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MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion & Analysis should be read in conjunction with our consolidated financial statements and the accompanying notes for the year ended May 31, 2005. Except where otherwise noted, all dollar amounts are stated in Canadian dollars. Additional information relating to International Tower Hill Mines Ltd. is available on SEDAR at www.sedar.com.

Overview

We are a British Columbia incorporated company. We were originally incorporated under the name "Ashnola Mining Company Ltd." on May 26, 1978. We changed our name to "Tower Hill Mines Ltd." on June 1, 1988, and subsequently changed our name to "International Tower Hill Mines Ltd." on March 15, 1991.

Our wholly-owned subsidiary, 813034 Alberta Ltd., an Alberta corporation, was incorporated in 1999. We incorporated this subsidiary because, pursuant to the laws of the Province of Alberta, mineral permits can only be registered to either an Alberta resident or corporation. Our subsidiary does not have any operations except for holding permits for our Alberta properties in its name.

We are publicly traded on the TSX Venture Exchange under the trading symbol "TTH". We trade on the OTC BB under the trading symbol "TTHMF", and trade on the Berlin Stock Exchange – Unofficial Regulated Market and the Frankfurt Stock Exchange under the trading symbol "TW9".

Since inception in 1978, we have been in the business of acquiring, exploring and evaluating interests in mineral properties. Our current property interests are held for the purposes of exploration for precious metals and diamonds. Any exploration and sampling activities that we may conduct are generally carried out during the months of May through September. During the months of October to March, snow often prevents effective exploration and sampling activities. Drilling, however, can be conducted on a year-round basis.

Our properties in British Columbia, Alberta and Quebec are at an early exploration stage, with no established mineral reserves. The exploration work on these properties primarily consists of airborne surveys, which may reveal magnetic anomalies followed by ground sampling programs, for the purpose of identifying potential drill targets. Any drilling operations are conducted with small scale equipment only. We are only required to obtain permits when mechanized equipment is used by our contractors. We obtain any permits that we may require from the provincial government ministry responsible for mining operations in which our property is situated. The process to obtain a permit involves filing an application form with the appropriate mining regulatory authority in Alberta and Quebec. In British Columbia, we are required to file an application form and mark the actual property with stakes. The Company currently has permits in Quebec.

We currently hold interests in the following properties: Siwash Creek Property, British Columbia; Torngat Property, Quebec; Fort Vermillion Property, Alberta; and Chinchaga Property, Alberta.

We are also evaluating whether to continue exploration of our other mineral properties in which we currently hold an interest and whether we may acquire additional properties for exploration and development.

Siwash Creek Property

We carried out a diamond drill program on our 100% owned Siwash Property in south central British Columbia. The Siwash Property is located in close proximity to both Brenda Mines Ltd. (copper and molybdenum production) and Almaden Minerals Ltd. (gold production) mineral projects. The 2004 program was designed to further delineate the gold, silver and copper values intersected in the northeastern portion of the property. Drill results to date indicate a similar style of mineralization as that found at Brenda Mines. In addition, these drill results indicate that the gold/silver/copper mineralization extends approximately 500 meters in a north-south direction and 800 meters in an east-west direction to a depth of approximately 125 meters. Drilling also indicates that this zone is still open to the west, north, east and depth.

The 2004 diamond drill program, carried out between May and August, extended the CU/AU bearing horizon to the south and north between sections 52+00E and 62+00E. A total of 1013 metres were drilled in 5 holes in the same areas as the last four diamond drill programs. 50 metres of meta-volcanics were intersected. This favourable horizon was cut out by intrusives of quartz-feldspar-porphry over 203 metres while granodiorite was intersected in 738 metres of the total 1013 metres drilled.

Nine of the 153 samples assayed contained more than 0.010 ppm gold and four samples contained more than 1000 ppm copper. The weighted average of these gold assays over 9.6 metres was 1.547 ppm (assays are not contiguous), which is equal to 1.547 grams per tonne. Zinc assays averaged 1.131 ppm or 0.113 per cent with several assays carrying values between 1.0 percent to a maximum of 7.71 percent.

During the diamond drill program, we instigated the staking of ninety-nine more units to the east of and contiguous to our Siwash Property. These units, comprising 17 claims are in addition to the mineral claims acquired by us in 1996.

Our future plans include the investigation of the area by an airborne mag/em program to be followed by drilling of the more favourable locations indicated.

A total of \$98,555 was expended on the Siwash Property during the fiscal year ended May 31, 2005, which was reduced by \$19,711 for tax credits, bringing the net expenditures to \$78,844. In addition, we incurred \$12,761 in lease costs for the Siwash Property. A total of \$32,119 was expended on the Siwash Property during the fiscal year ended May 31, 2004, which was reduced by \$6,149 for tax credits, bringing the net expenditures to \$25,970.

Torngat Property

Although we have no current plans to carry out an exploration program on the Torngat property we may, at some point in the future, carry out a follow-up sampling and mapping program on the property with the objective to take significantly larger samples from various locations on the 5-metre wide dyke and to explore for additional dykes on the basis of airborne geophysical data.

Fort Vermillion Property

We have no current plans to carry out any exploration on the Fort Vermillion Property.

Chinchaga Property

To date, cumulative exploration activities that we have carried out on the Chinchaga Property have not generated results that justify a high level of ongoing exploration activities. We have placed the Chinchaga Property on hold in respect of ongoing exploration.

A three phase exploration program has been recommended. Phase 1, to consist of a magnetic and electromagnetic survey at 200 metre line spacing and an interpretation of the newly acquired geophysical data in conjunction with a re-interpretation/compilation of all existing geochemical, geological and drill core data may help to identify new target areas. The total cost of Phase 1 is \$112,500. Pursuant to our joint venture with Ravencrest, Ravencrest will pay the cost of the first phase of the exploration program.

The phase 2 exploration program would consist of a field based program with the establishment of a property wide grid and the collection of soil samples, ground-proofing of geophysical anomalies returned from the airborne survey and the acquisition of ground magnetic and electromagnetic geophysical data on selected targets; as well as property scale geological mapping in conjunction with the mapping and sampling of old trenches. All workings, trenches, and significant rock samples are to be re-located and checked assayed. The total cost of Phase 2 is approximately \$416,500.

The phase 3 program would involve one or more of the collection of infill soil samples, ground geophysics and/or a diamond drill program to test historic targets and new targets developed during phases 1 and 2. The cost for Phase has not been determined at this time.

The total cost to complete the recommended phase 1 and 2 exploration is \$529,000 Cdn. We will seek additional financing, most likely through the issuance of equity securities, so that we may undertake further exploration of our mineral properties or possibly acquire additional properties. We may also enter into joint venture agreements as part of our acquisition or development strategy, or may dispose of current property interests on completion of our evaluation.

Recent Events

Joint Venture with Ravencrest Resources Inc.

We have entered into a joint venture with Ravencrest Resources Inc. (“*Ravencrest*”), a public company reporting in British Columbia, whereby we granted the right to Ravencrest to acquire a 50% interest in two claim groups on the Siwash Creek Property, the Siwash 4 Mineral Claim, consisting of 16 units, and the Siwash 3 Mineral Claim, consisting of 16 units (collectively the “*Claims*”). We have received the payment of \$25,000 and received 100,000 common shares in the capital stock of Ravencrest and, accordingly, Ravencrest has earned its 50% interest. In order to maintain its 50% interest, Ravencrest is required to carry out further work on the Claims based on a work program recommended by APEX Geoscience Ltd., in the sum of \$112,500, on or before March 31, 2006.

Change of Directors

Effective May 9th, 2005, Norman J. Bonin resigned as a director and Gerhard J. Drescher was appointed as a director in his place.

Plan of Operation

Our plans over the next 12 months are to proceed with additional exploration of the Siwash Property. While we may evaluate properties for acquisition, we do not have any specific plans to purchase any additional properties over the following 12 months. Therefore, we do not have any plans to raise funds through the issuance of equity securities in the foreseeable future. In the event that we decide to purchase additional properties, we will finance such a purchase from our working capital reserve and if necessary, through the sale of marketable securities.

Our long-term goal is to seek out and acquire additional properties for exploration and development, as well as carry out additional exploration programs on our properties as warranted, subject to funding.

Selected Annual Information

Description	May 31, 2005	May 31, 2004	May 31, 2003
	\$	\$	\$
<i>Interest Income</i>	132	4,519	7,023
<i>Net income or loss</i>			
<i>Total</i>	(121,483)	(244,330)	(57,978)
<i>Per share</i>	(0.01)	(0.03)	(0.01)
<i>Total Assets</i>	40,788	192,324	245,894
<i>Mineral Properties</i>	1,026,512	969,907	1,098,282
<i>Long term financial liabilities</i>	0	0	0
<i>Cash dividends</i>	N/A	N/A	N/A

Summary of Quarterly Results

Description	Year ended May 31 2005	Nine months ended Feb 28 2005	Six months ended Nov. 30 2004	Three months ended Aug. 31 2004	Year ended May 31 2004	Nine months ended Feb 29 2004	Six months ended Nov. 30 2003	Three months ended Aug. 31 2003
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Interest Income</i>	132	127	5	0	4,519	3,763	2,607	1,528
<i>Net income or loss for period</i>								
<i>Total</i>	(121,483)	(50,120)	(15,415)	(30,466)	(244,330)	(45,170)	(34,656)	(17,708)
<i>Per share</i>	(0.01)	(0.0004)	(0.001)	(0.003)	(0.03)	(0.005)	(0.003)	(0.001)

Liquidity and Capital Resources

As of May 31, 2005, we reported cash and cash equivalents of \$7,711 compared to \$111,180 for the year ended May 31, 2004. The decrease of \$103,469 in cash was for operating expenses and the 2004 exploration program on the Siwash Property. We have historically satisfied our capital needs by issuing securities.

As of May 31, 2005, we had a working capital deficiency of \$54,650, compared to a working capital reserve of \$123,438 as at May 31, 2004. Our current cash and cash equivalents are not sufficient to meet our current cash requirements. We will require additional financing to fund current operations, as well as any exploration work on our properties, if applicable. We estimate that we will require approximately \$7,500 per month, or \$90,000 annually, to fund our general and administrative expenses for the next twelve months.

We expect that we will operate at a loss for the foreseeable future. We may require additional financing to fund further exploration of our mineral properties or to acquire additional mineral properties. We have historically satisfied our capital needs primarily by issuing equity securities and from loan(s) from directors and officers. We have no funding commitments or arrangements for additional financing at this time and there is no assurance that we will be able to obtain any additional financing on terms acceptable to us, if at all. The quantity of funds to be raised and the terms of any 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 a financing has been completed and management knows what funds will be available for these purposes.

We did not raise any funds for either of the years ended May 31, 2005 and May 31, 2004.

Results of Operations

For the year ended May 31, 2005, we had net losses of \$121,483 as compared to net losses of \$244,330 for the year ended May 31, 2004. The increased net losses in 2004 was due primarily to a write off of deferred acquisition and exploration expenditures on three of our four mineral properties.

General and administrative (operating) expenses for the fiscal year ended May 31, 2005 consisted of management fees of \$60,000 (2004 - \$60,00), office and miscellaneous of \$3,151 (2004 - \$4,077), professional fees of \$16,360 (2004 - \$10,615), rent of \$7,200 (2004 - \$7,200), stock exchange and filing fees of \$7,504 (2003 - \$7,627), transfer agent fees of \$4,455 (2004 - \$4,117) and travel and promotion of \$1,688 (2004 - \$868). General and administrative expenses for the year ended May 31, 2005 were \$145,644, being a decrease of \$103,205 compared to May 31, 2004. The majority of the increased expenses during fiscal 2004 was the result of the write off of deferred acquisition and exploration expenditures on three properties in the amount of \$154,345, which was offset in part by mineral property due diligence in the amount of \$45,286 carried out during fiscal 2005.

During the fiscal years ended May 31, 2005 and the year ended May 31, 2004, no share purchase warrants or stock options were granted or exercised.

We do not have any employees; all of our services are carried out by the directors and officers or by consultants retained on an as needed basis.

Transactions with Related Parties

During the year ended May 31, 2005 we paid management fees of \$60,000 (2004 - \$60,000) and professional fees of \$4,173 (2003 - \$5,115) to a company controlled by one of our directors.

As of May 31, 2005 a director had advanced loans totalling \$80,000, which loans are unsecured, non-interest bearing and have no fixed terms of repayment.