal rights to explore are capitalized by property. If economically recoverable ore reserves are determined to exist and the decision to proceed with development has been approved, capitalized costs of the related property are reclassified as mining assets and are subject to depletion using the unit of production method once commercial production commences. When a property is abandoned, all related costs are written off. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that asset is written down to its estimated recoverable amount. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permitting to explore and complete the development of the properties, and achieving of future profitable operations through commercial production from the properties or by sale of the properties.

(j) Impairment

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). This generally results in the Company evaluating its assets on an exploration asset by exploration asset basis.

If the carrying amount of an asset or a CGU exceeds its recoverable amount, the carrying amount of the asset or CGU, is reduced to its recoverable amount. An impairment loss is recognized as an expense in the consolidated statement of comprehensive loss.

3. Significant accounting policies and basis of presentation *(continued)*

(j) Impairment (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization if no impairment loss had been recognized.

(k) Provisions for reclamation

The Company's exploration and development activities are subject to various laws and regulations concerning the environment. The Company records based on its best estimate the provision for site reclamation and closure as a liability in the period in which it incurred a legal or constructive obligation with a corresponding increase to the carrying amount of the related long-lived asset. The provision is discounted using a pre-tax risk free rate specific to the liability and the unwinding of the discount is included in finance costs. The site reclamation and closure asset is amortized on the same basis as the related asset.

Changes in site closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of site closure and reclamation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax expense is the expected tax payable on the taxable income for the year. Deferred tax is accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Such deferred tax assets and liabilities is not recognized if the temporary difference arise from goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting profit. The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it to be probable that a future tax asset will be recovered, the tax asset is reduced.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax related to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

3. Significant accounting policies and basis of presentation *(continued)*

(m) Share-based payments

The Company accounts for all grants of options to employees and directors in accordance with the fair value method for accounting for share-based compensation using the Black-Scholes option pricing model. The fair value determined at grant date is expensed over the vesting period with a corresponding increase in equity based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve are credited to share capital. When the Company issues units that are comprised of common shares and warrants, the value is assigned to common shares and warrants based on their relative fair value, with fair value determined based on the Black-Scholes option pricing model.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(n) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings per share is computed similar to basic earnings per share except that the weighted average number of shares will be adjusted for the share that would be issued upon exercise of all dilution option and warrants. The assumed proceeds from these instruments will be regarded as having been received. The differences between the number of common shares issued and the number of common shares that would have been issued at the average market price of common shares will be treated as an issue of common share for no consideration.

(o) Financial instruments

<u>*Financial assets*</u>

All financial assets are initially recorded at fair value in which case they are expensed immediately and designated upon inception into one of four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") or loans and receivables. Transaction costs are added to related financial assets, except for the FVTPL.

Subsequent to initial recognition, the financial assets are measured in accordance with the following:

- Financial assets classified as FVTPL are measured at fair value at each reporting period. All gains and losses resulting from changes in their fair value are included in net earnings (loss) in the period in which they arise. The Company does not have any financial assets classified as FVTPL.

3. Significant accounting policies and basis of presentation *(continued)*

(o) Financial instruments (continued)

- HTM investments are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transactions costs are amortized into net earnings (loss), using the effective interest method, less any impairment. The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipt over the expected life of the financial assets, or, where appropriate, a shorter period. The Company does not have any financial assets classified as HTM.

- AFS financial assets are measured at fair value at period ends, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net earnings (loss). Other temporary impairments on AFS financial assets are recorded in net earnings (loss). The Company does not have any financial assets classified as AFS.

- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, with gains and losses recognized in profit or loss in the period that the asset is derecognized or impaired. Cash, trade and other receivables and security deposits are classified as loans and receivables.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Derecognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

3. Significant accounting policies and basis of presentation *(continued)*

(o) Financial instruments (continued)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other liabilities.

Subsequent to initial recognition, the financial liabilities are measured in accordance with the following:

- Financial liabilities classified as other liabilities are measured at amortized cost using the effective interest method. Trade and other payables and other liabilities are classified as other liabilities.
- Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

Derivatives embedded in other financial instruments or non-financial contracts (the "host contract") are treated as separate derivatives with fair value changes recognized in the statement of comprehensive loss when their economic characteristics and risks are not clearly and closely related to those of the host contract, and the host contracts are not measured at FVTPL. There were no embedded derivatives identified in a review of the Company's contracts. Free-standing derivative financial instruments are initially recognized at fair value at the date of the derivative contract is entered into and are subsequently re-measured at their fair value at period ends. The resulting gain or loss is recognized in the statement of comprehensive loss immediately, unless the derivative is designated and effective as a hedging instrument. The Company does not have any derivative financial instruments.

(p) Comprehensive income (loss)

Comprehensive income consists of net income (loss) and other comprehensive income (loss) ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events and circumstances from non-owner sources. For the period covered by these financial statements, comprehensive loss and net loss are the same.

4. Future Changes in Accounting Standards

The Company has not early adopted any of these standards and is still assessing the impact, if any, that these standards might have on its financial statements.

Accounting Standards Issued and Effective on or after January 1, 2013

IFRS 7 – *Financial Instruments: Disclosures* – enhances the disclosure required when offsetting financial assets and liabilities.

IFRS 10 – *Consolidated Financial Statements* – replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purposes Entities. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control.

IFRS 11 – *Joint Arrangements* – establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 – *Disclosure of Involvement with Other Entities* – requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 – *Fair Value Measurement* – defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (or an exit price).

IAS 19 – *Employee Benefits* – outlines the accounting treatment and required disclosure for employee benefits.

IAS 27 – *Separate Financial Statements* – has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 – *Investments in Associates and Joint Ventures* – prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

IFRIC Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine* – summarizes the method of accounting for waste removal costs incurred as a result of surface mining activities during the production phase of a mine.

Accounting Standard Issued and Effective on or after January 1, 2014

IAS 32 – *Financial Instruments: Presentation* – was amended for the application guidance on the offsetting of financial assets and liabilities.

Accounting Standards Issued and Effective on or after January 1, 2015

IFRS 7 – *Financial Instruments: Disclosure* – was amended for the disclosure requirement where IFRS 9 Financial Instruments was initially applied.

4. Future Changes in Accounting Standards *(continued)*

IFRS 9 – *Financial Instruments* – replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. The objective of this IFRS is to establish principles for the reporting of financial assets and financial liabilities that will present relevant and useful information for users of financial statements for their assessment of the amount, timing and uncertainty of an entity's future cash flows.

5. Inventory

At May 31, 2012, the inventory consisted of diesel, gasoline and propane and amounted to $269,230 (November 30, 2011 - $400,918). During the period ended May 31, 2012, there were no inventory purchases and, based on consumption, an amount of $131,688 was charged to exploration and evaluation properties in the six months ended May 31, 2012. During the six month period ended May 31, 2012, there was no write-down or reversal of write-down of inventory (2011 - $Nil).

6. Security deposits

	May 31, 2012	November 30, 2011
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 ("MVLWB") and held by Aboriginal Affairs and Northern Development Canada for land use permits and a water licence on the Company's exploration properties. The deposits will be refunded once land use permits end and a final report describing land use activities during the term of land use permits, and matters related to cessation thereof, is submitted to the MVLWB.

7. Plant and equipment

	May 31, 2012		
	Cost	Accumulated Amortization	Carrying amount
Automobiles	$ 245,747	$ 217,951	$ 27,796
Boats and canoes	12,170	9,438	2,732
Camp Facilities	335,617	277,767	57,850
Computer/electronic equipment	71,949	67,260	4,689
Data network infrastructure	33,288	30,398	2,890
Mining equipment	926,981	740,472	186,509
Office furniture	35,114	22,121	12,993
	$ 1,660,866	$ 1,365,407	$ 295,459

	November 30, 2011		
	Cost	Accumulated Amortization	Carrying amount
Automobiles	$ 245,747	$ 213,046	$ 32,701
Boats and canoes	12,170	9,217	2,953
Camp Facilities	337,766	271,318	66,448
Computer/electronic equipment	98,602	92,917	5,685
Data network infrastructure	36,744	32,998	3,746
Mining equipment	941,981	724,064	217,917
Office furniture	59,539	45,975	13,564
	$ 1,732,549	$ 1,389,535	$ 343,014

TYHEE GOLD CORP

8. Exploration and evaluation assets

	Yellowknife Gold Project					
	Ormsby, Nicholas Lake, Bruce Lake (a)	Goodwin Lake and Clan Lake (b)	Total	BigSky Property	Other properties	**Total**
	$	$	$	$	$	**$**
November 30, 2011						
Acquisition	**753,875**	**69,875**	**823,750**	**1**	**1**	**823,752**
Exploration	**42,463,162**	**11,190,455**	**53,653,617**	**-**	**-**	**53,653,617**
	43,217,037	**11,260,330**	**54,477,367**	**1**	**1**	**54,477,369**
Additions						
Acquisition	19,839	-	19,839	-	-	**19,839**
Exploration						
Assaying/preparation	-	2,718	2,718	-	-	**2,718**
Camp costs	279,868	-	279,868	-	-	**279,868**
Equipment rentals/repairs	36,067	-	36,067	-	-	**36,067**
Environmental /Community	171,908	-	171,908	-	-	**171,908**
Flights/travel	55,829	-	55,829	-	-	**55,829**
Geology	86,262	6,742	93,004	-	-	**93,004**
Project management	158,793	-	158,793	-	-	**158,793**
Property holding costs	7,467	440	7,907	-	-	**7,907**
Supplies (operating)	115,513	-	115,513	-	-	**115,513**
Feasibility reports:						
Geology and mining	193,390	-	193,390	-	-	**193,390**
Process design & metallurgy	633,443	-	633,433	-	-	**633,433**
Tailings and infrastructure	197,089	-	197,089	-	-	**197,089**
Environmental	185,366	-	185,366	-	-	**185,366**
Geotech drilling	213,315	-	213,315	-	-	**213,315**
Other	16,694	-	16,694	-	-	**16,694**
	2,351,004	9,900	2,360,894	-	-	**2,360,894**
May 31, 2012						
Acquisition	**773,714**	**69,875**	**843,589**	**1**	**1**	**843,591**
Exploration	**44,814,166**	**11,200,355**	**56,014,521**	**-**	**-**	**56,014,521**
	44,587,880	**11,270,230**	**56,858,110**	**1**	**1**	**56,858,112**

8. 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 (past CEO and Director 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 of $180,000 have been paid to date.

(b) Goodwin and Clan Lake

The Goodwin Lake property is located 60 km north of Yellowknife, Northwest Territories, Canada, and is comprised of three leases (NAK claims) and one mineral claim that cover approximately 667 hectares (1,644 acres) and hosts the Vad Zone.

The Company optioned the NAK 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.

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 3,532 hectares (8,729 acres) and hosts several gold zones including the Main Zone.

BigSky property

On March 29, 2012, the Company announced that it had entered into an agreement with Williams Creek Gold Inc. (“Williams Creek”) under which Williams Creek has the option to earn up to a 50% joint venture interest on the BigSky property. In order to earn the interest, Williams Creek must spend a minimum of $500,000 over the five year period until 2017 on exploration and/or development of the property. Upon completion of the expenditures, Williams Creek and the Company will form a joint venture for the further development of the property.

The BigSky property is located 17 km north of Yellowknife, Northwest Territories, Canada. The property is comprised of six mining leases covering 598 hectares (1,474 acres) and 16 claims totalling 2,256 hectares (5,562 acres).

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 Blue lease constitutes 461 hectares (1,136 acres) of the BigSky Property and the 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.

8. Exploration properties *(continued)*

BigSky property *(continued)*

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 February 29, 2012, the Company has expended approximately $71,518 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.

In 2011, the BigSky property was written down to $1 carrying value due to the inactive status of the project at that time.

Other properties

The Longtom property, which was previously written down to $1 is being held at the nominal value because it is still subject to an option agreement dated February 12, 1998.

9. 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:

		May 31 2012		May 31, 2011
Income (loss) before income taxes	**$**	**(1,277,602)**	$	(1,467,049)
Statutory tax rate		**25.0%**		26.5%
Recovery relating to income taxes computed at statutory rates	**$**	**319,401**	$	388,768
Non-deductible share-based compensation		**(45,813)**		(253,180)
Flow-through share renunciation (Note 17(e))		**-**		(244,461)
Impact of reduction in tax rates		**-**		(7,675)
	$	**273,588**	$	(116,548)

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

9. Income taxes *(continued)*

		May 31, 2012		November 30, 2011
Net operating loss carryforwards	$	**3,178,760**	$	**2,892,129**
Unutilized exploration expenditures		**(4,584,671)**		**(4,584,671)**
Share issue costs (Income Tax Act §20(1)(e))		**224,253**		**209,605**
Capital losses		**53,715**		**53,715**
Capital assets		**428,587**		**416,217**
Other		**-**		**-**
		(699,356)		**(1,013,005)**

At May 31, 2012, the Company has available non-capital losses that may be carried forward to apply against future income tax of $12,321,588, which will expire between 2014 and 2032.

10. Shareholders' Equity

At May 31, 2012, the Company had unlimited authorized common shares and 340,680,814 common shares outstanding (2011 - 288,574,991). All outstanding shares are fully paid.

(a) Private placements

On January 13, 2012, the Company raised proceeds of $2,811,655 through the issuance of 31,240,614 units and on April 10, 2012, the Company raised proceeds of $919,369 through the issuance of 10,215,209 units (Note 11). On May 23, 2012, the Company raised a further $495,000 through the issuance of 5,500,000 units. All of these units were issued at a price of $0.09 per unit. Each unit consists of one transferrable common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.125 per common share for two years from the date of issuance. All securities issued are subject to a four month hold period. The Company incurred share issuance costs of $198,321, including a finder's fee of $33,670 paid by issuing 333,360 finder's warrants entitling the holder to purchase one common share at a price of $0.11 per finder share which expire on April 10, 2014. The amount, net of deferred tax recovery of $41,163, was charged to share capital and warrants reserve. The fair value of the warrants issued for the private placements was estimated using the Black-Scholes option pricing model. A weighted average issue-date fair value of $402,845 was calculated using the following assumptions. Expected volatility is based on the information on volatility for similar instruments.

See subsequent events note 18(c).

	Six months ended May 31, 2012
Risk free interest rate	0.95 – 1.42%
Annual dividends	Nil
Expected volatility	35%
Expected life	24 months

10. Shareholders' Equity *(continued)*

(b) Warrant reserves

A summary of the changes in share purchase warrants is presented below:

	Number of warrants	Weighted average exercise price
Warrants outstanding, December 1, 2010	53,437,664	$ 0.14
Warrants exercised	(5,150,000)	0.13
Warrants expired	(17,615,000)	0.16
Balance, November 30, 2011	30,672,664	0.12
Warrants issued (Note 10 (a))	47,489,183	0.13
Warrants expired	(2,550,000)	0.10
Balance, May 31, 2012	**75,611,847**	**$ 0.13**

The Company issued 200,000 common share purchase warrants at an exercise price of $0.12, expiring on February 28, 2017, for a consulting service. The fair value of the service of $17,000 was charged to management and consulting fees, and the credit was recorded to warrants reserve.

The following warrant reserves were outstanding at May 31, 2012:

Number of warrants	Class of shares	Expiry date	Exercise price
17,429,164	Common	October 29, 2012	$ 0.125
10,693,500	Common	November 15, 2012	0.125
31,240,614	Common	January 13, 2014	0.125
10,215,209	Common	April 10, 2014	0.125
333,360	Common	April 10, 2014	0.11
5,500,000	Common	May 23, 2014	0.125
200,000	Common	February 28, 2017	0.12
75,611,847			

See subsequent events note 18(c)

(c) Share option reserves

The Company has adopted a stock option plan (the "Plan") available to eligible persons, whereby a maximum of 8% 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.

10. Shareholders' Equity *(continued)*

(c) Share option reserves (continued)

A summary of changes in stock options is presented below:

	Number of options	Weighted average exercise price
Balance, December 1, 2010	16,537,500	$ 0.33
Options granted	8,219,000	0.16
Options expired	(7,276,000)	0.30
Balance, November 30, 2011	17,480,500	0.27
Options granted	2,650,000	0.11
Balance, May31, 2012	**20,130,500**	**$ 0.25**

The following stock options were outstanding at May 31, 2012

Date of grant	Number of shares outstanding and exercisable	Expiry date	Exercise price
			$
June 27, 2007	1,431,000	June 27, 2012	0.41
December 14, 2007	2,818,000	December 14, 2012	0.58
July 21, 2008	1,451,000	July 21, 2013	0.38
September 15, 2008	150,000	September 15, 2013	0.38
December 15, 2008	1,184,000	December 15, 2013	0.18
August 5, 2009	2,227,500	August 5, 2014	0.13
January 12, 2011	8,219,000	January 12, 2016	0.16
February 28, 2012	2,650,000	February 28, 2017	0.11
	20,130,500		**0.25**

See subsequent events note 18 (a) and (b).

At May 31, 2012, the average remaining contractual life was 2.6 years (November 30, 2011 – 2.8 years).

Share-based payments of $181,990 was recorded for the six months ended May 31, 2012 (May 31, 2011 - $955,397) and added to share option reserve in shareholders' equity.

10. Shareholders' Equity *(continued)*

(c) Share option reserves (continued)

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

Expected volatility is based on the historical share price volatility over the past 4 years.

	Six months ended May 31, 2012
Risk free interest rate	1.25%
Annual dividends	Nil
Expected volatility	102%
Expected life	4 years

11. Related party transactions

(a) Key management personnel (Directors, Chief Executive Officer and Chief Financial Officer) compensation is summarized below:

Key Management Compensation	**Six months ended May 31, 2012**	Six months ended May 31, 2011
	$	$
Consulting and management fees	**247,270**	79,200
Termination fees (i)	**341,844**	145,200
Directors fees (included in salaries & benefits)	**46,895**	30,768
Share based payments	**181,990**	638,520
	817,999	893,688

(i) On December 19, 2011, Dr. David Webb, Chief Executive Officer and President of the Company, was replaced by Mr. Brian Briggs P. Eng. The consulting agreement between the Company and a company subject to control of the former CEO was subsequently terminated in February 2012. Upon termination, the Company agreed to pay a monthly payment of $13,200 for the eighteen month period commencing in February 2012. As at May 31, 2012, the liability of $194,357 is included in trade and other payables and other liabilities, as appropriate.

On January 17 2012, Mr. Lorne B. Anderson, Chief Financial Officer, stepped down to pursue other business interests. Upon his resignation, the Company agreed to pay a monthly payment of $10,424 for the ten month period commencing in February 2012. As at May 31, 2012, the liability of $62,546 is included in trade and other payables.

11. Related party transactions *(continued)*

(b) During the six month period ended May 31, 2012:

- Legal and travel fees in the amount of $92,891 were paid to a company whose President is a director of Tyhee (2011 - $Nil).
- Of the 31,240,614 units issued in the January 13, 2012 private placement, a director of the Company purchased 150,000 units and Williams Creek Gold Corp., which has two directors in common with the Company, purchased 11,111,111 units.
- Of the 10,215,209 units issued in the April 10, 2012 private placement, two directors of the Company purchased an aggregate of 550,000 units and an officer of Tyhee N.W.T. Corp. purchased 125,000 units.
- The Company was charged legal fees of $113,834 (May 31, 2011 - $28,676) by a legal firm of which an officer of the Company is a partner.
- On March 29, 2012 the Company announced that it had entered into an agreement with Williams Creek Gold Inc. under which Williams Creek has the option to earn up to a 50% joint venture interest in BigSky. Williams Creek has two directors in common with the Company.

12. Investor relations

	Six months ended May31, 2012	Six months ended May 31, 2011
	$	$
Shareholder meetings	**20,420**	27,820
Consultants' fees and expenses	**40,954**	26,250
Travel	**19,719**	39,367
Shows and conventions	**14,802**	25,455
News releases	**7,086**	12,601
Advertising	**7,019**	7,391
Subscriptions and dues	**3,870**	3,778
Materials	**2,783**	4,417
Telephone	**1,127**	1,247
Meals and entertainment	**613**	652
Courier and postage	**45**	560
	118,438	149,538

13. Segmented Information

The Company currently operates in one operational segment, being acquisition, exploration and development of mineral resource properties in Yellowknife, Northwest Territories, Canada.

14. Commitments and guarantees

(a) Annual lease payments of $18,264 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 annually (Note 8 (a)).

15. 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 components of shareholders' equity. The Company will use the funds raised subsequent to May 31, 2012 to carry out the Company's continued permitting process and feasibility studies 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.

16. Financial instruments

<u>Fair Value</u>

International Financial Reporting Standards 7 – *Financial Instruments and Disclosures* establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. from derived prices);
Level 3 – inputs for the asset or liability that are not based upon observable market data.

As at May 31, 2012, the Company does not have any financial instruments measured at fair value on the statement of financial position. The Company's cash, trade and other receivables, security deposits, trade and other payables and other liabilities approximate their carrying value due to their short term nature.

<u>Financial Risks</u>

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, price, credit and liquidity risks. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash and cash equivalents with major Canadian chartered banks. The Company's other assets consist primarily of tax receivables due from the Canadian federal government and security deposits with MVLWB. The maximum exposure to credit risk at the reporting date is the carrying amounts of the Company's cash, trade and other receivables and security deposits.

16. Financial instruments *(continued)*

(b) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At May 31, 2012, the Company is exposed to currency risk related to trade and other payables denominated in US 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 and the inability to meet obligations as they come due. The Company is currently evaluating alternatives to raise additional capital to increase liquidity but there is no certainty that additional sufficient capital will be raised in a timely manner.

Trade and other payables are generally settled within 30 days.

17. Transition to IFRS

IFRS 1, *First-time Adoption of International Financial Reporting Standards*, sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities generally taken to deficit unless certain exemptions are applied. The Company has applied the following exemptions to its opening consolidated statement of financial position prepared as at the date of transition of December 1, 2010:

(a) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *Share-Based Payment*, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to December 1, 2010, which have been accounted for in accordance with GAAP.

17. Transition to IFRS *(continued)*

(b) Decommissioning liabilities included in the cost of property, plant and equipment

IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to IFRS.

(c) Leases

Under this exemption, a first-time adopter may determine whether an arrangement existing at the date of transition to IFRS contains a lease on the basis of the facts and circumstances existing at the date of transition to IFRS. The Company elected for this exemption and completed its analysis as at the date of transition to IFRS.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated December 1, 2010:

(d) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of December 1, 2010 are consistent with its GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and financial performance. In order to allow the users of the financial statements to better understand these changes, the Company's GAAP statement of comprehensive loss and statement of financial position for the year ended November 30, 2011 have been reconciled to IFRS, with the resulting differences explained.

(e) Canadian GAAP to IFRS differences

(i) Presentation

Contributed surplus, under GAAP, has been reclassified to share-option reserve and warrants reserve in order to comply with the requirements of IAS 1 "*Presentation of Financial Statements*".

(ii) Deferred Income Tax on Flow-Through Shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under GAAP; however, there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made. As a result, the Company reversed the premium of $476,899 from share capital and credited trade and other payables. The recognition of the deferred income tax liability upon renunciation of the flow-through expenditures is recorded as income tax expense in the period of renunciation. In addition, share capital and deficit as at December 1, 2010 have been adjusted for $5,351,107 to adjust the flow through share capital amount, which have been issued in the past, to their respective market values at the times of issuance.

17. Transition to IFRS *(continued)*

(f) Presentation (continued)

Certain presentations in accordance with IFRS differ from the presentation in accordance with Canadian GAAP. The statement of cash flows was amended to conform with the IFRS presentation requirements. There was no change in operating, investing and financing cash flows as required under Canadian GAAP.

The GAAP statement of comprehensive loss for the three months ended May 31, 2011 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of Transition to IFRS	Note	IFRS
Expenses:				
Amortization	$ 29,297	$ -		$ 29,297
Consulting/management fees	43,560	-		43,560
General corporate	17,065	-		17,065
Investor relations	106,341	-		106,341
Legal and audit fees	12,768	-		12,768
Rent	14,171	-		14,171
Salaries and benefits	52,046	-		52,046
Share-based payments	-	-		-
Telephone	1,618	-		1,618
Transfer agent and filing fees	3,230	-		3,230
Travel	6,850	-		6,850
	286,946	-		286,946
Other expenses (income):				
Foreign exchange loss	648	-		648
Interest income	(5,220)	-		(5,220)
Write off of plant and equipment	163			163
Write off of exploration expenditures	6,471			6,471
	2,062	-		2,062
Loss before income taxes	(289,008)	-		(289,008)
Deferred income tax recovery	72,252	(244,461)	(e)(ii)	(172,209)
Net loss and comprehensive loss for the period	**$ (216,756)**	**$ (244,461)**		**$ (461,217)**

17. Transition to IFRS *(continued)*

The GAAP statement of comprehensive loss for the six months ended May 31, 2011 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of Transition to IFRS	Note	IFRS
Expenses:				
Amortization	$ 58,171	$ -		$ 58,171
Consulting/management fees	79,200	-		79,200
General corporate	25,717	-		25,717
Investor relations	149,538	-		149,538
Legal and audit fees	33,469	-		33,469
Rent	28,286	-		28,286
Salaries and benefits	104,864	-		104,864
Share-based payments	955,397	-		955,397
Telephone	3,286	-		3,286
Transfer agent and filing fees	12,592	-		12,592
Travel	12,392	-		12,392
	1,462,912	-		1,462,912
Other expenses (income):				
Foreign exchange loss	5,361	-		5,361
Interest income	(7,858)	-		(7,858)
Write off of plant and equipment	163	-		163
Write off of exploration expenditures	6,471	-		6,471
	4,137	-		4,137
Loss before income taxes	(1,467,049)	-		(1,467,049)
Deferred income tax recovery	127,913	(244,461)	(e)(ii)	(116,548)
Net loss and comprehensive loss for the period	**$ (1,339,136)**	**$ (244,461)**		**$ (1,583,597)**

17. Transition to IFRS *(continued)*

The May 31, 2011 GAAP statement of financial position has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of Transition to IFRS	Note	IFRS
ASSETS				
Current assets				
Cash	$ 1,577,602	$ -		$ 1,577,602
Trade and other receivables	99,502	-		99,502
Inventory	459,093	-		459,093
Prepaid expenses and advances	60,364	-		60,364
Total current assets	2,196,561	-		2,196,561
		-		
Non-current assets				
Security deposits	474,000	-		474,000
Plant and equipment	395,798	-		395,798
Exploration and evaluation assets	55,445,451	-		55,445,451
Total non-current assets	56,315,249	-		56,315,249
Total assets	**$58,511,810**	$ -		**$58,511,810**
LIABILITIES				
Current liabilities				
Trade and other payables	$ 292,089	$ -		$ 292,089
Total current liabilities	292,089	-		292,089
Non-current liabilities				
Provision for reclamation	490,000	-		490,000
Deferred income tax liability	2,011,500	-		2,011,500
Total non-current liabilities	2,501,500	-		2,501,500
Total liabilities	2,793,589	-		2,793,589
SHAREHOLDER'S EQUITY				
Share Capital	70,727,746	5,595,568	(e)(ii)	76,323,314
Contributed surplus	7,660,335	(7,660,335)	(e)(i)	-
Share option reserve	-	4,897,361	(e)(i)	4,897,361
Warrants reserve	-	2,762,974	(e)(i)	2,762,974
Deficit	(22,669,860)	(5,595,568)	(e)(ii)	(28,265,428)
Total equity	55,718,221	-		55,718,221
TOTAL EQUITY AND LIABILITIES	**$58,511,810**	$ -		**$58,511,810**

18. Subsequent events

From June 1, 2012 to July 26, 2012:

(a) On June 4, 2012, the Company granted 5,030,000 options at an exercise price of $0.10 with an expiry date of June 4, 2017.

(b) On June 27, 2012, 1,431,000 unexercised options with an exercise price of $0.41, expired.

(c) On July 12, 2012, the Company issued 4,000,000 units at a price of $0.09 per unit for gross proceeds of $360,000. Each Unit consists of one common share of the Company and one transferable common share purchase warrant of the Company. Each warrant will entitle the holder to purchase a further common share in the Company at a price of $0.125 per Warrant Share until July 12, 2014. These units are subject to a four month hold period which expires November 12, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Month Period ended May 31, 2012

The following is a discussion and analysis of the consolidated financial condition and operating results of Tyhee Gold Corp. ("Tyhee" or "the Company") for the six months ended May 31, 2012 and factors that are reasonably expected to impact future operations and results.

This discussion should be read in conjunction with the Company's condensed consolidated interim financial statements and notes thereto for the six months ended May 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and approved by the audit committee. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

These are the Company's IFRS condensed consolidated interim financial statements for the second quarter of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending November 30, 2012. Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's comparative for the six months ended May 31, 2012 and the periods therein have been presented in accordance with IFRS in this MD&A. As the Company's transition date was December 1, 2010, any comparative financial information before the date of transition date included in this MD&A has not been restated. The impact of the transition from GAAP to IFRS is explained in Note 17 of the Company's condensed interim financial statements for the six months ended May 31, 2012 and in the Company's condensed interim financial statements for the three months ended February 29, 2012.

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 July 26, 2012. 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. This management's discussion and analysis is dated July 26, 2012.

Description of Business

Tyhee Gold Corp., incorporated under the laws of British Columbia, 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. Currently the Company is focused on developing its wholly-owned Yellowknife Gold Project. Tyhee's 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, permits and licences are owned by Tyhee N.W.T. Corp., a wholly-owned subsidiary of Tyhee Gold Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Month Period ended May 31, 2012

Overview

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

A Feasibility Study for the Yellowknife Gold Project commenced in the third quarter of 2011 with an expectation to publish in August 2012. The Feasibility Study is an expansion of the Preliminary Feasibility Study which was completed in July 2010, and showed the Yellowknife Gold Project to have a positive net present value (NPV) and internal rate of return (IRR) under base case conditions of US$950 gold. That study determined initial capital costs to be CAD$170 million including a CAD$20 million contingency to construct a 3,000 tonne per day mine and mill complex to produce an average of 108,000 ounces per year at cash costs of US$546 per ounce. At more current gold prices the Company anticipates the project will provide for an attractive internal rate of return and net present value.

Tyhee launched the permitting process back in 2008 by filing preliminary information with the regulatory agency in the Northwest Territories. However, the process was in abeyance for some time. During the last year Tyhee has picked up the pace and filed more recent information and is now focused on expediting the process.

In response to the queries from the regulatory agency, Tyhee is working towards providing an exhaustive response.

Qualified Person

Mr. Valmar Pratico, P.Geo., Chief Geologist for the Company and a Qualified Person within the meaning of National Instrument ("NI") 43-101, has reviewed all technical information in this MD&A.

Yellowknife Gold Project

The Yellowknife Gold Project consists of the Ormsby-Nicholas, Goodwin Lake and Clan Lake properties. Mineral claims and leases total 26,023 acres. The properties are located in an area from 60 to 100 kilometres north of Yellowknife, Northwest Territories, Canada. The Ormsby and Nicholas Lake properties remain subject to a net smelter return royalty.

A number of potentially economic gold deposits are located on mineral claims and mining leases of the Yellowknife Gold Project including the Nicholas Main Zone, Bruce Zone, Ormsby Zone, Goodwin Vad Zone, and Clan Main Zone. Details regarding history, geology and gold mineralization are disclosed in a report prepared for Tyhee Gold Corp entitled "Technical Report on the Resource Estimate of the Yellowknife Gold Project, Northwest Territories, Canada" dated December 23, 2009 available on www.SEDAR.com or www.tyhee.com.

Yellowknife Gold Project (continued)

Preliminary Feasibility Study

A Preliminary Feasibility Study (PFS) was completed in July 2010 which showed the Yellowknife Gold Project to have a positive net present value (NPV) and internal rate of return (IRR) under base case conditions of US$950 gold. That study determined initial capital costs to be CAD$170 million including a CAD$20 million contingency to construct a 3,000 tonne per day mine and mill complex to produce an average of 108,000 ounces per year at cash costs of US$546 per ounce. EBA Engineering Consultants Ltd (EBA), the lead consultants working on the PFS, recommended that Tyhee follow this up with a Feasibility Study designed to refine estimates and optimize operations with special attention being given to: a) strip ratio reduction, b) geotechnical work at Clan Lake, c) underground design revisions and, d) trade-off studies with respect to power and transportation.

Details of all aspects of the PFS are disclosed in a report prepared 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 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.

The Ormsby Zone, Nicholas Zone, Clan Main Zone and Goodwin Vad Zone are open to depth with excellent potential for expanded gold resources. Diamond drill results from the Clan Lake Main Zone have extended the Main Zone laterally to the southeast. Significant drill results were reported from diamond drilling on the Spud Zone, located to the southwest of the Main Zone, which were published as news releases available on www.SEDAR.com.

Yellowknife Gold Project (continued)

Mineral Resources

Yellowknife Gold Project Mineral Resources[1]						
Category	**Ormsby Zone**	**Nicholas Main Zone**	**Bruce Zone**	**Clan Main Zone**	**Goodwin 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

For the Six Month Period ended May 31, 2012

Yellowknife Gold Project (continued)

Mineral Reserves

Yellowknife Gold Projects Mineral Reserves[1]					
Category	**Ormsby Zone Open Pit**	**Ormsby Zone Underground**	**Nicholas Zone Underground**	**Clan 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. Mineral Resources for Ormsby, Bruce, Goodwin Vad and Clan Main Zones are at a 1.25 gpt cut-off. The Nicholas Main 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 metres (m) lengths. Inverse distance squared techniques were used to estimate 3m cubic blocks using an 80m x 40m x 10m search ellipsoid within a geological model that delineated brecciated and silicified rocks for Ormsby, Bruce, Goodwin VAD, and Clan Main Zones. An inverse distance squared interpolation method is used for Nicholas where two solids have been created which divide the resource limits into the east and west domains. Composites are created at 1.5m lengths down the hole and composite values are not capped. The block model is created with blocks 5 x 5 x 1.5m with the 1.5m distance oriented north and in the horizontal plane. 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. 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. Gold recoveries of 92% for all zones except Nicholas Main Zone (90%) have been determined in laboratory testing and pilot plant studies. 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.

Yellowknife Gold Project (continued)

Environmental Assessment

Developments in the Northwest Territories are governed by the Mackenzie Valley Resource Management Act *S.C. 1998.* Pursuant to Part 4 of the Act, the **M**ackenzie **V**alley **L**and and **W**ater **B**oard ('Land & Water Board') has been established as the regulatory agency. Pursuant to Part 5 of the Act, the **M**ackenzie **V**alley **E**nvironmental **I**mpact **R**eview **B**oard ('Review Board') has been established to determine impact of proposed developments, and make recommendations with suitable measures. The Land and Water Board may upon preliminary screening of the development, refer the development to the Review Board for an environmental assessment.

Tyhee submitted a **P**roject **D**escription **R**eport to the Land and Water Board in July 2008. The project was referred to the Review Board for an environmental assessment in August 2008. Tyhee received final terms of reference and work plan from the Review Board in May 2009. These documents guided the development of a **D**evelopers **A**ssessment **R**eport which was submitted to the Review Board by Tyhee in May 2011. On July 26, 2011 the Company was advised that the Review Board had advanced the assessment process to the **I**nformation **R**equest ('IR') stage. Upon receiving IR's from the Review Board, Tyhee filed certain responses in October 2011. On March 28, 2012 further responses were filed as information was received from the Company's advisors & consultants. The Review Board has circulated the Developers Assessment Report to interested parties for their review. The Review Board presented Tyhee additional IR's on June 8 and June 29, 2012. Tyhee is reviewing these IR's and will submit appropriate responses to the Review Board in 2012. Tyhee expects that technical sessions will be scheduled for it to make presentations to the Review Board staff and interested parties with the expectations that a conclusive round of IR's will be forthcoming shortly thereafter. Public hearings will be conducted and upon their conclusion, the Review Board will present its determinations and recommendations with any measures it deems necessary, in a report to the Minister of Aboriginal Affairs and Northern Development. The Minister may adopt the Review Board's findings. Upon approval by the Minister, the Land & Water Board commences the regulatory phase which culminates with the issuance of all operating licenses and permits.

The timing of the forgoing process is quite fluid and it is dependent on quantum and intricacies of IR's received, which in turn will drive the time & effort required by Tyhee to respond to such IR's; and also the docket of the Review Board. Tyhee is hopeful that operating permits will be in hand in 2013.

Yellowknife Gold Project (continued)

Future Developments

Environmental Assessment & Permitting:
Tyhee received a large number of IR's in June 2012 from the Review Board. The Company is studying the IR's such that comprehensive responses can be made expeditiously.

Feasibility Study:
A Feasibility Study was initiated on the Yellowknife Gold Project in the third quarter of 2011. The Feasibility Study will 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 will be developed using this information, including projected engineered operating costs and capital costs based on new equipment. Tyhee continues to work on improving certain aspects of the project, including refining some of the projected input costs, optimizing mining plans, and adding resources to the project that can be quickly and easily accessed.

Tyhee is on track with the Feasibility Study and expects it to be complete in the very near future.

Financing:
Tyhee continues to seek additional funding for its sustaining needs in the equity market.

In anticipation of the Feasibility Study, Tyhee has started to assess various financing solutions to fund the Yellowknife Gold Project. Upon completion of the Feasibility Study, Tyhee anticipates to advance the project financing deftly.

Other properties

The Company continues to focus on the potential of the Yellowknife Gold Project, 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.

BigSky Property

The BigSky Property (not part of the Yellowknife Gold Project) is located 24 km north of Yellowknife, Northwest Territories, Canada, and adjoins the northern extension of the Giant Mine property. Mineral claims and leases total 7,036 acres.

Exploration

Exploration on the BigSky property has focused on two shear zone systems known as the WK Shear Zone and the Oro Lake Shear Zone. The shear zone systems consist of chlorite carbonate schists with gold-quartz vein mineralization. The WK Shear Zone is a north-south trending system 4 km in length and the Oro Lake Shear Zone is a southwest-northeast trending system 2 km in length. Exploration results from 2007 and 2008 have been published in news releases which are available on www.SEDAR.com.

On March 29, 2012, the Company announced that it has entered into an agreement with Williams Creek Gold Inc. ("Williams Creek") under which Williams Creek has the option to earn up to a 50% joint venture interest in BigSky. In order to earn its interest, Williams Creek must spend a minimum of $500,000 over the next five years on exploration and/or development of the property. Upon completion of the expenditures, Williams Creek and the Company will form a joint venture for the further development of the property.

Changes in Management and Board

On December 19, 2011 the Company announced that effective immediately, Dr. David Webb Chief Executive Officer and President of the Company and President and Director of Tyhee N.W.T. Corp. had been replaced by Mr. Brian Briggs, P.Eng., who was appointed interim CEO. Mr. Brian Briggs, joined the Company in 2011 in the position of Vice President of Engineering and Project Manager of the Yellowknife Gold Project, NWT, Canada.

On January 17, 2012, the Company announced that effective immediately, Harjinder S. Gill had been appointed to the full time position of Chief Financial Officer of the Company and as CFO of Tyhee N.W.T. Corp. Mr. Lorne B. Anderson who had held the same role since May 2005 on a part time basis stepped down to pursue other business interests.

Dr. Webb and Mr. Anderson will receive payments in accordance with their agreements, as described in Note 11 of the condensed consolidated interim financial statements for the six months ended May 31, 2012.

Dr. Webb did not stand for re-election at the Company's annual general meeting held on May 16, 2012 and is no longer a Director of the Company.

On June 6, 2012, the Company announced the permanent appointment of Mr. Brian Briggs as the Company's President and CEO, as well as his appointment to the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Month Period ended May 31, 2012

Overall Performance and Results of Operations

The six months ended May 31, 2012 compared to the six months ended May 31, 2011

The Company incurred a net loss of $1,004,014 during the six months ended May 31, 2012 compared to net loss of $1,583,597 incurred during the six months ended May 31, 2011.

An income tax recovery of $273,588 was recorded for the six months ended May 31, 2012 compared to income tax expense of $116,548 recorded for the six months ended May 31, 2011. Excluding the income tax effects, the loss before income taxes for the six months ended May 31, 2012 was $1,277,602 compared to loss before income taxes of $1,467,049 for the six months ended May 31, 2011.

Administrative expenses decreased in the six months ended May 31, 2012 by $198,567 compared to the same period last year. The fair value of share-based payments in the current quarter was $773,407 lower than the same period last year due to a fewer number of options granted in the current period. Management and consulting fees increased by $526,914 mainly due to the inclusion of termination payments relating to agreements with the former chief executive and chief financial officers. Legal and audit fees increased by $82,987 in the current period due to increased legal services being required relating to an increase in corporate activity and due to the engagement of auditor review of the Company's first quarter IFRS interim financial statements. Investor relations costs have decreased by $31,100 mainly due to the added cost of a special meeting held in the previous year and less travel in the current year.

Summary of Quarterly Results

Period Ended*	2012 May 31	2012 Feb 29	2011 Nov 30	2011 Aug 31	2011 May 31	2011 Feb 28	2010 Nov 30	2010 Aug 31
Other income (expenses)	(9,796)	(3,461)	(12,205)	(3,369,286)	(2,062)	(2,076)	1,225	1,449
Net earnings (loss)	(258,583)	(745,431)	(279,758)	(2,747,724)	(216,756)	(1,366,841)	(615,343)	(175,211)
Earnings (loss) per share, basic	(0.00)	(0.00)	0.00	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)
Earnings (loss) per share, fully diluted	(0.00)	(0.00)	0.00	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)

*The financial information for the 2010 quarterly results is presented in accordance with Canadian GAAP.

The Company has generally incurred net losses. The BigSky property write down of $3,377,724 contributed to the higher than usual "other expenses" and net loss for the quarter ended August 31, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Month Period ended May 31, 2012

Liquidity and Solvency

At May 31, 2012, the Company had cash and cash equivalents of $483,172 and a working capital position of $216,460. The Company does not have any substantial long-term debt or capital commitments. The Company will require additional funds to continue operations. If the Company does not raise the required funds, it may not be able to meet its ongoing obligations.

On January 13, 2012, the Company raised gross proceeds of $2,811,655 through the issuance of 31,240,614 units at a price of $0.09 per unit, on April 10, 2012, the Company raised $919,369 through the issuance of 10,215,209 units and on May 23, 2012 raised another $495,000 through the issuance of 5,500,000 units. On July 12, 2012, the Company raised a further $360,000 through the issuance of 4,000,000 units. Each unit consists of one common share and one transferable common share purchase warrant of the Company. Each warrant will entitle the holder to purchase a further common share in the Company at a price of $0.125 for two years from the date of issuance.

The Company's investing activities were mainly additions to exploration and evaluation properties. Expenditures on exploration properties of $2,972,009 were incurred during the six months ended May 31, 2012 compared to exploration expenditures of $3,450,285 during the six months ended May 31, 2011.

During the six months ended May 31, 2012, funds were used for a feasibility study, continued environmental and permitting work, and for working capital requirements.

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.

Critical Accounting Polices and Estimates

Certain carrying amounts of assets and liabilities require judgements, assumption and estimates as the basis for determining the stated amounts.

Following are the items involving significant judgments:

- classification of financial instruments
- going concern assumption

Following are the items involving significant estimates:

- the assumptions used in the accounting for share-based compensation
- the provision for income taxes and composition of deferred income tax assets and liabilities
- the recoverability of inventory for obsolete items
- reserve estimates
- the anticipated costs of reclamation
- valuation of warrants, and
- reserve estimates

Critical Accounting Polices and Estimates (continued)

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the condensed consolidated interim financial statements for the six months ended May 31, 2012.

Recent Accounting Announcements

The standards that will be effective or available for voluntary early adoption in the financial statements for the year ending November 30, 2012 are subject to change and may be affected by additional interpretations. Accordingly, the accounting policies will be finalized when the first annual IFRS financial statements are prepared for the year ending November 30, 2012. The following standards are available for early adoption but the Company has not early adopted any of these standards and is still assessing the impact, if any, that these standards might have on its financial statements.

Accounting Standards Issued and Effective January 1, 2013

IFRS 7 – *Financial Instruments: Disclosures* – enhances the disclosure required when offsetting financial assets and liabilities.

IFRS 10 – *Consolidated Financial Statements* – replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements,* and SIC-12, *Consolidation – Special Purposes Entities.* IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control.

IFRS 11 – *Joint Arrangements* – establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 – *Disclosure of Involvement with Other Entities* – requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 – *Fair Value Measurement* – defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (or an exit price).

IAS 19 – *Employee Benefits* – outlines accounting treatment and required disclosure for employee benefits.

IAS 27 – *Separate Financial Statements* – has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

Recent Accounting Announcements (continued)

IAS 28 – *Investments in Associates and Joint Ventures* – prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

IFRIC Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine* – summarizes the method of accounting for waste removal costs incurred as a result of surface mining activities during the production phase of a mine.

Accounting Standards Issued and Effective January 1, 2014

IAS 32 – *Financial Instruments: Presentation* – was amended for the application guidance on the offsetting of financial assets and liabilities.

Accounting Standards Issued and Effective January 1, 2015

IFRS 7 – *Financial Instruments: Disclosure* – was amended for the disclosure requirement where IFRS 9 Financial Instruments was initially applied.

IFRS 9 – *Financial Instruments* – replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. The objective of this IFRS is to establish principles for the reporting of financial assets and financial liabilities that will present relevant and useful information for users of financial statements for their assessment of the amount, timing and uncertainty of an entity's future cash flows.

Transition to IFRS (IFRS 1):

The Company adopted IFRS on December 1, 2011 with a transition date of December 1, 2010. IFRS 1 (First-time adoption of International Financial Reporting Standards) provides guidance for the initial adoption of IFRS. The Company has applied the following available exemptions under IFRS 1:

- *Share-based payments* - A company may elect not to apply IFRS 2 "Share-Based Payments" to equity instruments which vested before the transition date to IFRS. The Company has elected, on transition to IFRS to apply the optional exemption such that equity instruments which vested prior to the transition date of December 1, 2010 will not be restated,

- *Decommissioning liabilities included in the cost of property, plant and equipment* – IFRIC 1, *Changes in existing decommissioning, restoration and similar liabilities,* requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over is remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the

Transition to IFRS (IFRS 1) (continued):

date of transition to IFRS. This exemption permits the Company not to reassess the balance before the date of transition to IFRS with respect to its provision for reclamation

- *Leases* – Under this exemption, a first-time adopter may determine whether an arrangement existing at the date of transition to IFRS contains a lease on the basis of the facts and circumstances existing at the date of transition to IFRS. The Company elected for this exemption and completed its analysis as at the date of transition to IFRS.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated December 1, 2010:

- *Estimates* – In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of December 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

IFRS to Canadian GAAP differences:

- *Presentation* – Contributed surplus, under Canadian GAAP, has been reclassified to share-option reserve and warrants reserve in order to comply with the requirements of IAS 1 *"Presentation of Financial Statements"*.

- *Deferred income tax on flow-through shares* – Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under GAAP; however, there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made. As a result, the Company reversed the premium of $476,899 from share capital and credited flow-through share premium liability. The recognition of the deferred income tax liability upon renunciation of the flow-through expenditures is recorded as income tax expense in the period of renunciation. In addition, share capital and deficit as at December 1, 2010 has been adjusted for $5,351,107 to adjust the flow through share capital amount, which have been issued in the past, to their respective market values at the times of issuance.

Certain presentations in accordance with IFRS differ from the presentation in accordance with Canadian GAAP. The statement of cash flows was amended to conform with the IFRS presentation requirements. There was no change in operating, investing and financing cash flows as required under Canadian GAAP.

The impact of these differences on the financial statements is described in Note 17 and in the Company's condensed consolidated interim financial statements for the three months ended February 29, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Month Period ended May 31, 2012

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 having any operating revenues until it is able to commence its commercial 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.

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 and a positive feasibility study.

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 six months ended May 31, 2012, key management compensation totalled $817,999 (at May 31, 2011: $893,688) (See Note 11 of the consolidated interim financial statements for the six months ended May 31, 2012).

The Company also entered into the following related party transactions for the six months ended May 31, 2012:

Legal and travel fees in the amount of $92,891 (May31, 2011: Nil) were paid to a Company whose President is a director of Tyhee.

An amount of $113,834 (at May 31, 2011: $28,676) was charged in legal fees by a legal firm of which a partner is an officer of the Company.

On April 20, 2012 an advance net smelter royalty payment of US$20,000 was paid to a private company of which an ex-director and officer of Tyhee is a director and officer (see note 8(a) in the condensed consolidated interim financial statements for the six months ended May 31, 2012).

Of the 31,240,614 units issued in the January 13, 2012 private placement, Williams Creek (which has two directors in common with the Company) purchased 11,111,111 units at as price of $0.09 for a total of $1,000,000 and another director of the Company, purchased 150,000 units at a price of $0.09 for a total of $13,500. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price of $0.125 per common share until January 13, 2014.

Of the 10,215,209 units issued in the April 10, 2012 private placement, two directors of the Company purchased an aggregate of 550,000 units and an officer of Tyhee N.W.T. Corp. purchased 125,000 units.

On March 29, 2012 the Company announced that it had entered into an agreement with Williams Creek Gold Inc. under which Williams Creek has the option to earn up to a 50% joint venture interest in BigSky. Williams Creek has two directors in common with the Company.

Investor Relations

The Company has continued with its agreement, dated July 25, 2011, with GT Investor Relations to provide investor communication/messaging and media relations services for consideration of $5,000 per month.

The Company has also 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, but on an "as needed" basis. Envoy was granted 75,000 options on August 5, 2009 at an exercise price of $0.13 for a period of five years.

The Company has a contract with Dr. Leanne Baker (Investor Resources LLC) and with Kathleen Walton (The Basic Industries Group LLC) to provide capital market exposure and increase market awareness of 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 of the condensed consolidated interim financial statements for the six months ended May 31, 2012 outlining the contractual commitments and guarantees provided to third parties.

Financial Instruments

The Company's financial instruments are comprised of cash, trade and other receivables, security deposits, trade and other payables and other liabilities. 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, commodity-price risk, and liquidity risks. Where material, these risks are reviewed and monitored by the Company's management and the Board of Directors.

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash and cash equivalents with major Canadian chartered banks. The Company's other assets consist primarily of tax receivables due from the Canadian federal government and security deposits with MVLWB. The maximum exposure to credit risk at the reporting date is the carrying amounts of the Company's cash, trade and other receivables and security deposits.

(b) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

(b) Currency risk

The Company is exposed to fluctuations related to trade and other payables denominated in US 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.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is 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

Financial Instruments (continued)

(c) Liquidity risk (continued)

postponement of further exploration and development of the Company's exploration properties and the inability to meet obligations as they become due. The Company is currently evaluating alternatives to raise additional capital to increase liquidity but there is no certainty that additional sufficient capital will be raised in a timely manner.

Disclosure for Venture Issuers Without Significant Revenue

See Note 8 of the consolidated financial statements for the six months ended May 31, 2012 for detail of the exploration and development costs.

An analysis of administrative expenses is provided in the consolidated statements of loss and comprehensive loss in the condensed consolidated interim financial statements for the six months ended May31, 2012 and May 31, 2011.

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 IFRS, and

(iii) receipts are recorded and expenditures are incurred only in accordance with authorization of management and directors; and

(iv) 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

For the Six Month Period ended May 31, 2012

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 May 31, 2012, 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 July 26, 2012, 344,680,814 common shares were issued and outstanding. There is no other class or series of voting or equity securities. There are a maximum number of 23,729,500 options outstanding which can be converted into 23,729,500 common shares and 79,611,847 warrants outstanding which can be converted into 79,611,847 common shares. At July 26, 2012, there are 448,022,161 fully diluted common shares outstanding.

Additional Information

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

This MD&A includes forward-looking information within the meaning of Canadian securities legislation. Forward-looking information is generally summarized under the headings, "Overview" and "Ongoing and Future Developments", and our calculation of NPV sensitivities. The forward-looking information reflects our current expectations and assumptions. Although the Company believes that the assumptions on which the forward-looking information is based are reasonable, no assurance can be given that these assumptions will prove correct. Investors are advised to consider the risk factors identified under the headings "Financial Risks and Uncertainties" and Operational Risks and Uncertainties" in this report for a discussion of the factors that could cause the Company's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking information.