

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, 2016. All currency amounts are stated in US dollars unless noted otherwise.

Current Business Activities

General

During the three months ended March 31, 2017 and to the date of this Quarterly Report on Form 10-Q, the Company progressed on a number of opportunities with the potential for optimization and reducing the costs of building and operating a mine at the Project.

Livengood Gold Project – NI 43-101 Report of 2016 Pre-feasibility Study Results

The Company announced the results of a Pre-feasibility Study ("2016 PFS") on September 8, 2016. On October 24, 2016, the Company filed a technical report on SEDAR entitled "NI 43-101 Technical Report Pre-feasibility Study of the Livengood Gold Project, Livengood, Alaska, USA" dated October 24, 2016 ("October Report") that summarized the results of the 2016 PFS on the Livengood Gold Project.

During the first quarter, it was determined that the calculation of All In Sustaining Costs for the Livengood Project ("AISC"), as contained in Table 22-2 on page 22-6 of the October Report, was incorrect as it included, contrary to World Gold Council guidance, both initial capital costs and mining and income taxes in the AISC calculation. The Company issued a news release on March 8, 2017 advising that as a result of the restatement, the AISC for the Livengood Gold Project (the "Project") located near Fairbanks, Alaska, is projected to be \$976/oz. Subsequently, on April 10, 2017, the Company filed an updated technical report on SEDAR entitled "NI 43-101 Technical Report Pre-feasibility Study of the Livengood Gold Project, Livengood, Alaska, USA" dated March 8, 2017 and signed April 10, 2017 ("April Report") reflecting the following changes:

1. The AISC calculation has been corrected to be in accordance with World Gold Council guidance, and a corrected Table 22-2 has been included. The corrected AISC number has also been included in Table 1-11 on page 1-24. Where appropriate, text changes have been made to reflect the correct numbers now shown in the tables.
2. On January 12, 2017, the Company paid USD \$14.7 million for the timely and full satisfaction of the final derivative payment due with respect to the acquisition of certain mining claims and related rights in the vicinity of the Livengood Project and the Company is now in full ownership and has no further liability with respect to this acquisition. The disclosure regarding the Livengood Property Description and Location in section 4.1.7, pages 4-5 and 4-6, has been updated accordingly.

Management Changes

On January 26, 2017, the ITH Board approved a management transition plan, which was implemented on January 31, 2017, in which Karl Hanneman, previously the Chief Operating Officer (COO), became the Chief Executive Officer (CEO), managing both the CEO and COO responsibilities, and Tom Irwin, the previous CEO, transitioned into a part-time position of Senior Advisor prior to his being considered for nomination to the Board at the Company's May 2017 Annual General Meeting (AGM).

Proposed Issuance of Common Shares To Thomas Irwin

On January 1, 2014, Thomas Irwin was appointed as the Chief Executive Officer of the Company. Prior to that he was the Vice President of the Company from August 2012 to December 2013, and was Alaska General Manager from January 2012 to August 2012. Mr. Irwin originally joined the Company as the Livengood Project Construction Manager in March 2011. During his tenure at the Company, Mr. Irwin assumed greater and greater responsibility for the progress of the Livengood Project, and, as CEO, successfully spearheaded the completion of the initial stage of the optimization process that produced the Company's 2016 PFS. In addition, Mr. Irwin successfully negotiated and closed two significant financings allowing the Company to continue the optimization work at Livengood and to retire the outstanding derivative payment which resulted in the Company securing a strategic land package at the Livengood Project.

During Mr. Irwin's tenure as CEO, his employment contract provided for a target bonus equal to 100% of his annual base salary. However, as a consequence of the Company's cash position in a down market, and the desire to fully fund the

optimization studies on the Livengood Project, Mr. Irwin was, based on his recommendation, not awarded a bonus for any of the fiscal years during which he served as Chief Executive Officer.

Upon his transition to Senior Adviser (as noted above), the Compensation Committee approved, and the Board voted to award to Mr. Irwin, subject to shareholder and regulatory approval, a one-time payment of \$175,000, to be settled in Common Shares, in recognition of the exemplary efforts of Mr. Irwin on behalf of the Company during his tenure as CEO. Based on the USD-CAD exchange rate (USD 1.00 = CAD 1.3030), and the 5 day volume weighted average price of the Common Shares on the TSX (CAD 0.859), both as at January 31, 2017, the number of Common Shares to be issued to Mr. Irwin is 265,454 (less the number of Common Shares equivalent to any amounts required to be withheld under statutory withholding requirements). The 265,454 Common Shares represent 0.16% of the currently outstanding Common Shares. Mr. Irwin also receives a monthly payment of \$5,000 in his position as Senior Adviser.

Because the proposed issuance to Mr. Irwin is (a) a security-based compensation arrangement, (b) to an insider and (c) not pursuant to a security based compensation arrangement previously approved by the shareholders of the Company, the TSX and the NYSE-MKT both require that such issuance be subject to shareholder approval. Accordingly, at the AGM (to be held in Vancouver, British Columbia at 9:00 a.m., Pacific Daylight Time, on May 24, 2017), the shareholders will be asked to pass a resolution approving the issuance of the 265,454 Common Shares to Mr. Irwin. It is anticipated that, if approved, the Common Shares will be issued to Mr. Irwin forthwith following the AGM.

Other Developments

On January 12, 2017, the Company paid \$14.7 million for the timely and full satisfaction of the final derivative payment due with respect to acquisition of certain mining claims and related rights in the vicinity of the Livengood Gold Project. On January 17, 2017, the Full Deed of Reconveyance releasing the Deed of Trust on the acquired property was recorded and the Company now fully owns this property and has no further liability with respect to this acquisition.

In connection with the Company's \$22.0 million private placement completed on December 28, 2016, the Toronto Stock Exchange (the "TSX") commenced a de-listing review with respect to the Company. On April 7, 2017, the TSX issued a bulletin confirming that it had completed its review and that the Company meets the TSX's continuous listing requirements.

Next Steps and Opportunities

2017 Work Program

On January 23, 2017 the Board approved a 2017 budget of \$6.3 million. The work program incorporated in this budget will seek to build upon the Project improvements announced with the 2016 PFS, focusing on improving the mineralization and alteration models used to support the resource block model, evaluating alternative block models for production schedule opportunities, and completion of several phases of metallurgical work to better define and optimize the flowsheet and recovery parameters. The 2017 work program has been specifically designed to target those aspects of the Project that could deliver the highest NPV increase for the least expenditure. Preliminary work in 2016 on the block model and metallurgical recovery variability indicates a potential NPV benefit of up to \$280 million and \$100 million respectively.

However, the Company cautions that, until this multi-phase metallurgical program and the updated block model are completed and the results thereof are incorporated into a revised financial model, there can be no assurance that the overall recovery increases, potential process optimizations, or block model improvements, will, in fact, be realized, or that any such increases, optimizations or improvements will have the overall effect suggested above.

During the quarter, work progressed on schedule on the 2017 program. Approximately 20,000 pulps were pulled from the warehouse and analyzed by multi-element ICP, something that had not been done during the initial drilling campaign. All results have been received and are currently being incorporated into the project geologic model. Consultants provided updated variography to support refinement of the project multiple indicator kriging (MIK) resource model. SGS Vancouver is proceeding with metallurgical work. The engineering firm of BBA Inc., who provided support for the 2016 PFS, has been retained to provide oversight on the 2017 program.

The Company has sufficient funds to complete the test programs and engineering work underway.

Results of Operations

Summary of Quarterly Results

Description	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Net loss	\$ (1,677,977)	\$ (1,109,733)	\$ (1,524,589)	\$ (2,068,850)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Net loss	\$ (2,487,456)	\$ (1,119,972)	\$ (1,007,489)	\$ (2,048,868)
Basic and diluted net loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)

Three Months Ended March 31, 2017 compared to Three Months Ended March 31, 2016

The Company incurred a net loss of \$1,677,977 for the three month period ended March 31, 2017, compared to a net loss of \$2,487,456 for the three month period ended March 31, 2016.

Mineral property expenditures decreased \$85,389 to \$711,116 for the three months ended March 31, 2017 from \$796,505 for the three months ended March 31, 2016 due to the differences in the scope of technical work completed during the periods.

Excluding share-based payment charges of \$9,322 and \$42,603, respectively, wages and benefits for the three months ended March 31, 2017 decreased to \$447,091 from \$527,635 for the three months ended March 31, 2016 primarily due to staffing changes.

Regulatory costs were \$57,299 for the three months ended March 31, 2017 compared to \$36,738 for the three months ended March 31, 2016. The increase of \$20,561 is primarily due to higher market listing fees as a result of the Company's increased market capitalization.

Excluding share-based payment charges of \$9,323 and \$42,603, respectively, wages and benefits for the three months ended March 31, 2017 decreased \$80,544 to \$447,091 from \$527,635 for the three months ended March 31, 2016 due to lower salaries and benefit-related costs as a result of reduced staffing.

Share-based payment charges

Share-based payment charges for the three month periods ended March 31, 2017 and 2016 were allocated as follows:

Expense category:	March 31, 2017	March 31, 2016
Consulting	\$ 2,789	\$ 14,566
Investor relations	848	3,482
Wages and benefits	9,322	42,603
	\$ 12,959	\$ 60,651

Share-based payment charges were \$12,959 during the three months ended March 31, 2017 compared to \$60,651 during the three months ended March 31, 2016. The decrease of \$47,692 in share-based payment charges during the period was mainly the result of options granted becoming fully expensed.

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

Other items amounted to a loss of \$155,263 during the three month period ended March 31, 2017 compared to a loss of \$817,042 during the three month period ended March 31, 2016. On January 12, 2017, the Company paid the final derivative payment due so there was no total other loss for the three month period ended March 31, 2017 compared to the unrealized loss on the revaluation of the derivative liability of \$700,000 caused by the increase in the price per ounce of gold during the three month period ended March 31, 2016. The Company had a foreign exchange loss of \$166,124 during the three month period ended March 31, 2017 compared to a loss of \$123,862 during the three month period ended March 31, 2016 as a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances. The average exchange rate during the three month period ended March 31, 2017 was C\$1 to US\$0.7554 compared to C\$1 to US\$0.7282 for the three month period ended March 31, 2016.

Liquidity Risk 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 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. There are currently no warrants outstanding.

As at March 31, 2017, the Company had cash and cash equivalents of \$6,630,715 compared to \$22,466,493 at December 31, 2016. The decrease of approximately \$15.8 million resulted mainly from financing activities of approximately \$14.7 million and expenditures on the Livengood Gold Project of approximately \$1.3 million offset by a positive foreign currency translation impact of approximately \$0.2 million.

Financing activities during the three month period ended March 31, 2017 included payment of the final derivative payment of approximately \$14.7 million and share issuance costs related to a non-brokered private placement of common shares in December 2014 of \$45,000. The Company had no cash flows from financing activities during the three month period ended March 31, 2016.

The Company had no cash flows from investing activities during the three month periods ended March 31, 2017 and 2016.

As at March 31, 2017, the Company had working capital of \$6,046,828 compared to working capital of \$7,588,867 at December 31, 2016. The Company expects that it will operate at a loss for the foreseeable future, but believes the current working capital will be sufficient for it to complete its anticipated 2017 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs through the 2017 fiscal year. To advance the Livengood Gold Project towards permitting and development, the Company anticipates maintaining certain essential development activities for the fiscal year ending December 31, 2017. These essential activities include maintaining environmental baseline data that in its absence could materially delay future permitting of the Livengood Gold Project.

The Company will require significant additional financing to continue its operations (including general and administrative expenses) in connection with advancing activities at the Livengood Gold Project and the development of any mine that may be determined to be built at the Livengood Gold Project, and there is no assurance that the Company will be able to obtain the additional financing required on acceptable terms, if at all. In addition, any significant delays in the issuance of required permits for the ongoing work at the Livengood Gold Project, or unexpected results in connection with the ongoing work, could result in the Company being required to raise additional funds to advance permitting efforts. The Company's review of its financing options includes pursuing a future strategic alliance to assist in further development, permitting and future construction costs, although there can be no assurance that any such strategic alliance will, in fact, be realized.

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 "Risk Factors – 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. 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. Due to this uncertainty, if the Company is unable to secure additional financing, it may be required to reduce all discretionary activities at the Project to preserve its working capital to fund anticipated non-discretionary expenditures beyond the 2017 fiscal year.

Other than cash held by its subsidiaries for their immediate operating needs in the United States, 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.

Contractual Obligations and Commitments

The following table discloses, as of March 31, 2017, the Company's contractual obligations including anticipated mineral property payments. 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 expenditure, 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 does not exercise any lease purchase or royalty buyout options:

	Payments Due by Year						
	2017	2018	2019	2020	2021	2022 and beyond	Total
Mineral Property Leases ⁽¹⁾	\$ 381,678	\$ 426,653	\$ 431,703	\$ 436,829	\$ 442,031	\$ 447,311	\$ 2,566,205
Mining Claim Government Fees	114,925	114,925	114,925	114,925	114,925	114,925	689,550
Total	\$ 496,603	\$ 541,578	\$ 546,628	\$ 551,754	\$ 556,956	\$ 562,236	\$ 3,255,755

1. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the level of work that will actually be carried out by the Company. Does not include potential royalties that may be payable (other than annual minimum royalty payments).

Other – Related Party Transactions

In December 2011, in accordance with a Stock and Asset Purchase Agreement (the “Agreement”) between the Company, Alaska/Nevada Gold Mines, Ltd. (“AN Gold Mines”) and the Heflinger Group, the Company acquired certain mining claims and related rights in the vicinity of the Livengood Gold Project located near Fairbanks, Alaska. The Company's derivative liability, as described in Note 6 to the accompanying unaudited condensed consolidated financial statements, represented the remaining consideration for the purchase of these claims and related rights and was paid in January 2017. Under the Agreement, the payment was made 70% to AN Gold Mines and 30% to the Heflinger Group.

Mr. Hanneman was appointed Chief Operating Officer of the Company on March 26, 2015 and subsequently appointed Chief Executive Officer of the Company effective January 31, 2017. Mr. Hanneman is a partner of the general partner, as well as a limited partner, of AN Gold Mines and holds an 11.9% net interest in AN Gold Mines.

In December 2016, the Company closed a non-brokered private placement financing through the issuance of 32,429,842 shares to Paulson & Co. Inc., 9,041,554 shares to Tocqueville Asset Management, L.P., and 4,361,938 shares to AngloGold Ashanti (U.S.A.) Exploration Inc. at a price of USD 0.48 per share. As at December 31, 2016, Paulson, Tocqueville, and AngloGold beneficially own approximately 34.2%, 19.4%, and 9.5% respectively of the Company's 162,186,972 common shares.

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, 2016, 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

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of March 31, 2017, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial 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 March 31, 2017, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed in reports filed or submitted to the SEC under the Exchange Act: (i) 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 March 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.