

INTERNATIONAL TOWER HILL MINES LTD.
For the quarterly period ended September 30, 2022

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, 2021. All currency amounts are stated in U.S. dollars unless noted otherwise. References to C\$ refer to Canadian currency.

Current Business Activities

General

International Tower Hill Mines Ltd. ("ITH" or the "Company") consists of ITH and its wholly-owned subsidiaries Tower Hill Mines, Inc. ("TH Alaska") (an Alaska corporation), Tower Hill Mines (US) LLC ("TH US") (a Colorado limited liability company), and Livengood Placers, Inc. ("LPI") (a Nevada corporation). The Company is engaged in the acquisition and development of mineral properties. The Company currently has a 100% interest in a development stage project in Alaska referred to as the "Livengood Gold Project" or the "Project". The Company has not yet begun extraction of mineralization from the deposit or reached commercial production. As of December 31, 2021, the Project has a measured and indicated mineral resource of 704.5 million tonnes at an average grade of 0.60 g/tonne (13.62 million ounces). As reported in the Technical Report Summary ("TRS"), filed as Exhibit 96.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, a portion of the mineral resources at the Project have been converted into proven and probable reserves of 430.1 million tonnes at an average grade of 0.65 g/tonne (9.0 million ounces) based on a gold price of \$1,680 per ounce. See Part I, Item 2. Properties of the Company's Annual Report on Form 10-K for the year ended December 31, 2021, including the cautionary language therein, for more information regarding mineral reserves and resources.

Recent Developments

Livengood Gold Project Pre-Feasibility Study

On November 4, 2021, the Company announced the results of the Pre-Feasibility Study ("PFS") for the Livengood Gold Project which are summarized in the TRS. The TRS details a project that would process 65,000 tons per day and produce 6.4 million ounces of gold over 21 years from a gold resource estimated at 13.6 million ounces at 0.60 g/tonne. The study utilized a third-party review by Whittle Consulting and BBA Inc. to integrate new interpretations based on an expanded geological database, improved geological modelling, new resource estimation methodology, an optimized mine plan and production schedule, additional detailed metallurgical work at various gold grades and grind sizes, changes in the target grind for the mill, new engineering estimates, and updated cost inputs, all of which significantly de-risk the Project. The TRS has estimated the capital costs of the Project at \$1.93 billion, the total cost per ton milled at \$13.12, the all-in sustaining costs at \$1,171 per ounce, and net present value (5%) at \$1,800/oz of \$400 million.

The Project configuration evaluated in the TRS is a conventional, owner-operated surface mine that would utilize large-scale mining equipment in a blast/load/haul operation. Mill feed would be processed in a comminution circuit consisting of primary and secondary crushing, wet grinding in a single semi-autogenous mill and single ball mill followed by a gravity gold circuit and a conventional carbon in leach circuit.

The TRS was prepared by independent third-party consultants. The Company cautions that the PFS, which is summarized in the TRS, is preliminary in nature, and is based on technical and economic assumptions which are expected to be further refined and evaluated in a full feasibility study which may be completed in the future. The TRS is based on a mineral resource estimate effective as of August 20, 2021. The Company has determined that the mineral resource estimate of August 20, 2021 remains current as of December 31, 2021, and has no reason to believe that the mineral resource estimate is no longer current as of September 30, 2022.

On March 9, 2022, the Company announced that the Board approved a 2022 budget of \$3.2 million. The 2022 work program will advance the baseline environmental data collection in critical areas of hydrology and waste rock geochemical characterization needed to support future permitting, as well as advance community engagement.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus 2019 ("COVID-19") a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has

adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak, including as a result of the emergence of variant strains of the virus and ongoing vaccination efforts, and its ultimate effects on the Company's business, results of operations or ability to raise funds at this time, as of the date of this Quarterly Report on Form 10-Q, the COVID-19 pandemic has not had any material adverse effects on the Company.

Results of Operations

Summary of Quarterly Results

Description	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Net income (loss)	\$ (295,260)	\$ (1,200,279)	\$ (713,973)	\$ (1,015,489)
Basic and diluted net gain (loss) per common share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Net income (loss)	\$ (1,648,913)	\$ (2,178,014)	\$ (1,137,872)	\$ (1,995,576)
Basic and diluted net gain (loss) per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Three Months Ended September 30, 2022 compared to Three Months Ended September 30, 2021

The Company had a net loss of \$295,260 for the three months ended September 30, 2022, compared to a net loss of \$1,648,913 for the three months ended September 30, 2021.

Mineral property expenditures were \$95,511 for the three months ended September 30, 2022, compared to \$1,378,786 for the three months ended September 30, 2021. The decrease of \$1,283,275 is primarily due to the completion of the PFS for the Livengood Gold Project in the fourth quarter of 2021, which amounted to a decrease of \$823,432, lower land maintenance fees which amounted to a decrease of \$245,152, and a timing variance on environmental and legal costs, which amounted to a decrease of \$214,691.

Excluding share-based costs of \$1,342 and \$2,235 for the three months ended September 30, 2022 and September 30, 2021, respectively, consulting fees were \$56,349 for the three months ended September 30, 2022 compared to \$68,970 for the three months ended September 30, 2021. The decrease of \$12,621 is primarily due to decreased consulting services due to the completion of the PFS for the Livengood Gold Project in the fourth quarter of 2021.

Excluding share-based costs of \$18,785 and \$25,934 for the three months ended September 30, 2022 and September 30, 2021, respectively, wages and benefits were \$204,642 for the three months ended September 30, 2022 compared to \$189,256 for the three months ended September 30, 2021. The increase of \$15,386 is primarily due to the timing of payroll benefits.

Excluding share-based payments, all other operating expense categories reflected only moderate changes period over period.

Share-based payment charges

Share-based payment charges for the three-month periods ended September 30, 2022 and 2021 were allocated as follows:

Expense category:	September 30, 2022	September 30, 2021
Consulting	\$ 1,342	\$ 2,235
Investor relations	1,342	1,852
Wages and benefits	18,785	25,934
Total	\$ 21,469	\$ 30,021

Share-based payment charges were \$21,469 during the three months ended September 30, 2022 compared to \$30,021 during the three months ended September 30, 2021. The decrease of \$8,552 is mainly the result of the stock options for common shares of the Company issued to its employees and consultants on May 27, 2020 being fully vested during the three months ended September 30, 2022.

Other items amounted to total other income of \$322,087 during the three-month period ended September 30, 2022, compared to total other income of \$258,079 during the three-month period ended September 30, 2021. As a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances, the Company had a foreign exchange gain of \$315,283 during the three-month period ended September 30, 2022, compared to a gain of \$249,160 during the three-month period ended September 30, 2021. The average exchange rate during the three-month period ended September 30, 2022 was C\$1 to \$0.7662, compared to C\$1 to \$0.7937 during the three-month period ended September 30, 2021. Interest income was \$1,512 for the three-month period ended September 30, 2022, compared to \$3,627 for the three-month period ended September 30, 2021. The decrease of \$2,115 is primarily due to short-term investment certificates being re-invested upon maturity at a lower interest rate. Other income was \$5,292 for the three-month period ended September 30, 2022, compared to \$5,292 for the three-month period ended September 30, 2021.

Nine Months Ended September 30, 2022 compared to Nine Months Ended September 30, 2021

The Company had a net loss of \$2,209,512 for the nine months ended September 30, 2022, compared to a net loss of \$4,964,799 for the nine months ended September 30, 2021.

Mineral property expenditures were \$860,549 for the nine months ended September 30, 2022 compared to \$3,043,856 for the nine months ended September 30, 2021. The decrease of \$2,183,307 is primarily due to work completed in the nine months ended September 30, 2021 toward the updated PFS for the Livengood Gold Project of \$1,728,234, reduced baseline environmental costs due to timing variances of \$247,879, and reduced land maintenance fees of \$223,158, partially offset by increased land-related legal costs of \$15,964.

Excluding share-based costs of \$320,762 and \$378,645 for the nine months ended September 30, 2022 and September 30, 2021, respectively, consulting fees were \$169,694 for the nine months ended September 30, 2022 compared to \$174,225 for the nine months ended September 30, 2021. The decrease of \$4,531 is primarily due to decreased consulting services.

Regulatory costs were \$148,631 for the nine months ended September 30, 2022 compared to \$185,235 for the nine months ended September 30, 2021. The decrease of \$36,604 is primarily due to reduced SEDAR filings fees of \$20,448, reduced TSX listing fees of \$19,631, and reduced NYSE listing fees of \$1,747, partially offset by increased EDGAR filings fees of \$3,014 and transfer agent fees of \$2,208 related to material mailing costs related to the 2022 annual general meeting of shareholders held on May 24, 2022.

Excluding share-based costs of \$99,934 and \$118,026 for the nine months ended September 30, 2022 and September 30, 2021, respectively, wages and benefits were \$508,426 for the nine months ended September 30, 2022 compared to \$523,576 for the nine months ended September 30, 2021. The decrease of \$15,150 is primarily due to a timing variance of payroll-related benefits.

Insurance costs were \$152,441 for the nine months ended September 30, 2022 compared to \$134,632 for the nine months ended September 30, 2021. The increase of \$17,809 is primarily due to premium increases.

Excluding share-based payments, all other operating expense categories reflected only moderate changes period over period.

Share-based payment charges

Share-based payment charges for the nine-month periods ended September 30, 2022 and 2021 were allocated as follows:

Expense category:	September 30, 2022	September 30, 2021
Consulting	\$ 320,762	\$ 378,645
Investor relations	7,138	8,430
Wages and benefits	99,934	118,026
Total	\$ 427,834	\$ 505,101

Share-based payment charges were \$427,834 during the nine months ended September 30, 2022 compared to \$505,101 during the nine months ended September 30, 2021. The decrease of \$77,267 is mainly the result of the DSUs issued on May 24, 2022 being expensed at a closing price of C\$0.92 as compared to the DSUs issued on May 25, 2021 being expensed at a closing price of C\$1.40 (\$54,827) and the stock options for common shares of the Company issued to its employees and consultants on May 27, 2020, May 25, 2021, and May 24, 2022 vesting over a period of two years, with only one-third being exercisable upon grant (\$22,440).

Other items amounted to other income of \$443,258 during the nine-month period ended September 30, 2022 compared to other expense of \$16,674 during the nine-month period ended September 30, 2021. As a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances, the Company had a foreign exchange gain of \$410,693 during the nine-month period ended September 30, 2022 compared to a loss of \$49,356 during the nine-month period ended September 30, 2021. The average exchange rate during the nine-month period ended September 30, 2022 was C\$1 to \$0.7798 compared to C\$1 to \$0.7994 during the nine-month period ended September 30, 2021. Interest income was \$4,621 for the nine-month period ended September 30, 2022 compared to \$17,390 for the nine-month period ended September 30, 2021. The decrease of \$12,769 is primarily due to short-term investment certificates being re-invested upon maturity at a lower interest rate. Other income was \$27,944 for the nine-month period ended September 30, 2022, compared to \$15,292 for the nine-month period ended September 30, 2021.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company has predominantly financed its ongoing operations through the sale of its equity securities by way of public offerings and private placements and the subsequent exercise of share purchase and broker warrants and options issued in connection with such private placements.

As at September 30, 2022, the Company had cash and cash equivalents of \$5,472,704 compared to \$7,780,671 at December 31, 2021. The decrease of approximately \$2.3 million resulted mainly from expenditures on operating activities of \$2.2 million and a negative foreign currency transaction impact of \$0.4 million, partially offset by financing activities of \$0.3 million.

Financing activities during the nine-month period ended September 30, 2022 included the exercise of stock options. Proceeds of \$290,290 were received on the issuance of 405,000 common shares.

The Company had no cash flows from financing activities during the nine-month period ended September 30, 2021.

The Company had no cash flows from investing activities during the nine-month periods ended September 30, 2022 and 2021.

As at September 30, 2022, the Company had working capital of \$5,460,100 compared to working capital of \$7,342,470 at December 31, 2021. 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 to cover the anticipated 2022 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs through at least the next 12 months.

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 considering 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 pursued or 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*" included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

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 current market conditions.

Our anticipated expenditures for the year ending December 31, 2022 are approximately \$3.2 million, which are expected to be funded from cash on hand. These expenditures include \$0.6 million for mineral property leases and mining claim government fees and \$2.6 million for general corporate and administrative purposes. Expenditures for mineral property leases and mining claims government fees are anticipated to be approximately \$0.7 million in 2023 and \$0.7 million in 2024.

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, 2021, 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 September 30, 2022, 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 September 30, 2022, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed in reports filed or submitted to the Securities and Exchange Commission under the Exchange Act: (i) is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) is 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, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.