

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2013. All currency amounts are stated in US dollars unless noted otherwise.

Current Business Activities

Livengood Gold Project

During the nine months ended September 30, 2014, and to the date of this MD&A, the Company has been investigating a number of opportunities, including those identified in the September 4, 2013 Feasibility Study (the "Feasibility Study") and those subsequently developed by the Company, for optimization and reducing project costs. The mine plan was reviewed and modified to include changing pit slope designs, improvement of scheduling ore release, waste mining and stockpile management. This revised mine plan will form the basis for future project economics as other opportunities are fully reviewed.

The Feasibility Study metallurgical test work was reviewed to identify opportunities for optimization that may be confirmed by additional testwork to be contemplated in the future. Opportunities include potential improvements to head grade, gravity recovery, reductions in power consumption, reductions in reagent consumption and cost, and reductions in leach retention time. Power supply alternatives were reviewed to determine how changing energy supply dynamics might impact the project assumptions regarding electrical generation. Construction and operations camp alternatives were reviewed to better define the costs of supporting the manpower requirements for the project. The Company has also continued to advance environmental baseline work in support of future permitting in order to better position the Livengood Gold Project for a potential construction decision when warranted by market conditions.

In light of the decrease in the gold price in 2013 and 2014 and its effect on the gold mining industry, the Company has prepared for the potential of a continuing lower gold price by limiting 2014 spending to essential activities. These activities include payment of annual land lease obligations, reviewing opportunities to improve the Feasibility Study released in 2013, continuing critical environmental baseline work to prevent any significant delays in future permitting, as well as performing required corporate and compliance matters. As part of the Company's efforts to reduce spending in 2014, the Company's full time staff was reduced by approximately 30% effective January 1, 2014.

The Company remains open to a strategic alliance to help support the future development of the Project while considering all other appropriate financing options. The size of the gold resource, the favorable location, and the proven team are some of the reasons the Company would potentially attract a strategic partner with a long term development horizon who understands the Project is highly leveraged to gold prices.

Results of Operations

Summary of Quarterly Results

Description	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Net loss	\$ (1,170,906)	\$ (1,431,402)	\$ (3,510,319)	\$ (1,022,387)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.01)

	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Net loss	\$ (4,124,761)	\$ (642,050)	\$ (4,063,282)	\$ (7,258,397)
Basic and diluted net loss per common share	\$ (0.04)	\$ (0.01)	\$ (0.04)	\$ (0.07)

Three Months Ended September 30, 2014 compared to Three Months Ended September 30, 2013

The Company incurred a net loss of \$1,170,906 for the three month period ended September 30, 2014, compared to a net loss of \$4,124,761 for the three month period ended September 30, 2013. The decrease in net loss in the three months ended September 30, 2014 compared to the three months ended September 30, 2013 is mainly a factor of decreased project spending and changes in noncash items between periods as further discussed below. The following discussion highlights certain selected financial information and changes in operations between the three months ended September 30, 2014 and the three months ended September 30, 2013.

Mineral property expenditures decreased significantly to \$557,735 for the three months ended September 30, 2014 from \$1,621,127 for the three months ended September 30, 2013 primarily due to the Company completing the Feasibility Study in 2013 and limiting activities to continuation of critical environmental baseline work and reviewing Feasibility Study opportunities in 2014.

Share-based payment charges were \$233,726 during the three months ended September 30, 2014 compared to \$904,343 during the three months ended September 30, 2013. The decrease in share-based payment charges during the period was mainly the result of a reduction in the fair value of options granted during the first quarter of 2014 compared to 2013, vesting of prior period grants and forfeitures of options during the first quarter of 2014.

Share-based payment charges

Share-based payment charges for the three month periods ended September 30, 2014 and 2013 were allocated as follows:

Expense category:	September 30, 2014	September 30, 2013
Consulting	\$ 54,626	\$ 359,007
Investor relations	9,328	15,681
Wages and benefits	169,772	529,655
	<u>\$ 233,726</u>	<u>\$ 904,343</u>

Share-based payments to consultants decreased from \$359,007 to \$54,626 as a result of forfeitures of previously granted stock options to consultants in the first quarter of 2014. Excluding share-based payment charges of \$169,772 and \$529,655 respectively, wages and benefits for the period decreased to \$613,096 during the three months ended September 30, 2014 from \$896,838 during the three months ended September 30, 2013 as a result of decreased personnel during the period. As part of its reduced spending plan, the Company decreased its full-time staff by approximately 30% effective January 1, 2014.

Most other expense categories reflected moderate decreases period over period reflecting the Company's efforts to reduce spending.

Total other income amounted to \$600,236 during the three month period ended September 30, 2014 compared to total other expense of \$264,726 during the three month period ended September 30, 2013. The current period amount resulted mainly from an unrealized gain of \$400,000 on the revaluation of the derivative liability at September 30, 2014 resulting from a decrease in the historical and estimated future average price of gold, compared to no change on the revaluation of the derivative liability during the prior year period. The Company also had a foreign exchange gain of \$186,038 during the three month period ended September 30, 2014 compared to a loss of \$287,591 during the three month period ended September 30, 2013. The average exchange rate during the three month period ended September 30, 2014 was C\$1 to US\$0.9183 compared to C\$1 to US\$0.9629 for the three month period ended September 30, 2013.

Nine Months Ended September 30, 2014 compared to Nine Months Ended September 30, 2013

The Company incurred a net loss of \$6,112,627 for the nine month period ended September 30, 2014, compared to a net loss of \$8,830,093 for the nine month period ended September 30, 2013. The following discussion highlights

certain selected financial information and changes in operations between the nine months ended September 30, 2014 and the nine months ended September 30, 2013.

Mineral property expenditures decreased significantly to \$1,957,849 for the nine months ended September 30, 2014 from \$6,868,226 for the nine months ended September 30, 2013 primarily due to the Company completing the Feasibility Study in 2013 and limiting activities to continuation of critical environmental baseline work and reviewing Feasibility Study opportunities in 2014.

Share-based payment charges were \$1,140,879 during the nine months ended September 30, 2014 compared to \$3,654,224 during the nine months ended September 30, 2013. The decrease in share-based payment charges during the period was primarily the result of a reduction in the fair value of options granted during the period, vesting of prior option grants as well as forfeitures during 2014. The Company granted 2,480,000 options during the nine months ended September 30, 2014 compared to 613,000 during the nine months ended September 30, 2013.

Share-based payment charges

Share-based payment charges for the nine month periods ended September 30, 2014 and 2013 were allocated as follows:

Expense category:	September 30, 2014	September 30, 2013
Consulting	\$ 58,451	\$ 1,301,550
Investor relations	62,477	32,991
Wages and benefits	1,019,951	2,319,683
	\$ 1,140,879	\$ 3,654,224

Excluding share-based payment charges of \$1,019,951 and \$2,319,683, respectively, wages and benefits decreased to \$1,782,472 during the nine months ended September 30, 2014 from \$2,746,897 during the nine months ended September 30, 2013 as a result of decreased personnel during the current year period.

All other expense categories reflected moderate decreases period over period reflecting the Company's efforts to reduce spending.

Total other income amounted to \$47,615 during the nine month period ended September 30, 2014 compared to total other income of \$6,103,847 during the nine month period ended September 30, 2013. The amount in the current period resulted mainly from a gain on foreign exchange of \$301,598 offset by an unrealized loss of \$300,000 on the revaluation of the derivative liability at September 30, 2014 resulting from an increase in the calculated average price of gold. The prior year amount resulted from an unrealized gain of \$5.7 million on the revaluation of the derivative liability during the prior period from a decrease in the calculated average price of gold and a gain on foreign exchange of \$622,232. Offsetting the prior year total other income was a loss of \$298,769 related to the other than temporary impairment of certain available-for-sale securities. The average exchange rate during the nine month period ended September 30, 2014 was C\$1 to US\$0.9139 compared to C\$1 to US\$0.9770 for the nine month period ended September 30, 2013.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed through the sale of its equity securities by way of private placements and the subsequent exercise of share purchase and broker warrants and options issued in connection with such private placements. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised.

As at September 30, 2014, the Company reported cash and cash equivalents of \$7,861,603 compared to \$13,925,601 at December 31, 2013. The decrease of approximately \$6.1 million resulted from corporate expenditures and

expenditures on the Livengood Gold Project for continuation of environmental baseline activities and review of project opportunities of \$5.0 million, payment of severance liabilities of \$0.6 million, and the effect of foreign exchange on cash of \$0.5 million. The Company continues to utilize its cash resources to fund the Livengood Gold Project environmental activities required for preservation of baseline database and future permitting, Feasibility Study recommendations, including related mine planning and other project improvements, as well as corporate administrative requirements.

Investing activities during the nine months ended September 30, 2014 comprised solely of the change in restricted cash and capitalized acquisition costs related to land acquisitions closed in January 2014. The Company had no investing activities during the nine months ended September 30, 2013.

The Company had no cash flows from financing activities during the nine month periods ended September 30, 2014 and 2013.

As at September 30, 2014, the Company had working capital of \$7,503,289 compared to working capital of \$12,699,227 at December 31, 2013. To advance the Livengood Gold Project towards permitting and development, the Company anticipates maintaining certain essential development activities for the current fiscal year ending December 31, 2014. These essential activities include maintaining environmental baseline data that in its absence could materially delay future permitting of the Livengood Gold Project. The Company anticipates spending approximately \$8 million during fiscal year 2014 to maintain the environmental baseline activity, review opportunities, including those identified in the Feasibility Study and those subsequently developed by the Company, as well as perform required general and administrative duties. As at September 30, 2014 the Company has spent approximately \$4.9 million on the aforementioned activities. As part of the Company's reduced spending plan, ITH reduced its full-time staff by approximately 30% effective January 1, 2014.

The Company expects that it will operate at a loss for the foreseeable future. The Company will require significant additional financing to continue its operations (including general and administrative expenses) in connection with post-Feasibility Study activities at the Livengood Gold Project and the development of any mine that may be determined to be built at the Livengood Gold Project. Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "We will require additional financing to fund exploration and, if warranted, development and production. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern" in Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2013. The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Colorado, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

Contractual Obligations

The following table discloses, as of September 30, 2014, the Company's contractual obligations including anticipated mineral property payments and work commitments and committed office and equipment lease obligations. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or

unwilling to make any such payments or incur any such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but no other lease purchase or royalty buyout options:

	Payments Due by Year						
	2014	2015	2016	2017	2018	2019 and beyond	Total
Livengood Property Purchase ⁽¹⁾	\$ -	\$ -	\$ 15,100,000	\$ -	\$ -	\$ -	\$ 15,100,000
Mineral Property Leases ⁽²⁾	-	412,398	417,309	422,294	432,353	437,488	2,121,842
Mining Claim Government Fees	54,810	114,345	114,345	114,345	114,345	114,345	626,535
Office and Equipment Lease Obligations	58,603	80,947	-	-	-	-	139,550
Total	\$ 113,413	\$ 607,690	\$ 15,631,654	\$ 536,639	\$ 546,698	\$ 551,833	\$ 17,987,927

1. The amount payable in December 2016 of \$15,100,000 represents the fair value of the Company's derivative liability as at September 30, 2014 and will be revalued at each subsequent reporting period.
2. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work which will actually be carried out by the Company. Does not include potential royalties that may be payable (other than annual minimum royalty payments).

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Environmental Regulations

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

Certain U.S. Federal Income Tax Considerations for U.S. Holders

The Company has been a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes in recent years and expects to continue to be a PFIC in the future. Current and prospective U.S. shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, under "Part II. Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Certain U.S. Federal Income Tax Considerations for U.S. Holders."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to market risk in areas of interest rate risk, foreign currency exchange rate risk, and other price risk.

Interest Rate Risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents consists of cash and cash equivalents held in bank accounts and short term deposit certificates or Guaranteed Investment Certificates with a major Canadian financial institution that earn interest at variable interest rates. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

At September 30, 2014, the Company held a total of \$6,951,623 in cash equivalents which consist of interest saving accounts and Guaranteed Investment Certificates.

The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 0.5% change in interest rates would affect interest income by approximately \$20,000.

Foreign Currency Risk

The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in Canadian dollars. As the majority of the Company's assets, aside from cash, are denominated in US dollars, currency risk is limited to those Canadian cash balances. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a consistent 7.5% change in the absolute rate of exchange for the Canadian dollar would affect net assets by approximately \$309,000. Furthermore, depending on the amount of cash held by the Company in Canadian dollars at the end of each reporting period using the period end exchange rate, significant changes in the exchange rates could cause significant changes to the currency translation amounts recorded to accumulated other comprehensive income.

As at September 30, 2014, USD amounts were converted at a rate of C\$1 to US \$0.8922.

Credit Risk

Concentration of credit risk exists with respect to the Company's Canadian cash and cash equivalents as all amounts are held at a major Canadian financial institution. Credit risk with regard to cash held in the United States is mitigated as the amount held in the United States is only sufficient to cover short-term requirements. With respect to receivables at September 30, 2014, the Company is not exposed to significant credit risk as the receivables are principally interest accruals.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign exchange risk. The Company's investments in marketable securities are exposed to such risk. The Company's derivative liability, which consists of a future contingent payment valued using historic and estimated future gold prices, is also exposed to other price risk. See Note 6 of the notes to the unaudited condensed consolidated interim financial statements included elsewhere in this Quarterly Report on Form 10-Q. The fair value of this liability will fluctuate with the average daily price of gold as well as with future projections for the average price of gold over the life of the obligation. For every dollar change in the average daily price of gold, the value of the derivative liability will change by \$23,148.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of September 30, 2014, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer (the principal executive officer) and Chief Financial Officer (the principal financial officer and accounting officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2014, the Company's disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed in reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows for timely decisions regarding required disclosures.

The effectiveness of our or any system of disclosure controls and procedures, however well designed and operated, can provide only reasonable assurance that the objectives of the system will be met and is subject to certain limitations, including the exercise of judgement in designing, implementing and evaluating controls and procedures and the assumptions used in identifying the likelihood of future events.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended September 30, 2014 that have materially, or are reasonably likely to materially affect, the Company's internal control over financial reporting.