ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Current Business Activities

General

Livengood Gold Project Developments

During the year ended December 31, 2013 and to the date of this report, the Company advanced its Livengood Gold Project in Alaska with the issuance of the Technical Report on the Feasibility Study in September 2013. The Feasibility Study had been underway since early 2012. The Feasibility Study evaluated a 100,000 ton per day project that would produce 8 million ounces of gold over 14 years. Using the trailing three year gold price of $1,500 per ounce, the project generates a minimal positive return. The Company is currently investigating a number of opportunities, including those identified in the Feasibility Study and those subsequently developed by the Company, for optimization and reducing project costs.

Other Developments

In December 2013, the Company announced the appointment of Thomas E. Irwin as President and Chief Executive Officer of the Company effective January 1, 2014. Mr. Irwin had been serving as Vice President, supporting corporate strategic initiatives as well as being responsible for technical matters for the Company's Livengood Gold Project.

Livengood Gold Project - Feasibility Study Results

The purpose of the Feasibility Study was to advance the Livengood Gold Project to a level that will enable a decision as to whether to advance to permitting and the execution phase of the Project. Using the trailing three year gold price of $1,500 per ounce, the Project generates an after-tax internal rate of return ("IRR") of 1.7%.

Mining and Production

As envisioned in the Feasibility Study, the Project design is a conventional, owner-operated, surface mine that will utilize large-scale mining equipment in a blast/load/haul operation. Ore is planned to be processed in a 100,000 ton per day ("tpd") comminution circuit consisting of a primary gyratory crusher, wet grinding in a single semi-autogenous ("SAG") mill and two ball mills, followed by a gravity gold circuit, a conventional carbon in leach ("CIL") circuit and a refinery.

The 100,000 tpd mine plan contains 501 million tons of ore mined from the Livengood open pit over the 14 year operating life. Total gold recovered is expected to be 8 million ounces. Average annual gold production over the life-of-mine ("LOM") is 577,600 ounces, averaging 698,500 ounces during the first five years of operations. Mining and ore stockpiling will begin during construction phase and will be two years in advance of plant commissioning.

Project Economics

The project economics were generated using the trailing three year average gold price of $1,500 per ounce resulting in an after-tax internal rate of IRR of 1.7% with an all-in cost of production of $1,474 per ounce. The following table provides additional details of the Project's economics (after-tax) at various gold prices.

Gold Price per Ounce	NPV5% ($M)	IRR (%)	Payback (years)
$1,200	(1,835)	(16.1)	n/a
$1,300	(1,336)	(7.2)	n/a
$1,400	(854)	(1.9)	n/a
$1,500	**(440)**	**1.7**	**10.8**
$1,600	(50)	4.6	8.8
$1,700	336	7.3	7.2
$1,800	723	9.7	6.1
$1,900	1,109	12.0	5.2
$2,000	1,493	14.1	4.6
$2,100	1,869	16.1	4.2
$2,200	2,219	17.8	3.8

Capital Costs

The total estimated cost to design, procure, construct and commission the facilities described in this section is $2.79 billion and sustaining capital of $893 million. In addition to the large-scale mining equipment and process circuit described above, the Project will include a lined tailings management system, two water reservoirs, an administration office/shop/warehouse complex and a 440 person camp. The Project will also include construction of an 80 kilometer (50 mile) transmission line to the site from the existing grid power near Fairbanks, Alaska. The capital cost estimate is expressed in nominal 2013 US dollars. No provision has been included to offset future escalation, and the estimate excludes sunk costs (costs prior to the start of detailed design) and risks due to labor disputes, permitting delays, weather delays or any other force majeure occurrences.

Site deconstruction and reclamation will proceed in stages at a total cost of $353 million. Initial reclamation and salvage will take 5 years with costs projected at $253.4 million. After site stabilization, preparation of final site configuration and ongoing water treatment is anticipated. The initial and sustaining capital includes a fully lined tailings management facility; this facility has been included as best practices for environmental stewardship.

Key capital expenditures for initial and sustaining capital requirements are identified in the following table:

Capital Expenditures ($Millions)	Initial Capital	Sustaining Capital
Process facilities	$ 1,119	$ 26
Infrastructure facilities	708	506
Power supply	129	-
Mine equipment	189	126
Mine development	177	-
Other owners costs	166	9
Contingency	271	-
Funding of reclamation trust fund[(1)]	32	226
Total capital	$ 2,790	$ 893

Note: may not add due to rounding.

(1) Total estimated reclamation costs are $353 million.

Operating Costs

The following table presents a breakdown of all-in operating cost of production over the projected life of the Project. Operating costs were estimated based on second quarter 2013 current US dollars without escalation. LOM operating cost is anticipated to be $1,030/oz and all-in after-tax LOM costs is anticipated to be $1,474/oz. All-in sustaining cost of production is a non-GAAP financial measure and substantially conforms to the World Gold Council guidance on production cost reporting issued in June 2013. Non-GAAP financial measures are not defined under GAAP and are provided as additional information and should not be considered in isolation or as a substitute for other financial measures prepared in accordance with GAAP. See further discussion of non-GAAP measures below.

All-in Sustaining Cost of Production	$/Ounce	LOM ($Million)
On-site mine operating costs	$ 933	$ 7,543
Royalties	45	362
Third-party smelting, refining and transport costs	9	75
Sub-total	987	7,980
Reclamation and remediation	43	353
Sub-total production cost before capital	1,030	8,333
Capital expenditures (initial and sustaining)(1)	416	3,367
All-in costs – pre-tax	1,447	11,700
Mining and income taxes	27	220
All-in costs – after-tax	$ 1,474	$ 11,920

Rounding of some figures in the table above may lead to minor discrepancies in totals.

(1) Excludes $32 million upfront funding included in reclamation and remediation above and $57 million for recoverable initial stores inventory.

Annual Production

The table below highlights the production schedule contemplated in the Feasibility Study. Total life-of-mine production is projected to be approximately 8,086,000 ounces. For the first five years, it is anticipated that average annual production would be 698,500 ounces.

Years	**Mill Feed Grade (g/tonne)**	**Ounces Produced (000's)**
1	1.08	763.2
2	0.94	844.2
3	0.67	594.0
4	0.76	671.3
5	0.74	619.7
6	0.63	558.3
7	0.66	590.3
8	0.66	582.3
9	0.67	554.2
10	0.72	562.9
11	0.82	720.7
12	0.54	421.6
13	0.39	321.4
14	0.39	282.2
LOM	0.69	8,086.4

Project Mineral Resources and Reserves

The global mineral resource estimate has been updated from that published in August 2011 to include drilling in the deposit since that time. The resource model was constructed using Gemcom GEMS® and the Stanford GSLIB (Geostatistical Software Library) MIK post processing routine. The resource was estimated using Multiple Indicator Kriging techniques.

A three-dimensionally defined stratigraphic model, based on interpretations by ITH geologists, was used to code the rock type block model. A three-dimensionally defined probability grade shell (0.1 g/t) was used to constrain the gold estimation. Gold contained within each block was estimated using nine indicator thresholds. The block model was tagged with the geologic model using a block majority coding method. Because there are significant grade discontinuities at stratigraphic contacts, hard boundaries were used between each of the stratigraphic units so that data for each stratigraphic unit was used only for that unit.

A summary of the estimated global (in-situ) mineral resource is presented in the table below for cutoff grades of 0.2, 0.3, 0.5, and 0.7 g/t gold.

Classification	Gold Cutoff (g/t)	Tonnes (Millions)	Gold (g/t)	Gold Ounces (Millions)
Measured	0.20	994	0.52	16.4
Indicated	0.20	112	0.45	1.6
Measured & Indicated	0.20	1,106	0.51	18.0
Inferred	0.20	438	0.41	5.8
Measured	0.30	731	0.61	14.4
Indicated	0.30	71	0.56	1.3
Measured & Indicated	0.30	802	0.61	15.7
Inferred	0.30	266	0.52	4.4
Measured	0.50	370	0.82	9.8
Indicated	0.50	31	0.80	0.8
Measured & Indicated	0.50	401	0.82	10.6
Inferred	0.50	92	0.76	2.3
Measured	0.70	179	1.08	6.2
Indicated	0.70	13	1.09	0.5
Measured & Indicated	0.70	192	1.08	6.7
Inferred	0.70	34	1.08	1.2

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

The Feasibility Study has converted a portion of these mineral resources into proven reserves of 434 million tonnes at an average grade of 0.69 g/tonne (9.6 million ounces) and probable reserves of 20 million tonnes at an average grade of 0.70 g/tonne (454,000 ounces) at the gold price of $1,500 per ounce (the trailing three year average).

The table below illustrates the updated reserve estimate for the Project, calculated at a gold price of $1,500 per ounce.

Rock Type	Tonnes (000s)	Average Grade g Au/t	Ounces (000s)
RT4 Cambrian	58,247.3	0.639	1,196.6
RT5 Sunshine Upper Sediments	126,592.2	0.576	2,344.6
RT6 Upper Sediments	80,912.3	0.733	1,906.0
RT7 Lower Sediments-Bleached	51,020.0	0.772	1,266.3
RT8 Sunshine Volcanics	6,707.4	0.659	142.1
RT9 Volcanics	111,013.9	0.775	2,766.0
Total proven:	434,493.0	0.689	9,621.5
RT4 Cambrian	5,129.8	0.720	118.7
RT5 Sunshine Upper Sediments	1,503.4	0.535	25.8
RT6 Upper Sediments	2,754.6	0.637	56.4
RT7 Lower Sediments-Bleached	4,005.3	0.726	93.5
RT8 Sunshine Volcanics	2,321.2	0.669	49.9
RT9 Volcanics	4,416.4	0.773	109.7
Total probable:	20,130.8	0.702	454.0
RT4 Cambrian	63,377.1	0.645	1,315.2
RT5 Sunshine Upper Sediments	128,095.6	0.576	2,370.4
RT6 Upper Sediments	83,666.9	0.730	1,962.4
RT7 Lower Sediments-Bleached	55,025.3	0.769	1,359.8
RT8 Sunshine Volcanics	9,028.6	0.662	192.0
RT9 Volcanics	115,430.3	0.775	2,875.7
Total proven and probable:	454,623.8	0.689	10,075.6

Rounding of some figures may lead to minor discrepancies in totals.

Metallurgy, Processing and Infrastructure

ITH has completed extensive metallurgic test work on the five rock types that comprise 98% of the reserve.

ITH's metallurgic test work programs evaluated: (1) ore hardness with depth and rock type; (2) the use of a SAG mill and two ball mills versus High Pressure Grinding Roll technology; (3) the use of a grind, gravity, flotation, concentrate leach circuit versus grind, gravity, whole ore CIL; (4) gold recovery rates compared to grind size and leach conditions for the various rock types; and (5) the use of heap leaching of Livengood ores.

The comminution circuit is designed to process material with an average bond-work index 5% in excess of actual rock hardness based on the test work completed. Gold will be recovered through a traditional crusher, grinding, gravity and CIL circuit. Testwork included 99 variability tests.

Rock Type	Gold Recovery %
RT4 Cambrian	84.2
RT5 Sunshine Upper Sediments	87.7
RT6 Upper Sediments	76.7
RT7 Lower Sediments-Bleached	58.5
RT9 Volcanics	84.8

Project Execution Risks

Successful commercial production, if any, is subject to a number of risks, including successful construction of the designed facilities in the Feasibility Study. For other risks related to the Project, please see Item 1A, Risk Factors. Project risks include, but are not limited to, the following, which may have negative implications to both the execution schedule and project cost:

- The Project design requires excavation, processing, movement, placement, and preparation of a large quantity of soil, colluvium, alluvial material, and rock. There is a risk that the contractors and owner's crews and equipment may not be able to move this material as efficiently as estimated.

- The Project has a large surface footprint. While subsurface ground conditions have been investigated by drilling in support of this feasibility study, not all areas have been completely investigated. The actual subsurface ground conditions encountered during construction may be different than currently understood.

- The Project will require the surface preparation and placement of approximately 38 million square feet of LLDPE liner and other appurtenances at the tailings management facility during the two planned summer construction seasons available after construction start and prior to production. There is risk that the contractor may not be able to place the quantity of liner required in the time available.

- The Feasibility Study execution plan assumes an August 1 project release date, with mobilization to the site and construction to begin on October 1. This date was selected to conform to the optimum period for mobilization to the site and establishment of temporary support facilities prior to the onset of winter. This date also is optimum to allow full utilization of the entire winter season to pioneer construction activities at the various project facilities, all of which are located in permafrost terrain. The actual project release date is uncertain, given the combination of market variables and the multi-year permitting process that must be completed prior to a construction decision. There is a risk that a project release-date could be substantially different than August 1.

Next Steps and Opportunities

The Company believes that mill throughput and production schedule optimization studies may provide opportunities to reduce project capital costs. A lower mill throughput may offer an opportunity to enhance mill head grades in early years by a more aggressive stockpile management strategy than is assumed in the Feasibility Study.

The Company will also continue to advance environmental baseline work in support of future permitting in order to better position the Livengood Gold Project for a construction decision when warranted by market conditions.

There is also opportunity to expand the mineable resource by increasing the in-pit resource, as additional drilling may improve the classification of the material contained within the pit. Additional drilling may expand the resource at depth and to the southwest, incorporating mineralized material below the current grade model. Multiple exploration targets have been identified and may increase the resource with additional exploration.

The Company has also identified several opportunities with the potential to improve the performance of the Project that warrant further study, including verification of preliminary indications of a higher head grade, verify modeling to improve recovery through intensive cyanide leach reactors, and reducing reagent consumption and energy costs.

Results of Operations

Summary of Quarterly Results

Description	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net loss	$ (1,022,387)	$ (4,124,761)	$ (642,050)	$ (4,063,282)
Basic and diluted net loss per common share	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.04)

	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Net loss	$ (7,258,397)	$ (25,033,780)	$ (12,909,320)	$ (11,441,965)
Basic and diluted net loss per common share	$ (0.07)	$ (0.27)	$ (0.15)	$ (0.13)

Results of Operations

Year ended December 31, 2013 compared to Year ended December 31, 2012

The Company had cash and cash equivalents of $13,925,601 at December 31, 2013 compared to $30,170,905 at December 31, 2012. The Company incurred a net loss of $9,852,480 for the year ended December 31, 2013, compared to a net loss of $56,643,462 for the year ended December 31, 2012. The following discussion highlights certain selected financial information and changes in operations between the year ended December 31, 2013 and the year ended December 31, 2012.

Mineral property exploration expenses for the year ended December 31, 2013 totaled $8,188,995. During the year ended December 31, 2012 total mineral property exploration expenses were $36,253,519 and the Company acquired mineral property assets of $2,127,693. Mineral property expenses during 2013 were comprised of costs related to process engineering and metallurgical studies performed to support the completion and filing of the Feasibility Study and environmental baseline data gathering. Mineral property expenses incurred during 2012 were significantly higher due to geotechnical and condemnation drilling programs as well as an extensive metallurgical test program that took place in 2012. Mineral property expenses during 2012 were comprised of costs related to drilling for geotechnical investigations, environmental baseline data gathering, field costs and engineering in support of data development for completion of the Feasibility Study.

Share-based payment charges were $3,564,273 during the year ended December 31, 2013 compared to $9,206,975 during the year ended December 31, 2012. The decrease in share-based payment charges during the period was mainly the result of stock option grants to new employees and vesting of prior stock option grants during 2012. The Company granted 613,000 options during the year ended December 31, 2013 compared to 6,380,000 options during the year ended December 31, 2012. At December 31, 2013 there was unrecognized compensation expense of C$822,458 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 0.68 years.

Share based payment charges were allocated as follows:

Expense category:	Year ended December 31, 2013	Year ended December 31, 2012
Consulting	$ 1,030,439	$ 2,288,148
Investor relations	40,935	167,009
Professional fees	-	395
Wages and benefits	2,492,899	6,751,423
	$ 3,564,273	$ 9,206,975

Excluding share-based payment charges of $2,492,899 and $6,751,423, respectively, wages and benefits decreased to $4,370,814 for the year ended December 31, 2013 from $6,891,635 for the year ended December 31, 2012. No management bonuses were paid during the year ended December 2013 compared to bonuses of approximately $830,000 paid in 2012. Also, a decrease in severance payments of approximately $400,000 from 2012 to 2013 along with decreased personnel during the year ended December 31, 2013 contributed to lower wages and benefits expenses.

Excluding share-based payment charges of $1,030,439 and $2,288,148, respectively, consulting fees decreased to $314,139 for the year ended December 31, 2013 from $1,022,277 for the year ended December 31, 2012. Consulting fees to the former interim Chief Executive Officer were approximately $40,000 during the year ended December 31, 2013 compared to approximately $390,000 during the year ended December 31, 2012. Additionally, combined decreases in directors fees, recruiting fees and compensation consulting fees amounted to approximately $200,000 during the year ended 2013.

Professional fees decreased by $145,546 during the year ended December 31, 2013 due to additional legal fees incurred during the year ended December 31, 2012 related to the review and development of compensation plans.

All other operating expense categories reflected only moderate change period over period.

Other items amounted to income of $8,322,291 during the year ended December 31, 2013 compared to a loss of $1,058,082 in the year ended December 31, 2012. The income amount in 2013 resulted from the unrealized gain on the revaluation of the derivative liability of $7,600,000 for the year ended December 31, 2013. This unrealized gain was caused by the decrease in the price per ounce of gold during 2013 which is used to value the derivative liability. In addition to the unrealized gain on the derivative liability, the Company had a foreign exchange gain of $917,301 during the year ended December 31, 2013 compared to a gain of $68,113 during the year ended December 31, 2012 as a result of the impact on the Company's US dollar cash balances of an increase in the value of the Canadian dollar compared to the US dollar.

The increase in other income was partially offset by a loss of $298,769 related to the other than temporary impairment of certain available-for-sale securities during the year ended December 31, 2013. The available-for-sale securities were deemed to be other than temporarily impaired based on the fair market value of the securities combined with a continued lack of liquidity. Income of $290,552 from mineral property earn-in was recognized during the year ended December 31, 2012 which was related to the Terra and Chisna properties transferred to Corvus Gold Inc. in 2010 compared to no mineral property earn-in income for the year ended December 31, 2013. Interest income during the year ended December 31, 2013 was lower than during the year ended December 31, 2012 by approximately $80,000 due to lower cash balances in 2013.

Year ended December 31, 2012 compared to the Seven Months ended December 31, 2011

Due to the Company changing its fiscal year end to December 31 from May 31 during 2011, the Company's results and activity may not be comparable between fiscal years ended December 31, 2012 and 2011. The following discussion highlights certain selected financial information and changes in operations between the year ended December 31, 2012 and the seven-month period ended December 31, 2011.

The Company had cash and cash equivalents of $30,170,905 at December 31, 2012 compared to $54,712,073 at December 31, 2011. The Company incurred a net loss of $56,643,462 for the year ended December 31, 2012, compared to a net loss of $43,309,957 for the seven-month period ended December 31, 2011.

Share-based payment charges were $9,206,975 during the year ended December 31, 2012 compared to $7,645,269 for the seven-month period ended December 31, 2011. The increase in share-based payment charges during the period was mainly the result of stock option grants to new employees and vesting of prior stock option grants. The Company granted 6,380,000 options during the year ended December 31, 2012 compared to 2,700,000 options during the seven months ended December 31, 2011.

Share based payment charges were allocated as follows:

Expense category:	Year ended December 31, 2012	Seven months ended December 31, 2011
Consulting	$ 2,288,148	$ 1,503,919
Investor relations	167,009	71,043
Professional fees	395	18,945
Wages and benefits	6,751,423	6,051,362
	$ 9,206,975	$ 7,645,269

Mineral property exploration expenses for the year ended December 31, 2012 totaled $36,253,519 while the Company acquired $2,127,693 in mineral property assets. During the seven-month period ended December 31, 2011 total mineral property exploration expenses were $32,550,518 and the Company acquired mineral property assets of $47,708,647. Mineral property expenses during 2012 were comprised of costs related to drilling for geotechnical investigations, environmental baseline data gathering, field costs and engineering. Similar exploration activities took place in 2011.

In December 2011, the Company completed a transaction to acquire certain mining claims and related rights in the vicinity of the Livengood Gold Project. This acquisition included both mining claims and all of the shares of Livengood Placers, Inc. (a Nevada corporation). These assets were purchased for aggregate consideration of $36,600,000 allocated between cash consideration of $13,500,000 and a derivative liability with an estimated fair value of $23,100,000. The derivative liability is a contingent payment based on the Average Gold Price from the date of the acquisition. The derivative liability (payable in December 2016) will equal $23,148 for every dollar that the Average Gold Price exceeds $720 per troy ounce. If the Average Gold Price is less than $720, there will be no additional contingent payment. The subject ground was previously vacant or was used for placer gold mining.

Also in December 2011, the Company exercised its option to acquire all the interests in the 169 State of Alaska claims previously held under a separate lease. The Company paid total cash consideration of $11,044,000 for the acquisition of these State of Alaska mining claims that had an original term of ten years, commencing on September 11, 2006.

Excluding share-based payment charges of $6,751,423 and $6,051,362, respectively, wages and benefits for the year ended December 31, 2012 increased to $6,891,635 from $3,948,874 for the seven-month period ended December 31, 2011 as a result of certain severance payments along with increased personnel and hiring of new officers.

Excluding share-based payment charges of $2,288,148 and $1,503,919, respectively, consulting fees for the year ended December 31, 2012 increased to $1,022,277 from $307,085 for the seven-month period ended December 31, 2011 as a result of a consulting agreement with the former interim Chief Executive Officer and increased directors fees.

Insurance expense increased during the year ended December 31, 2012 as a result of additional Directors and Officers insurance with the hiring of new executives and appointment of new directors during 2011 and 2012. Aside from the impact of share-based payment charges, most other expense categories reflected only moderate change period over period.

Other items amounted to a loss of $1,058,082 during the year ended December 31, 2012 compared to a gain of $2,815,860 in the seven-month period ended December 31, 2011. The loss in 2012 resulted from the unrealized loss on revaluation of the derivative liability of $1,600,000 at December 31, 2012. Offsetting the loss on derivative were interest income on cash and cash equivalents of $183,253 and income from mineral property facilitation agreements of $290,552. During the seven-month period ended December 31, 2011, the Company had an unrealized gain on derivative liability of $2,300,000. In addition, interest income totaled $592,038. Interest income during the seven months ended December 31, 2011 was higher than during the year ended December 31, 2012 due to higher interest rates and cash balances in 2011.

Seven Months ended December 31, 2011 compared to the year ended May 31, 2011

Due to the Company changing its fiscal year end to December 31 from May 31 during 2011, the Company's results and activity may not be comparable between the seven-month period ended December 31, 2011 and the fiscal year ended May 31, 2011. The following discussion highlights certain selected financial information and changes in operations between the seven-month period ended December 31, 2011 and the year ended May 31, 2011.

The Company had cash and cash equivalents of $54,712,073 at December 31, 2011 compared to $114,766,876 at May 31, 2011. The Company incurred a net loss of $43,309,957 for the seven-month period ended December 31, 2011, compared to a net loss of $48,459,785 for the year ended May 31, 2011. Net loss for the year ended May 31, 2011 included loss from discontinued operations of $1,037,912 as discussed below. Share-based payment charges were $7,645,269 during the seven-month period ended December 31, 2011 compared to $3,450,477 for the year ended May 31, 2011. The increase in share-based payment charges during the period ended December 31, 2011 was mainly the result of increased stock option grants at a higher weighted average exercise price and vesting of prior stock option grants. The Company granted 2,700,000 options during the period ended December 31, 2011 compared to 1,760,000 options during the year ended May 31, 2011.

Share based payment charges were allocated as follows:

Expense category:	**Seven months ended December 31, 2011**	**Year ended May 31, 2011**
Consulting	$ 1,503,919	$ 975,460
Investor relations	71,043	441,479
Professional fees	18,945	72,921
Wages and benefits	6,051,362	1,960,617
	$ 7,645,269	$ 3,450,477

During the seven-month period ended December 31, 2011 total mineral property exploration expenses were $32,550,518 and the Company acquired mineral property assets of $47,708,647. Mineral property exploration expenses for the year ended May 31, 2011 totaled $37,749,156 while the Company acquired approximately $30,000 in mineral property assets. Mineral property expenses during the period ended December 31, 2011 were comprised of costs related to drilling, environmental baseline data gathering, field costs and engineering. During the year ended May 31, 2011 mineral property expenses were comprised of drilling, field costs, geological/geophysical, assay work and land maintenance in preparation for an anticipated pre-feasibility study.

Excluding share-based payment charges of $6,051,362 during the period ended December 31, 2011 and $1,960,617 during the year ended May 31, 2011, wages and benefits for the period ended December 31, 2011 increased to $3,948,874 from $3,506,836 during the year ended May 31, 2011 as a result of certain severance payments along with increased personnel and hiring of new officers during the period.

Excluding share-based payments, investor relations expense decreased to $252,348 during the period ended December 31, 2011 compared to $789,145 during the year ended May 31, 2011. Additional expense in the year ended May 31, 2011 was incurred related to increased travelling and marketing related to the Company's spin-out of the Corvus properties as discussed below.

Aside from the impact of share-based payment charges, most other expense categories reflected only moderate change period over period.

Other items amounted to a gain of $2,815,860 during the period ended December 31, 2011 compared to a gain of $480,901 in year ended May 31, 2011. The increased gain in the period ended December 31, 2011 resulted from an unrealized gain of $2,300,000 on the revaluation of a derivative liability at December 31, 2011. There was no derivative liability during the year ended May 31, 2011.

Discontinued Operations and Transfer of the Nevada and Other Alaska Business under the Arrangement

On August 26, 2010, the Company completed an arrangement under a Plan of Arrangement (the "Arrangement") pursuant to which it transferred its other existing Alaska (other than the Livengood Gold Project) and Nevada assets to a new public company, Corvus.

Under the Arrangement, each shareholder of the Company received one Corvus common share for every two ITH common shares held as at the effective date of the Arrangement as a return of capital and exchanged each existing common share of ITH for a new common share of ITH. The "new" ITH common shares are identical in every respect (other than CUSIP number) to the "old" ITH common shares. ITH has transferred its wholly-owned subsidiaries, Raven Gold Alaska Inc. ("Raven Gold"), incorporated in Alaska, and Corvus Gold Nevada Inc. (formerly "Talon Gold Nevada Inc."), incorporated in Nevada to Corvus. As a result of the Arrangement, there was an effective spin-out by ITH of certain of its mineral properties, being Chisna, West Pogo, Terra and LMS in Alaska, and North Bullfrog in Nevada (together the "Nevada and Other Alaska Business"), to Corvus.

The Company did not realize any gain or loss on the transfer of the Nevada and Other Alaska Business, which was comprised of a working capital contribution of $3,168,825 and the Nevada and Other Alaska Business assets and liabilities as at the effective date of the Arrangement. Costs of the Arrangement, comprised principally of legal and regulatory expense, off-set by property facilitation payments and interest from payments made in connection with the Chisna spin-out property, amounted to a net expense of $148,940 and $496,638 during the fiscal years ended December 31, 2011 and May 31, 2011, respectively.

The Arrangement was approved by a favorable vote of ITH's shareholders at a special meeting held on August 12, 2010.

The following table shows the results related to discontinued operations for the year ended May 31, 2011.

		May 31, 2011
Consulting fees		255,159
Foreign exchange (gain) loss		(19,510)
Insurance		9,698
Investor relations		125,540
Mineral property exploration		140,888
Office		6,927
Other		9,508
Professional fees		39,122
Regulatory		3,664
Rent		5,091
Travel		5,401
Wages and benefits		456,424
Loss from discontinued operations	$	1,037,912

The transfer of the assets is summarized in the table below:

		August 25, 2010
Cash and cash equivalents	$	1,128,158
Accounts receivable		187
Prepaid expenses		3,000
Mineral Properties		3,590,657
Accounts payable		(725,012)
Net assets transferred to Corvus	$	3,996,990

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 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 December 31, 2013, the Company reported cash and cash equivalents of $13,925,601 compared to $30,170,905 at December 31, 2012. The decrease of approximately $16.2 million resulted mainly from expenditures on the Livengood Gold Project for completion of the Feasibility Study. 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 year ended December 31, 2013 comprised solely the increase in restricted cash related to cash in escrow for land acquisitions closed during January 2014. Investing activities during the year ended December 31, 2012 comprised primarily of mineral property acquisitions of $2,127,693. Mineral property acquisitions during 2012 related to certain mining claims and related rights in the vicinity of the Livengood Gold Project.

The Company had no cash flows from financing activities during the year ended December 31, 2013. Financing activities provided $29,214,249 during the year ended December 31, 2012 on the issuance of common shares through a non-brokered private placement. During the third quarter of 2012, the Company closed a non-brokered private placement financing through the issuance of 11,384,719 common shares. The shares were issued in two stages. The first stage closed on August 3, 2012 and consisted of 9,458,308 common shares issued at C$2.60 per share for gross proceeds of $24,626,029. The second stage of the offering closed on September 17, 2012 and consisted of 1,926,411 common shares issued at C$2.5955 per share for gross proceeds of $5,142,500. The Company paid a cash finder's fee of 4% of gross proceeds in connection with C$10,000,000 of the total offering. Total share issuance costs for this non-brokered private placement financing amounted to $554,280.

As at December 31, 2013, the Company had working capital of $12,699,227 compared to working capital of $27,676,797 at December 31, 2012. The Company expects that it will operate at a loss for the foreseeable future, but believes the current cash and cash equivalents will be sufficient for it to complete the non-discretionary activities at the Livengood Gold Project and its currently anticipated general and administrative costs, through the 2014 fiscal year and well into 2015. 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, 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 reducing its annual spending to 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 part of the Company's reduced spending plan, ITH reduced its full-time staff by approximately 30% effective January 1, 2014.

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, 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.

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." 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 Livengood to preserve its working capital to fund anticipated non-discretionary expenditures beyond the 2014 fiscal year.

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 and Commitments

The following table discloses, as of December 31, 2013, 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]	$ -	$ -	$ 14,800,000	$ -	$ -	$ -	$ 14,800,000
Mineral Property Leases[2]	401,236	405,979	410,794	415,681	425,641	430,676	2,490,007
Mining Claim Government Fees	89,110	89,110	89,110	89,110	89,110	89,110	534,660
Office and Equipment Lease Obligations	226,727	78,597	-	-	-	-	305,324
Total	$ 717,073	$ 573,686	$ 15,299,904	$ 504,791	$ 514,751	$ 519,786	$ 18,129,991

1. The amount payable in December 2016 of $14,800,000 represents the fair value of the Company's derivative liability as at December 31, 2013 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 for 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.

Critical Accounting Policies

Mineral properties and exploration and evaluation expenditures

The Company's mineral project is currently in the exploration and evaluation phase. Mineral property acquisition costs are capitalized when incurred. Mineral property exploration costs are expensed as incurred. At such time that the Company determines that a mineral property can be economically developed, subsequent mineral property expenses will be capitalized during the development of such property.

The Company assesses interests in exploration properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment analysis includes assessment of the following circumstances: a significant decrease in the market price of a long-lived asset or asset group; a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used or in its physical condition; a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset or asset group, including an adverse action or assessment by a regulator; an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset or asset group; a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group; a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term more likely than not refers to a level of likelihood that is more than 50%.

The Company's assessment of impairment related to its capitalized acquisition costs at December 31, 2013 was based on estimated undiscounted future cash flows expected to result from the use and eventual disposition of these assets. The assessment took into account the Company's expectation for the price of gold as well as the probability of achieving certain opportunities to enhance the economics of the Livengood Gold Project as set out in the Company's Feasibility Study issued in September 2013. Based on this assessment, no impairments were recorded at December 31, 2013.

Derivative

Derivative financial liabilities include the Company's future contingent payment valued using estimated future gold prices. Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss.

Stock-based compensation

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Section 718 "Compensation - Stock Compensation", which establishes accounting for equity based compensation awards to be accounted for using the fair value method. The Company uses the Black-Scholes option pricing model to determine the grant date fair value of the awards. Compensation expense is measured at the grant date and recognized over the requisite service period, which is generally the vesting period.

Recently Issued Accounting Pronouncements

In July 2013, FASB issued Accounting Standards Update No. 2013-11, "Income Taxes (Topic 740) - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. This new guidance is effective on a prospective basis for fiscal years and interim reporting periods within those years, beginning after December 15, 2013. The adoption of ASU 2013-11 is not expected to have a material impact on our financial position, results of operations or cash flows.

Non-GAAP Financial Measures

Non-GAAP financial measures are not defined under GAAP and are provided as additional information and should not be considered in isolation or as a substitute for other financial measures prepared in accordance with GAAP.

All-in Sustaining Cost of Production
All-in sustaining costs of production are non-GAAP financial measures. This measure includes operating costs, including royalties and refining and transportation costs, reclamation and remediation costs, and initial capital and sustaining capital costs related to the Livengood Gold Project as outlined in the Feasibility Study results. All-in sustaining cost measures are provided to assist management, investors and analysts with information with which to compare to other companies. All-in sustaining costs are intended to provide additional information and should not be considered in isolation or as a substitute for other financial measures prepared in accordance with GAAP. The all-in sustaining cost of production calculations were prepared using guidance released by the World Gold Council in June 2013.

ITEM 7A. 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 institutions 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 December 31, 2013, the Company held a total of $12,626,938 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 $65,000.

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 5% change in the absolute rate of exchange for the Canadian dollar would affect net assets by approximately $250,000. 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 December 31, 2013, USD amounts were converted at a rate of C$1 to US $0.9402.

Credit Risk

Concentration of credit risk exists with respect to the Company's Canadian cash and cash equivalents as all amounts are held at two major Canadian financial institutions. 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 December 31, 2013, 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 investment in marketable securities is exposed to such risk. The Company's derivative liability, which consists of a future contingent payment valued using estimated future gold prices, is also exposed to other price risk. See Note 6 of the notes to consolidated financial statements included elsewhere in this Annual Report on Form 10-K. 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.