
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-33638



INTERNATIONAL TOWER HILL MINES LTD.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada

(State or other jurisdiction of incorporation or organization)

N/A

(I.R.S. Employer Identification No.)

2300-1177 West Hastings Street

Vancouver, British Columbia, Canada, V6E 2K3

(Address of Principal Executive Offices)

V6E 2K3

(Zip code)

Registrant's telephone number, including area code: **(604) 683-6332**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated filer

Small Reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 4, 2015, the registrant had 116,313,638 Common Shares outstanding.

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CAUTIONARY NOTE TO U.S. INVESTORS REGARDING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES AND PROVEN AND PROBABLE RESERVES

International Tower Hill Mines Ltd. (“we”, “us”, “our,” “ITH” or the “Company”) is a mineral exploration company engaged in the acquisition and exploration of mineral properties. As used in this Quarterly Report on Form 10-Q, the terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101—Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”)—CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the United States Securities and Exchange Commission (“SEC”) Industry Guide 7 (“SEC Industry Guide 7”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority. In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves.

“Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this report and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The term “mineralized material” as used in this Quarterly Report on Form 10-Q, although permissible under SEC Industry Guide 7, does not indicate “reserves” by SEC Industry Guide 7 standards. We cannot be certain that any part of the mineralized material will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves”. Investors are cautioned not to assume that all or any part of the mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.

CAUTIONARY NOTE TO ALL INVESTORS CONCERNING ECONOMIC ASSESSMENTS THAT INCLUDE INFERRED RESOURCES

The Company currently holds or has the right to acquire interests in an advanced stage exploration project in Alaska referred to as the Livengood Gold Project (the “Livengood Gold Project” or the “Project”). Mineral resources that are not mineral reserves have no demonstrated economic viability. The preliminary assessments on the Project are preliminary in nature and include “inferred mineral resources” that have a great amount of uncertainty as to their existence, and are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies. There is no certainty that such inferred mineral resources at the Project will ever be realized. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements or information within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning anticipated results and developments in the operations of the Company in future periods, planned exploration activities, the adequacy of the Company's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" (or the negative and grammatical variations of any of these terms) occur or be achieved. These forward looking statements may include, but are not limited to, statements concerning:

- the potential for opportunities to improve the economics of the Livengood Gold Project by reducing certain capital and operating costs;
- the potential for higher head grades at the Project;
- the Company's ability to potentially include the results of the optimization process in a new or updated feasibility study or any future financial analysis of the Project;
- the Company's ability to carry forward and incorporate into future engineering studies of the Project *updated* mine design, production schedule, and recovery concepts identified during the optimization process;
- the potential for the Company to carry out an engineering phase that will evaluate and optimize the Project configuration and capital and operating expenses, including determining the optimum scale for the Project;
- the Company's strategies and objectives, both generally and specifically in respect of the Livengood Gold Project;
- The Company's belief that there are no known environmental issues that are anticipated to materially impact the Company's ability to conduct mining operations at the Project;
- the potential for the expansion of the estimated resources at the Livengood Gold Project;
- the potential for a production decision concerning, and any production at, the Livengood Gold Project;
- the potential for cost savings due to the high gravity gold concentration component of some of the Livengood Gold Project mineralization;
- the sequence of decisions regarding the timing and costs of development programs with respect to, and the issuance of the necessary permits and authorizations required for, the Livengood Gold Project;
- the Company's estimates of the quality and quantity of the resources at the Livengood Gold Project;
- the timing and cost of the planned future exploration programs at the Livengood Gold Project, and the timing of the receipt of results therefrom;
- the Company's future cash requirements, the Company's ability to meet its financial obligations as they come due, and the Company's ability to be able to raise the necessary funds to continue operations on acceptable terms, if at all; and
- future general business and economic conditions, including changes in the price of gold and the overall sentiment of the markets for public equity.

Such forward-looking statements reflect the Company's current views with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- the demand for, and level and volatility of the price of, gold;
 - general business and economic conditions;
 - government regulation and proposed legislation (and changes thereto or interpretations thereof);
 - defects in title to claims, or the ability to obtain surface rights, either of which could affect our property rights and claims;
 - conditions in the financial markets generally, the overall sentiment of the markets for public equity, interest rates and currency rates;
 - the Company's ability to secure the necessary services and supplies on favorable terms in connection with its programs at the Livengood Gold Project and other activities;
 - the Company's ability to attract and retain key staff, particularly in connection with the permitting and development of any mine at the Livengood Gold Project;
 - the accuracy of the Company's resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
 - the timing of the ability to commence and complete planned work programs at the Livengood Gold Project;
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- the timing of the receipt of and the terms of the consents, permits and authorizations necessary to carry out exploration and development programs at the Livengood Gold Project and the Company's ability to comply with such terms on a safe and cost-effective basis;
- the ongoing relations of the Company with the lessors of its property interests and applicable regulatory agencies;
- the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties and whether such characteristics are reflective of the deposit as a whole; and
- the continued development of and potential construction of any mine at the Livengood Gold Project property not requiring consents, approvals, authorizations or permits that are materially different from those identified by the Company.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including without limitation those discussed in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended December 31, 2014, which are incorporated herein by reference, as well as other factors described elsewhere in this report and the Company's other reports filed with the SEC.

The Company's forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the beliefs, expectations and opinions of management as of the date of this report. The Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

PART 1**ITEM 1. FINANCIAL STATEMENTS****INTERNATIONAL TOWER HILL MINES LTD.**

(An Exploration Stage Company)

CONDENSED CONSOLIDATED BALANCE SHEETS

As at March 31, 2015 and December 31, 2014

(Expressed in US Dollars - Unaudited)

	<u>Note</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
ASSETS			
Current			
Cash and cash equivalents		\$ 11,294,428	\$ 13,521,473
Prepaid expenses and other		175,908	242,058
Total current assets		11,470,336	13,763,531
Property and equipment		35,360	37,128
Capitalized acquisition costs	4	55,204,041	55,204,041
Total assets		\$ 66,709,737	\$ 69,004,700
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable		\$ 166,599	\$ 270,488
Accrued liabilities		289,969	878,682
Total current liabilities		456,568	1,149,170
Non-current liabilities			
Derivative liability	6	14,500,000	14,700,000
Total liabilities		14,956,568	15,849,170
Shareholders' equity			
Share capital, no par value; authorized 500,000,000 shares; 116,313,638 shares issued and outstanding at March 31, 2015 and December 31, 2014	7	243,692,185	243,692,185
Contributed surplus		33,708,961	33,439,249
Accumulated other comprehensive income		1,160,674	2,196,252
Deficit		(226,808,651)	(226,172,156)
Total shareholders' equity		51,753,169	53,155,530
Total liabilities and shareholders' equity		\$ 66,709,737	\$ 69,004,700

Nature and continuance of operations (note 1)

Commitments (note 9)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the Three Months Ended March 31, 2015 and 2014

(Expressed in US Dollars - Unaudited)

	<u>Note</u>	<u>Three Months Ended</u>	
		<u>March 31, 2015</u>	<u>March 31, 2014</u>
Operating expenses			
Consulting fees		\$ 147,370	\$ (10,391)
Depreciation		1,769	3,945
Insurance		67,377	62,632
Investor relations		32,203	90,690
Mineral property exploration	4	401,330	615,162
Office		6,988	21,781
Other		4,761	9,117
Professional fees		50,146	146,396
Regulatory		70,852	34,255
Rent		40,880	49,456
Travel		20,853	39,551
Wages and benefits		710,577	1,248,655
Total operating expenses		<u>(1,555,106)</u>	<u>(2,311,249)</u>
Other income (expenses)			
Gain on foreign exchange		702,255	284,129
Interest income		16,356	16,801
Unrealized gain/(loss) on derivative	6	200,000	(1,500,000)
Total other income (expense)		<u>918,611</u>	<u>(1,199,070)</u>
Net loss for the period		<u>(636,495)</u>	<u>(3,510,319)</u>
Other comprehensive income (loss)			
Unrealized loss on marketable securities		(8,379)	—
Exchange difference on translating foreign operations		(1,027,199)	(450,529)
Total other comprehensive income (loss) for the period		<u>(1,035,578)</u>	<u>(450,529)</u>
Comprehensive loss for the period		<u>\$ (1,672,073)</u>	<u>\$ (3,960,848)</u>
Basic and fully diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.04)</u>
Weighted average number of shares outstanding		<u>116,313,638</u>	<u>98,068,638</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Three Months Ended March 31, 2015 and 2014

(Expressed in US Dollars - Unaudited)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income/(loss)	Deficit	Total
Balance, December 31, 2013	98,068,638	236,401,096	32,153,864	3,021,281	(218,405,060)	53,171,181
Stock based compensation	—	—	618,582	—	—	618,582
Exchange difference on translating foreign operations	—	—	—	(450,529)	—	(450,529)
Net loss	—	—	—	—	(3,510,319)	(3,510,319)
Balance, March 31, 2014	98,068,638	\$236,401,096	\$32,772,446	\$ 2,570,752	\$(221,915,379)	\$49,828,915
Private placement	18,245,000	7,315,917	—	—	—	7,315,917
Share issuance costs	—	(24,828)	—	—	—	(24,828)
Stock based compensation	—	—	666,803	—	—	666,803
Unrealized loss on available-for-sale securities	—	—	—	(24,717)	—	(24,717)
Exchange difference on translating foreign operations	—	—	—	(349,783)	—	(349,783)
Net loss	—	—	—	—	(4,256,777)	(4,256,777)
Balance, December 31, 2014	116,313,638	243,692,185	33,439,249	2,196,252	(226,172,156)	53,155,530
Stock based compensation	—	—	269,712	—	—	269,712
Unrealized loss on available-for-sale securities	—	—	—	(8,379)	—	(8,379)
Exchange difference on translating foreign operations	—	—	—	(1,027,199)	—	(1,027,199)
Net loss	—	—	—	—	(636,495)	(636,495)
Balance, March 31, 2015	<u>116,313,638</u>	<u>\$243,692,185</u>	<u>\$33,708,961</u>	<u>\$ 1,160,674</u>	<u>\$(226,808,651)</u>	<u>\$51,753,169</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2015 and 2014

(Expressed in US Dollars - Unaudited)

	Three Months Ended	
	March 31, 2015	March 31, 2014
Operating Activities		
Loss for the period	\$ (636,495)	\$ (3,510,319)
Add items not affecting cash:		
Depreciation	1,769	3,945
Stock based compensation	269,712	618,582
Unrealized (gain) loss on derivative liability	(200,000)	1,500,000
Changes in non-cash items:		
Accounts receivable	54,027	21,775
Prepaid expenses	21,626	17,436
Advance to contractors	19,703	—
Accounts payable and accrued liabilities	(680,834)	(706,105)
Cash used in operating activities	(1,150,492)	(2,054,686)
Financing Activities		
Cash provided by financing activities	—	—
Investing Activities		
Change in restricted cash	—	30,477
Capitalized acquisition costs	—	(30,477)
Cash used in investing activities	—	—
Effect of foreign exchange on cash	(1,076,553)	(491,368)
(Decrease) increase in cash and cash equivalents	(2,227,045)	(2,546,054)
Cash and cash equivalents, beginning of the period	13,521,473	13,925,601
Cash and cash equivalents, end of the period	\$ 11,294,428	\$ 11,379,547

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three Months Ended March 31, 2015 and 2014
(Expressed in US dollars — Unaudited)

1. GENERAL INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

International Tower Hill Mines Ltd. (“ITH” or the “Company”) is incorporated under the laws of British Columbia, Canada. The Company’s head office address is 2300-1177 West Hastings Street, Vancouver, British Columbia, Canada. International Tower Hill Mines Ltd. 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), Livengood Placers, Inc. (“LPI”) (a Nevada corporation), and 813034 Alberta Ltd. (an Alberta corporation). The Company is in the business of acquiring, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At March 31, 2015, the Company was in the exploration stage and controls a 100% interest in its Livengood Gold Project in Alaska, U.S.A.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral property interests. The recoverability of amounts shown for capitalized acquisition costs is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the Livengood Project, and future profitable production or proceeds from disposition of capitalized acquisition costs. The success of the above initiatives cannot be assured. In the event that the Company is unable to obtain the necessary financing, it may be necessary to defer certain discretionary expenditures and other planned activities.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 as filed in our Annual Report on Form 10-K. In the opinion of the Company’s management these financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company’s financial position at March 31, 2015 and the results of its operations for the three months then ended. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. The 2014 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP.

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. These judgments, estimates and assumptions are continuously evaluated and are based on management’s experience and knowledge of the relevant facts and circumstances. While management believes the estimates to be reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Basis of consolidation

These consolidated financial statements include the accounts of ITH and its wholly owned subsidiaries TH Alaska, TH US, LPI and 813034 Alberta Ltd. All intercompany transactions and balances have been eliminated.

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INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three Months Ended March 31, 2015 and 2014
(Expressed in US dollars — Unaudited)

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the significance of the inputs used in making the measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 — Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 — Inputs that are not based on observable market data.

	Fair value as at March 31, 2015	
	Level 1	Level 2
Financial assets:		
Marketable securities	\$ 16,401	\$ —
Total	<u>\$ 16,401</u>	<u>\$ —</u>
Financial liabilities:		
Derivative liability (note 6)	\$ —	\$ 14,500,000
Total	<u>\$ —</u>	<u>\$ 14,500,000</u>
	Fair value as at December 31, 2014	
	Level 1	Level 2
Financial assets:		
Marketable securities	\$ 26,894	\$ —
Total	<u>\$ 26,894</u>	<u>\$ —</u>
Financial liabilities:		
Derivative liability (note 6)	\$ —	\$ 14,700,000
Total	<u>\$ —</u>	<u>\$ 14,700,000</u>

4. CAPITALIZED ACQUISITION COSTS

The Company had the following activity related to capitalized acquisition costs:

Capitalized acquisition costs	Amount
Balance, December 31, 2014	\$ 55,204,041
Acquisition costs	—
Balance, March 31, 2015	<u>\$ 55,204,041</u>

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INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended March 31, 2015 and 2014

(Expressed in US dollars — Unaudited)

The following table presents costs incurred for exploration and evaluation activities for the three months ended March 31, 2015 and 2014:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Exploration costs:		
Assay	\$ 9,984	600
Drilling	—	20,990
Environmental	179,994	363,474
Equipment rental	11,707	16,836
Field costs	73,788	69,103
Geological/geophysical	72,991	1,500
Land maintenance & tenure	36,492	36,330
Legal	15,423	86,716
Surveying and mapping	—	10,321
Transportation and travel	951	9,292
Total expenditures for the period	<u>\$ 401,330</u>	<u>\$ 615,162</u>

Livengood Gold Project Property

The Livengood Gold Project property is located in the Tintina gold belt approximately 113 kilometers (70 miles) northwest of Fairbanks, Alaska. The property consists of land leased from the Alaska Mental Health Trust, a number of smaller private mineral leases, Alaska state mining claims purchased or located by the Company and patented ground held by the Company.

Details of the leases are as follows:

- a) a lease of the Alaska Mental Health Trust mineral rights having a term beginning July 1, 2004 and extending 19 years until June 30, 2023, subject to further extensions beyond June 30, 2023 by either commercial production or payment of an advance minimum royalty equal to 125% of the amount paid in year 19 and diligent pursuit of development. The lease requires minimum work expenditures and advance minimum royalties (all of which minimum royalties are recoverable from production royalties) which escalate annually with inflation. A net smelter return (“NSR”) production royalty of between 2.5% and 5.0% (depending upon the price of gold) is payable to the lessor with respect to the lands subject to this lease. In addition, an NSR production royalty of 1% is payable to the lessor with respect to the unpatented federal mining claims subject to the lease described in b) below and an NSR production royalty of between 0.5% and 1.0% (depending upon the price of gold) is payable to the lessor with respect to the lands acquired by the Company as a result of the purchase of Livengood Placers, Inc. in December 2011. During the three months ended March 31, 2015 and from the inception of this lease the Company has paid \$0 and \$1,648,923, respectively.
- b) a lease of federal unpatented lode mining claims having an initial term of ten years commencing on April 21, 2003 and continuing for so long thereafter as advance minimum royalties are paid and mining related activities, including exploration, continue on the property or on adjacent properties controlled by the Company. The lease requires an advance minimum royalty of \$50,000 on or before each anniversary date (all of which minimum royalties are recoverable from production royalties). An NSR production royalty of between 2% and 3% (depending on the price of gold) is payable to the lessors. The Company may purchase 1% of the royalty for \$1,000,000. During the three months ended March 31, 2015 and from the inception of this lease the Company has paid \$0 and \$530,000, respectively.
- c) a lease of patented lode claims having an initial term of ten years commencing January 18, 2007, and continuing for so long thereafter as advance minimum royalties are paid. The lease requires an advance minimum royalty of \$20,000 on or before each anniversary date through January 18, 2017 and \$25,000 on or before each subsequent anniversary (all of which minimum royalties are recoverable from production royalties). An NSR production royalty of 3% is payable to the lessors. The Company may purchase all interests of the lessors in the leased property (including the production royalty) for \$1,000,000 (less all minimum and production royalties paid to the date of purchase), of which \$500,000

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INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three Months Ended March 31, 2015 and 2014

(Expressed in US dollars — Unaudited)

is payable in cash over four years following the closing of the purchase and the balance of \$500,000 is payable by way of the 3% NSR production royalty. During the three months ended March 31, 2015 and from the inception of this lease the Company has paid \$20,000 and \$145,000, respectively.

- d) a lease of unpatented federal lode mining and federal unpatented placer claims having an initial term of ten years commencing on March 28, 2007, and continuing for so long thereafter as advance minimum royalties are paid and mining related activities, including exploration, continue on the property or on adjacent properties controlled by the Company. The lease requires an advance minimum royalty of \$15,000 on or before each anniversary date (all of which minimum royalties are recoverable from production royalties). The Company is required to pay the lessor the sum of \$250,000 upon making a positive production decision, payable \$125,000 within 120 days of the decision and \$125,000 within a year of the decision (all of which are recoverable from production royalties). An NSR production royalty of 2% is payable to the lessor. The Company may purchase all of the interest of the lessor in the leased property (including the production royalty) for \$1,000,000. During the three months ended March 31, 2015 and from the inception of this lease the Company has paid \$15,000 and \$98,000, respectively.

Title to mineral properties

The acquisition of title to mineral properties is a detailed and time-consuming process. The Company has taken steps to verify title to mineral properties in which it has an interest. Although the Company has taken every reasonable precaution to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

5. ACCRUED LIABILITIES

The following table presents the accrued liabilities balances at March 31, 2015 and December 31, 2014.

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Accrued liabilities	\$ 233,766	\$ 334,423
Accrued severance	27,907	390,659
Accrued salaries and benefits	28,296	153,600
Total accrued liabilities	<u>\$ 289,969</u>	<u>\$ 878,682</u>

Accrued liabilities at March 31, 2015 include accruals for general corporate costs and project costs of \$29,902 and \$203,864, respectively. Accrued liabilities at December 31, 2014 include accruals for general corporate costs and project costs of \$74,413 and \$260,010, respectively.

6. DERIVATIVE LIABILITY

During 2011, the Company acquired certain mining claims and related rights in the vicinity of the Livengood Gold Project located near Fairbanks, Alaska. The aggregate consideration was \$13,500,000 in cash plus an additional contingent payment based on the five-year average daily gold price ("Average Gold Price") from the date of the acquisition. The contingent payment 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.

At initial recognition on December 13, 2011 the derivative liability was valued at \$23,100,000. The key assumption used in the valuation of the derivative is the estimate of the future Average Gold Price. The estimate of the future Average Gold Price was determined using a forward curve on future gold prices as published by the CME Group. The CME Group represents the merger of the Chicago Mercantile Exchange (CME), the Chicago Board of Trade (CBOT), the New York Mercantile Exchange (NYMEX) and its commodity exchange division, Commodity Exchange, Inc. (COMEX). Using this forward curve, the Company estimated an Average Gold Price based on

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actual gold prices to March 31, 2015 and projected gold prices from March 31, 2015 to the end of the five year period in December 2016 of \$1,348 per ounce of gold.

The fair value of the derivative liability and the estimated Average Gold Price are as follows:

	<u>Total</u>	<u>Average Gold Price (\$/oz.)</u>
Derivative value at December 31, 2014	\$ 14,700,000	\$ 1,356
Unrealized gain for the period	(200,000)	
Derivative value at March 31, 2015	<u>\$ 14,500,000</u>	<u>\$ 1,348</u>

7. SHARE CAPITAL

Authorized

Authorized share capital consists of 500,000,000 common shares without par value. At March 31, 2015 and December 31, 2014 there were 116,313,638 shares issued and outstanding.

Share issuances

There were no share issuances during the three months ended March 31, 2015.

Stock options

The Company has adopted an incentive stock option plan (the “2006 Plan”). The essential elements of the 2006 Plan provide that the aggregate number of common shares of the Company’s capital stock that may be made issuable pursuant to options granted under the 2006 Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the 2006 Plan will have a maximum term of ten years. The exercise price of options granted under the 2006 Plan shall be fixed in compliance with the applicable provisions of the TSX Company Manual in force at the time of grant and, in any event, shall not be less than the closing price of the Company’s common shares on the TSX on the trading day immediately preceding the day on which the option is granted, or such other price as may be agreed to by the Company and accepted by the Toronto Stock Exchange. Options granted under the 2006 Plan vest immediately, unless otherwise determined by the directors at the date of grant.

During the three months ended March 31, 2015, the Company granted incentive stock options to certain officers, employees and consultants of the Company to purchase a total of 2,105,200 common shares in the capital stock of the Company. The options will vest as to one-third on the grant date, one-third on the first anniversary and one-third on the second anniversary. The following table presents the options granted by the Company during the three months ended March 31, 2015:

Options Granted During the Three Months Ended March 31, 2015

<u>Grant Date</u>	<u>Expiry Date</u>	<u>Number of Options</u>	<u>Exercise Price (C\$)</u>
March 16, 2015	March 16, 2023	1,260,000	\$ 1.00
March 16, 2015	March 16, 2023	845,200	\$ 0.50

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A summary of the status of the stock option plan as of March 31, 2015, and December 31, 2014 and changes is presented below:

	Three Months Ended March 31, 2015		Year Ended December 31, 2014	
	Number of Options	Weighted Average Exercise Price (C\$)	Number of Options	Weighted Average Exercise Price (C\$)
Balance, beginning of the period	5,854,000	\$ 2.68	5,493,000	\$ 3.57
Granted	2,105,200	\$ 0.80	2,480,000	\$ 1.00
Forfeited	—	\$ —	(600,000)	\$ 3.17
Cancelled	(1,561,000)	\$ 4.53	(1,519,000)	\$ 2.97
Balance, end of the period	<u>6,398,200</u>	\$ 1.61	<u>5,854,000</u>	\$ 2.68

The weighted average remaining life of options outstanding at March 31, 2015 was 5.8 years.

Stock options outstanding are as follows:

Expiry Date	March 31, 2015			December 31, 2014		
	Exercise Price (C\$)	Number of Options	Exercisable	Exercise Price (C\$)	Number of Options	Exercisable
August 23, 2016	\$ —	—	—	\$ 8.07	600,000	600,000
January 9, 2017	\$ 4.60	30,000	30,000	\$ 4.60	30,000	30,000
August 24, 2017	\$ 3.17	1,775,000	1,775,000	\$ 3.17	2,275,000	2,275,000
March 14, 2018	\$ 2.18	344,000	344,000	\$ 2.18	469,000	312,660
February 25, 2022	\$ 1.11	1,030,000	686,666	\$ 1.11	1,360,000	453,333
February 25, 2022	\$ 0.73	684,000	456,000	\$ 0.73	690,000	230,000
March 10, 2022	\$ 1.11	430,000	286,666	\$ 1.11	430,000	143,333
March 16, 2023	\$ 0.50	845,200	281,733	\$ —	—	—
March 16, 2023	\$ 1.00	1,260,000	419,999	\$ —	—	—
		<u>6,398,200</u>	<u>4,280,064</u>		<u>5,854,000</u>	<u>4,044,326</u>

A summary of the non-vested options as of March 31, 2015 and changes during the three months ended March 31, 2015 is as follows:

Non-vested options:	Number of options	Weighted average grant- date fair value (C\$)
Outstanding at December 31, 2014	1,809,674	\$ 0.49
Granted	2,105,200	\$ 0.25
Cancelled	(112,000)	\$ 0.45
Vested	(1,684,738)	\$ 0.39
Outstanding at March 31, 2015	<u>2,118,136</u>	<u>\$ 0.34</u>

At March 31, 2015 there was unrecognized compensation expense of C\$506,996 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 1.3 years.

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Share-based payments

During the three month period ended March 31, 2015, the Company granted 2,105,200 stock options with a fair value of \$429,359, calculated using the Black-Scholes option pricing model. Share-based payment charges for the three months ended March 31, 2015 totaled \$269,712.

During the three month period ended March 31, 2014, the Company granted 2,480,000 stock options with a fair value of \$1,109,920, calculated using the Black-Scholes option pricing model. Share-based payment charges for the three months ended March 31, 2014 totaled \$618,582.

The following weighted average assumptions were used for the Black-Scholes option pricing model calculations:

	March 31, 2015	December 31, 2014
Expected life of options	6 years	6 years
Risk-free interest rate	0.97%	1.83%
Annualized volatility	80.60%	81.02%
Dividend rate	0.00%	0.00%
Exercise price (C\$)	\$0.80	\$1.00

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Company's shares.

8. SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in a single reportable segment, being the exploration and development of mineral properties. The following tables present selected financial information by geographic location:

	Canada	United States	Total
March 31, 2015			
Capitalized acquisition costs	\$ —	\$ 55,204,041	\$ 55,204,041
Property and equipment	10,242	25,118	35,360
Current assets	10,904,645	565,691	11,470,336
Total assets	<u>\$ 10,914,887</u>	<u>\$ 55,794,850</u>	<u>\$ 66,709,737</u>
December 31, 2014			
Capitalized acquisition costs	\$ —	\$ 55,204,041	\$ 55,204,041
Property and equipment	10,477	26,651	37,128
Current assets	13,003,412	760,119	13,763,531
Total assets	<u>\$ 13,013,889</u>	<u>\$ 55,990,811</u>	<u>\$ 69,004,700</u>
Three months ended		March 31, 2015	March 31, 2014
Net income (loss) for the period — Canada		\$ 192,597	\$ (669,051)
Net loss for the period - United States		(829,092)	(2,841,268)
Net loss for the period		<u>\$ (636,495)</u>	<u>\$ (3,510,319)</u>

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9. COMMITMENTS

The following table discloses, as of March 31, 2015, 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 such payments or incur 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						Total
	2015	2016	2017	2018	2019	2020 and beyond	
Livengood Property Purchase ⁽¹⁾	\$ —	\$ —	\$ 14,500,000	\$ —	\$ —	\$ —	\$ 14,500,000
Mineral Property Leases ⁽²⁾	377,398	417,309	422,294	427,353	437,488	442,700	2,524,542
Mining Claim Government Fees	115,205	77,230	77,230	77,230	77,230	77,230	501,355
Office and Equipment Lease Obligations	55,412	—	—	—	—	—	55,412
Total	<u>\$ 548,015</u>	<u>\$ 494,539</u>	<u>\$ 14,999,524</u>	<u>\$ 504,583</u>	<u>\$ 514,718</u>	<u>\$ 519,930</u>	<u>\$ 17,581,309</u>

(1) The amount payable in January 2017 of \$14,500,000 represents the fair value of the Company's derivative liability as at March 31, 2015 and will be revalued at each subsequent reporting period. See note 6.

(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). See note 4.

10. 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 above, represents the remaining consideration for the purchase of these claims and related rights and is payable in January 2017. Under the Agreement, the payment is due 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. 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.

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, 2014. All currency amounts are stated in US dollars unless noted otherwise.

Current Business Activities

Livengood Gold Project

During the three months ended March 31, 2015 and to the date of this Quarterly Report on Form 10-Q, the Company progressed on its metallurgical, field and engineering work plan that was developed due to the potential importance of the head grade evaluation performed during 2014. A significant multi-phase metallurgical test work program is underway in an attempt to validate the observed higher calculated head grades. The objectives of the 2015 metallurgical test program are to:

- Optimize the gravity circuit;
- Optimize the grind size and power consumption;
- Optimize the reagent consumption;
- Optimize the leach retention time;
- Confirm the overall recoveries by rock type; and
- Provide additional confirmation of the Project head grades.

Review of the feasibility test work to date indicates that there is a potential that further optimization of the parameters noted above could result in capital and operating expenditure reductions for the Project. **However, until this multi-phase metallurgical program has been completed, there can be no assurance that the head grade differences observed to date, or the potential process optimizations and cost savings opportunities identified, will in fact be realized.**

Field work has also begun to advance the environmental baseline and to evaluate alternatives for fresh water supply with potential to reduce Project costs.

Once the test work and field work are completed and the process costs are better defined, these costs will then serve as input to an engineering phase that will evaluate and optimize the Project configuration and capital and operating expenditures, including determining the optimum scale for the Project, any of which may be different than that assumed in the technical report entitled "Canadian National Instrument 43-101 Technical Report on the Livengood Gold Project, Feasibility Study, Livengood, Alaska" dated September 4, 2013 and prepared by certain Qualified Persons under NI 43-101, as filed under the Company's profile on SEDAR (the "September 2013 Study"). In order to support the completion of this work plan, the Company anticipates spending approximately \$10 million, including general and administrative expenses, during the 2015 fiscal year ending December 31, 2015.

Management Change

On March 26, 2015 the Company appointed Karl Hanneman as its Chief Operating Officer. Mr. Hanneman most recently has been serving as General Manager for the Company. Mr. Hanneman has been with the Company since May 2010, during which time he was responsible for assembling the Alaska team and served as the Livengood Gold Project Manager.

In December 2014, the Company announced the resignation of Mr. Tom Yip, its Chief Financial Officer, effective December 31, 2014. Mr. Yip will provide transitional services to the Company as a consultant to ensure financial continuity and oversight for a period of three to six months following December 31, 2014. The Company is evaluating the most cost effective structure to fill the role of chief financial officer and is searching for a replacement for Mr. Yip.

Results of Operations

Summary of Quarterly Results

<u>Description</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2014</u>	<u>June 30, 2014</u>
Net loss	\$ (636,495)	\$ (1,654,469)	\$ (1,170,906)	\$ (1,431,402)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>September 30, 2013</u>	<u>June 30, 2013</u>
Net loss	\$ (3,510,319)	\$ (1,022,387)	\$ (4,124,761)	\$ (642,050)
Basic and diluted net loss per common share	\$ (0.04)	\$ (0.01)	\$ (0.04)	\$ (0.01)

Three Months Ended March 31, 2015 compared to Three Months Ended March 31, 2014

The Company incurred a net loss of \$636,495 for the three month period ended March 31, 2015, compared to a net loss of \$3,510,319 for the three month period ended March 31, 2014. The following discussion highlights certain selected financial information and changes in operations between the three months ended March 31, 2015 and the three months ended March 31, 2014.

Mineral property expenditures decreased to \$401,330 for the three months ended March 31, 2015 from \$615,162 for the three months ended March 31, 2014 primary due to reduction of work performed on the environmental baseline.

Share-based payment charges were \$269,712 during the three months ended March 31, 2015 compared to \$618,582 during the three months ended March 31, 2014. The decrease in share-based payment charges during the period was mainly the result of a reduction in the fair value of options granted during the period. The Company granted 2,105,200 options with a fair value of C\$518,970 during the three months ended March 31, 2015 compared to 2,480,000 options with a fair value of C\$1,224,537 during the three months ended March 31, 2014.

Share-based payment charges

Share-based payment charges for the three month periods ended March 31, 2015 and 2014 were allocated as follows:

<u>Expense category:</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Consulting	\$ 51,885	\$ (64,083)
Investor relations	13,156	41,398
Wages and benefits	204,671	641,267
	<u>\$ 269,712</u>	<u>\$ 618,582</u>

Share-based payments to consultants increased from a credit of \$64,083 to expense of \$51,885 as a result of forfeitures of previously granted stock options to consultants in 2014. Excluding share-based payment charges of \$204,671 and \$641,267 respectively, wages and benefits for the period decreased to \$505,906 during the three months ended March 31, 2015 from \$607,388 during the three months ended March 31, 2014 as a result of the resignation of the Company's Chief Financial Officer on December 31, 2014.

Professional fees decreased to \$50,146 during the three months ended March 31, 2015 from \$146,396 during the three months ended March 31, 2014 mainly due to prior year costs for the transition to US GAAP accounting, a reduction in legal fee retainers as well as lower audit fees in 2015. All other expense categories reflected moderate changes period over period generally reflecting the Company's efforts to reduce spending.

Total other income amounted to \$918,611 during the three month period ended March 31, 2015 compared to total other expense of \$1,199,070 during the three month period ended March 31, 2014. The income in the current period resulted mainly from foreign exchange gains related to U.S. cash balances held at the Canadian parent entity and an unrealized gain of \$0.2 million on the revaluation of the derivative liability at March 31, 2015 resulting from a decrease in the historical and estimated future average price of gold. During the three months ended March 31, 2014 foreign exchange gain amounted to \$284,129. The average exchange rate during the three month period ended March 31, 2015 was C\$1 to US\$0.806 compared to C\$1 to US\$0.906 for the three month period ended March 31, 2014. The revaluation of the derivative liability at March 31, 2014 resulted in an unrealized loss of \$1.5 million for the three month period.

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. There are currently no warrants outstanding.

As at March 31, 2015, the Company reported cash and cash equivalents of \$11,294,428 compared to \$13,521,473 at December 31, 2014. The decrease of approximately \$2.2 million resulted mainly from expenditures on the Livengood Gold Project of approximately \$0.7 million, severance payments of approximately \$0.4 million and a negative foreign currency translation impact of approximately \$1.1 million. The Company continues to utilize its cash resources to pursue opportunities identified in the September 2013 Study and subsequently identified by the Company, to fund environmental activities required for preservation of baseline database and future permitting as well as to complete corporate administrative requirements.

The Company had no cash flows from investing activities during the three month period ended March 31, 2015. Investing activities during the three month period ended March 31, 2014 comprised of solely the transfer of restricted cash to capitalized acquisition costs for land acquisitions that closed in January 2014.

The Company had no cash flows from financing activities during the three month periods ended March 31, 2015 and 2014.

As at March 31, 2015 the Company had working capital of \$11,013,768 compared to working capital of \$12,614,361 at December 31, 2014. 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 its anticipated 2015 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs, through the 2015 fiscal year and well into 2016. 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, 2015. These essential activities include maintaining environmental baseline data that in its absence could materially delay future permitting of the Livengood Gold Project. Due to the potential importance of the 2014 head grade evaluation to the Project, a significant multi-phase metallurgical test work program has begun in an attempt to validate the observed higher calculated head grades. The Company anticipates spending approximately \$10 million during fiscal year 2015 on metallurgical work and project engineering as well as to maintain the environmental baseline activity, and perform required general and administrative duties.

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, the contingent payment due in January 2017 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.

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." disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2014. 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 2015 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.

Contractual Obligations

The following table discloses, as of March 31, 2015, 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 such payments or incur 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						Total
	2015	2016	2017	2018	2019	2020 and beyond	
Livengood Property Purchase ⁽¹⁾	\$ —	\$ —	\$ 14,500,000	\$ —	\$ —	\$ —	\$ 14,500,000
Mineral Property Leases ⁽²⁾	377,398	417,309	422,294	427,353	437,488	442,700	2,524,542
Mining Claim Government Fees	115,205	77,230	77,230	77,230	77,230	77,230	501,355
Office and Equipment Lease Obligations	55,412	—	—	—	—	—	55,412
Total	\$ 548,015	\$ 494,539	\$ 14,999,524	\$ 504,583	\$ 514,718	\$ 519,930	\$ 17,581,309

- (1) The amount payable in January 2017 of \$14,500,000 represents the fair value of the Company’s derivative liability as at March 31, 2015 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).

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 of the financial statements above, represents the remaining consideration for the purchase of these claims and related rights and is payable in January 2017. Under the Agreement, the payment is due 70% to AN Gold Mines and 30% to the Heflinger Group.

Mr. Karl Hanneman was appointed Chief Operating Officer of the Company on March 26, 2015. 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. Mr. Hanneman’s interest in AN Gold Mines dates to the 1980’s and pre-dates the Company’s interest in the Livengood Gold Project, pre-dates his May 2010 employment with the Company, and was disclosed to the Company prior to his employment. Because of Mr. Hanneman’s interest in the derivative liability, the Company has excluded and will continue to exclude Mr. Hanneman from participating in any discussions, calculations or other matters related to the derivative liability on behalf of the Company, and any future agreements or arrangements related to the derivative liability will be subject to the prior review and approval of the Company’s Audit Committee in accordance with the Company’s policies for related party transactions.

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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, 2014, under "Part II. Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Certain U.S. Federal Income Tax Considerations for U.S. Holders."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to market risk in areas of interest rate risk, foreign currency exchange rate risk, concentration of credit 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 in the United States and Canada and short term deposit certificates or Guaranteed Investment Certificates with a major Canadian financial institution that earn interest at variable interest rates. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

At March 31, 2015, the Company held a total of \$10,552,430 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 \$50,000.

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 are denominated in U.S. dollars, currency risk is limited to those Canadian cash balances. The Company has not entered into any foreign currency contracts to mitigate this risk. Over the past twelve months, the U.S. to Canadian dollar exchange rate has fluctuated as much as 15%. The Company's sensitivity analysis suggests that a consistent 15% change in the absolute rate of exchange for the Canadian dollar would affect net assets by approximately \$635,000. 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 March 31, 2015, Canadian dollar balances were converted at a rate of C\$1 to \$0.7885.

Credit Risk

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at one major Canadian financial institution. Credit risk with regard to cash held in the United States at U.S. subsidiaries is mitigated as the amount held in the United States is only sufficient to cover short-term cash requirements. With respect to receivables at March 31, 2015, 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 the unaudited condensed consolidated interim financial statements included elsewhere in this Quarterly Report on Form 10-Q. The fair value of this liability will fluctuate with the average daily price of gold as well as with future projections for the average price of gold over the life of the obligation. For every dollar change in the average daily price of gold, the value of the derivative liability will change by \$23,148.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of March 31, 2015, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer (the principal executive officer) and the Principal Financial and Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on the evaluation, the Chief Executive Officer and the Principal Financial and Accounting Officer have concluded that, as of March 31, 2015, the Company's disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed in reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) accumulated and communicated to management, including the Chief Executive Officer and Principal Financial and Accounting 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, 2015 that have materially, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2014 under the heading "Risk Factors."

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the Dodd-Frank Act, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose specified information about mine health and safety in their periodic reports. These reporting requirements are based on the safety and health requirements applicable to mines under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") which is administered by the U.S. Department of Labor's Mine Safety and Health Administration ("MSHA"). During the three month period ended March 31, 2015, the Company and its subsidiaries were not subject to regulation by MSHA under the Mine Act and thus no disclosure is required under Section 1503(a) of the Dodd-Frank Act.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

- 10.1 Employment Agreement between Karl Hanneman and Tower Hill Mines (US) LLC dated March 12, 2013.
- 31.1 Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Principal Financial and Accounting Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of the Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Balance Sheets at March 31, 2015 and December 31, 2014, (ii) the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss for the Three Months ended March 31, 2015 and 2014, (iii) the Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the Three Months Ended March 31, 2015 and 2014, (iii) the Condensed Consolidated Interim Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014, and (iv) the Notes to the Condensed Consolidated Interim Financial Statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By: /s/ Thomas E. Irwin
Thomas E. Irwin
Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2015

By: /s/ Tom S.Q. Yip
Tom S.Q. Yip
Consultant
(Principal Financial and Accounting Officer)

Date: May 6, 2015

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is made and entered into by and between Tower Hill Mines (US) LLC (hereafter “Company”), and Karl Hanneman (hereafter “Executive”). Company and Executive shall be collectively referred to as “the Parties.”

1. Effective Date and Commencement of Employment.

(a) This Agreement shall be effective on March 12, 2013 (“Effective Date”). Executive’s employment commenced on May 17, 2010 (the “Employment Commencement Date”).

(b) The period commencing on the Employment Commencement Date and ending at the close of business on the date that this Agreement and Executive’s employment is terminated (“the Termination Date”) shall constitute the “Employment Period.”

(c) Notwithstanding any other provision of this Agreement, this Agreement may be terminated at any time during the Employment Period in accordance with Section 6.

2. Position. During the Employment Period (as defined in Section 1 hereof), the Company shall be Executive’s employer, and Executive shall serve as General Manager, reporting directly to the Vice President responsible for Alaska (“VP”). Executive shall hold all other positions as deemed necessary by the Board. On the Termination Date, Executive shall be deemed to have resigned from all positions held with all affiliates of the Company, including ITH.

3. Duties and Responsibilities of Executive.

(a) During the Employment Period (as defined in Section 1 hereof) and except as set forth below, Executive shall devote his full time and attention during normal business hours to the business of the Company and its affiliates, including ITH, will act in the best interests of the Company and its affiliates, including ITH, and will perform with due care his duties and responsibilities.

(b) Executive’s duties will include those normally incidental to the position of General Manager to include the duties set forth in Exhibit A), as well as such additional duties consistent therewith as may be assigned to him by the VP, the CEO or the Board. If, in its sole and complete discretion, the VP, CEO or the Board changes Executive’s title and/or Executive’s reporting responsibilities, the VP, CEO or the Board may make such changes, and such changes shall thereafter apply for purposes of this Agreement, subject only to the provisions of Section 7(c) hereof.

(c) Executive agrees to cooperate fully with the VP, the CEO and the Board and not engage directly or indirectly in any activity that materially interferes with the performance of Executive’s duties hereunder. During the Employment Period, Executive will not hold outside employment, or perform substantial personal services for parties unrelated to the Company, without the advance written approval of the Board; provided, that it shall not be a violation of this Agreement for Executive to (i) serve on any corporate, civic, or charitable boards or committees (except for boards or committees of any business organization that competes with the Company

or its affiliates, including ITH, in any business in which they are regularly engaged), so long as such service does not materially interfere with the performance of Executive's duties and responsibilities under this Agreement, as the Board in its reasonable discretion shall determine, (ii) manage personal investments, or (iii) take vacation days and reasonable absences due to injury or illness as permitted by the general policies of the Company.

(d) Executive represents and covenants to the Company that he is not subject or a party to any employment agreement, non-competition covenant, non-solicitation agreement, nondisclosure agreement, or any other agreement, covenant, understanding, or restriction that would prohibit Executive from executing this Agreement and fully performing his duties and responsibilities hereunder.

(e) Executive acknowledges and agrees that Executive owes the Company and its affiliates, including ITH, a duty of loyalty and that any obligations described in this Agreement are in addition to, and not in lieu of, any obligations Executive owes the Company as a matter of law.

4. Compensation.

(a) Base Salary. Commencing on the Employment Commencement Date, and during the Employment Period, the Company shall pay to Executive an annual base salary of \$225,000 (the "Base Salary"), payable in conformity with the Company's customary payroll practices for executive salaries. For all purposes of this Agreement, Executive's Base Salary shall include any portion thereof which Executive elects to defer under any nonqualified plan or arrangement.

(b) Annual Performance Bonus. Executive shall be eligible for an annual discretionary performance bonus with respect to each full calendar year during the Employment Period (the "Annual Performance Bonus"), beginning with the calendar year 2013, which shall, if earned, consist of a cash payment targeted at 100% of Base Salary. The VP will, on an annual basis (at or near the beginning of each full calendar year in such Employment Period) establish performance objectives for Executive for the upcoming year, and will communicate such objectives to Executive. The amount, if any, of the Annual Performance Bonus will be determined by the Board, or the Compensation Committee if designated this task by the Board, acting in its sole and complete discretion but based on the VP's recommendation, based on annual performance objectives. A bonus determination will be made by the Board typically within 90 calendar days of the end of each calendar year and the Annual Performance Bonus, if any, will be paid within 120 days of the end of the calendar year for which the Annual Performance Bonus is awarded. Executive must be employed by the Company at the time of payment of the Annual Performance Bonus to be entitled to payment of the Annual Performance Bonus, except as provided in Sections 7(a), 7(b). and 7(c).

(c) Equity Awards. Subject to the approval of the Board and/or the Compensation Committee, as applicable, and subject to all terms and conditions of the 2006 Incentive Stock Option Plan of ITH ("2006 Plan") reapproved in 2012 by the stockholders, the Company granted to Executive on August 19, 2010 the Company granted executive, an option to purchase up to 50,000 ITH common shares at a price per share of 6.57 which vested on the date of the grant and expired on August 19, 2012. The Company granted Executive an option purchase up to 250,000 ITH common shares on April 24, 2010 at a

price of 7.34 per share which vested on April 24, 2012 and which have now expired. The Company granted Executive an option to purchase up to 200,000 ITH common shares on August 24, 2012 at a price of 3.17 per share which have vested as follows: 1/3 vested on August 24, 2012; 1/3 will vest on August 24, 2013 and the balance will vest on August 24, 2014. These options will expire on August 24, 2017.

In addition, Executive shall be eligible to receive future equity incentive awards as determined in the sole discretion of the Board or the Compensation Committee, as applicable.

5. **Benefits.** Subject to the terms and conditions of this Agreement, Executive shall be entitled to the following benefits during the Employment Period:

(a) **Reimbursement of Business Expenses and Travel.** The Company agrees to promptly reimburse Executive for reasonable business-related expenses, including travel expenses, incurred in the performance of Executive's duties under this Agreement in accordance with Company policies. Executive understands and agrees that his position may entail frequent and significant travel to places outside of Alaska.

(b) **Benefit Plans and Programs.** To the extent permitted by applicable law, Executive (and where applicable, his plan-eligible dependents) will be eligible to participate in all benefit plans and programs, including improvements or modifications of the same, then being actively maintained by the Company for the benefit of its executive employees (or for an employee population which includes its executive employees), subject in any event to the eligibility requirements and other terms and conditions of those plans and programs, including, without limitation, 401(k) plan, medical and dental insurance, life insurance and disability insurance. The Company will not, however, by reason of this Section 5(b), have any obligation to institute, maintain, or refrain from changing, amending, or discontinuing any such benefit plan or program.

(c) **Disability Insurance.** The Company shall maintain a disability insurance policy that will pay, upon Executive's termination due to Disability (as defined below), no less than 60% of the Executive's then-current Base Salary for the shorter of (i) two years, or (ii) the duration of such Disability.

6. **Termination of Agreement and Employment.**

(a) **Automatic Termination in the Event of Death.** This Agreement shall automatically terminate in the event of the Executive's death.

(b) **Company's Right to Terminate.** At any time during the Employment Period, the Company shall have the right to terminate this Agreement with the Company for any of the following reasons:

- (1) Upon Executive's Disability (as defined below);
- (2) For Cause (as defined in Section 7); or
- (3) For any other reason whatsoever, in the sole and complete discretion of

the Company.

(c) Executive's Right to Terminate. At any time during the Employment Period, Executive will have the right to terminate this Agreement with the Company for:

- (1) Good Reason (as defined in Section 7); or
- (2) For any other reason whatsoever, in the sole and complete discretion of Executive.

(d) "Disability." For purposes of this Agreement, "Disability" means that Executive has sustained sickness or injury that renders Executive incapable, with reasonable accommodation, of performing the duties and services required of Executive hereunder for a period of 90 consecutive calendar days or a total of 120 calendar days during any 12-month period; provided, however, that any termination based on Disability will be made in accordance with applicable law, including the Americans with Disabilities Act, as amended.

(e) "Notices." Any termination of this Agreement with the Company by the Company under Section 6(b) or by Executive under Section 6(c) shall be communicated by a Notice of Termination to the other party. A "Notice of Termination" means a written notice that (1) indicates the specific termination provision in this Agreement relied upon and (2) if the termination is by the Company for Cause or by Executive for Good Reason, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. The Notice of Termination must specify Executive's Termination Date. The Termination Date may be as early as 14 calendar days after such Notice is given but no later than 60 calendar days after such Notice is given, unless otherwise agreed to by the Parties in writing or unless the termination is For Cause, in which case the Termination Date may be immediate.

(f) The termination of this Agreement shall also result in the contemporaneous termination of Executive's employment.

7. Severance Payments.

(a) Termination by the Company pursuant to Section 6(b)(3). If the Company terminates this Agreement during the Employment Period pursuant to Section 6(b)(3) hereof, then, except as set forth in Section 7(c), the Company shall pay Executive the following severance, in a lump sum, subject to all applicable withholdings, on the 60th day after the Termination Date, provided that Executive has executed, not revoked, and any period to revoke has lapsed, a full general release in favor of the Company and its affiliates, including but not limited to ITH:

- (1) One year's Base Salary; and
- (2) The portion, if any, of his Annual Performance Bonus for the year in which the termination occurs based on the degree of achievement of the relevant performance targets established for such year through the date of termination, using pro-rated performance targets where necessary to

account for the shortened performance period.

(b) **Termination by Executive for Good Reason.** If Executive terminates this Agreement during the Employment Period pursuant to Section 6(c)(1) hereof, then, except as set forth in Section 7(c), the Company shall pay Executive the following severance, in a lump sum, subject to all applicable withholdings, within on the 60th day after the Termination Date, provided that Executive has executed, not revoked, and any period to revoke has lapsed, a full general release in favor of the Company and its affiliates, including but not limited to ITH:

- (1) One year's Base Salary; and
- (2) The portion, if any, of his Annual Performance Bonus for the year in which the termination occurs based on the degree of achievement of the relevant performance targets established for such year through the date of termination, using pro-rated performance targets where necessary to account for the shortened performance period.

(c) **Termination by Executive for Good Reason after a Change in Control.** If a Change in Control occurs and within six months of the Change in Control (i) Executive is terminated pursuant to Section 6(b)(3) hereof or (ii) Executive terminates this Agreement during the Employment Period pursuant to Section 6(c)(1) hereof, then Section 7(a) and 7(b) will not apply, but instead pursuant to this Section 7(c), the Company shall pay Executive the following severance, in a lump sum, subject to all applicable withholdings, on the 60th day after the Termination Date, provided that Executive has executed, not revoked, and any period to revoke has lapsed, a full general release in favor of the Company and its affiliates, including but not limited to ITH:

- (1) One year's Base Salary; and
- (2) One year's Annual Performance Bonus at target.

In addition, immediately prior to the termination of Executive's employment in a situation entitling him to severance under this Section 7(c), Executive shall become 100% vested in all of the rights and interests then held by Executive under the Company's stock and other equity plans (to the extent not theretofore vested), including without limitation any stock options, restricted stock, restricted stock units, performance units, and/or performance shares.

(d) **Additional Benefits.** If the Company is required to pay Executive severance by, and subject to, Section 7(a) or 7(b) or 7(c), or if Executive is terminated pursuant to Section 6(b)(1) then:

- (1) Such severance shall be paid in addition to any other payments the Company may make to Executive (including, without limitation, salary, fringe benefits, and expense reimbursements) in discharge of the Company's obligations to Executive under this Agreement with respect to periods ending coincident with or prior to the Termination Date.
- (2) The Company shall reimburse Executive for COBRA continuation

coverage for twelve full months (or for the lesser duration of such COBRA coverage) beginning with the month following the month in which the Termination Date occurs, such that employee's cost of such COBRA coverage shall equal the cost, if any, that Executive would pay (on behalf of himself and his spouse and dependents, as applicable) under the Company's group health plan had Executive not terminated; provided, that if group health coverage under another group health plan becomes available thereafter to Executive, Executive's spouse, or Executive's dependents (as applicable), the Company's reimbursement obligations under this paragraph will cease with respect to each person to whom such coverage becomes available. Executive shall notify the Company immediately upon group health coverage becoming available to Executive, Executive's spouse, or Executive's dependents.

- (3) Payments under Sections 7(a) or 7(b) or 7(c), or payment under the disability insurance policy pursuant to Section 5(c), shall be in lieu of any severance benefits otherwise due to Executive under any severance pay plan or program maintained by the Company that covers its employees and/or its executives.

(e) "Cause" means the occurrence or existence, prior to occurrence of circumstances constituting Good Reason, of any of the following events during the Employment Period:

- (1) Executive's gross negligence or material mismanagement in performing, or material failure or inability (excluding as a result of death or Disability) to perform, Executive's duties and responsibilities as described herein or as lawfully directed by the Board;
- (2) Executive's having committed any act of willful misconduct or material dishonesty (including but not limited to theft, misappropriation, embezzlement, forgery, fraud, falsification of records, or misrepresentation) against the Company or any of its affiliates, including but not limited to ITH, or any act that results in, or could reasonably be expected to result in, material injury to the reputation, business or business relationships of the Company or any of its affiliates, including but not limited to ITH;
- (3) Executive's material breach of this Agreement, any fiduciary duty owed by Executive to the Company or its affiliates (including but not limited to ITH), or any written workplace policies applicable to Executive (including but not limited to the Company's code of conduct and policy on workplace harassment) whether adopted on or after the date of this Agreement;
- (4) Executive's having been convicted of, or having entered a plea bargain, a plea of nolo contendere or settlement admitting guilt for, any felony, any crime of moral turpitude, or any other crime that could reasonably be expected to have a material adverse impact on the Company's or any of its affiliates' reputations (including but not limited to ITH's reputation); or

- (5) Executive's having committed any material violation of any federal law regulating securities (without having relied on the advice of the Company's attorney) or having been the subject of any final order, judicial or administrative, obtained or issued by the Securities and Exchange Commission, for any securities violation involving fraud, including, for example, any such order consented to by Executive in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied.

(f) *"Good Reason"* means the occurrence, prior to occurrence of circumstances constituting Cause, of any of the following events during the Employment Period without Executive's consent:

- (1) Any material breach by the Company of this Agreement;
- (2) Any requirement by the Company that Executive relocate outside of the Fairbanks, Alaska metropolitan area;
- (3) Failure of any successor to assume this Agreement not later than the date as of which it acquires substantially all of the assets or businesses of the Company;
- (4) Any material reduction in Executive's title, responsibilities, or duties or the Board directs Executive to report to someone other than the VP and/or the CEO; or
- (5) The assignment to Executive of any duties materially inconsistent with his duties as General Manager;

provided however, that no Good Reason shall have occurred unless Executive provides the Board written notice of the initial occurrence of the event or condition described in (1) through (5) immediately above within 90 days of the initial occurrence of such event or condition, the event or condition is not remedied or cured within 30 days of the Board's receipt of such written notice, and Executive actually terminates his employment with the Company within 120 days of the initial occurrence of such event or condition.

(g) *"Change of Control"* means (i) any person or group of affiliated or associated persons acquires more than 50% of the voting power of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company; (iii) the liquidation or dissolution of the Company; (iv) a majority of the members of the Board are replaced during any 12-month period by Board members whose nomination or election was not approved by the members of the Board at the beginning of such period (the "Incumbent Board") (provided that any subsequent members of the Board whose nomination or election was previously approved by the Incumbent Board shall thereafter be also deemed to be a member of the Incumbent Board); or (v) the consummation of any merger, consolidation, or reorganization involving the Company in which, immediately after giving effect to such merger, consolidation or reorganization, less than 51% of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of

1934, as amended) in the aggregate by the stockholders of the Company immediately prior to such merger, consolidation or reorganization. Notwithstanding the foregoing, in no event shall a Change of Control be deemed to occur in the event of a sale of Company securities or debt as part of a bona fide capital raising transaction or internal corporate reorganization.

8. Parachute Payment.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") including, by example and not by way of limitation, acceleration (by the Company or otherwise) of the date of vesting or payment under any plan, program, arrangement or agreement of the Company, would be subject to the excise tax imposed by Code Section 4999 or any interest or penalties with respect to such excise tax (such excise tax together with any such interest and penalties, shall be referred to as the "Excise Tax"), then there shall be made a calculation under which such Payments provided to Executive are reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax (the "4999 Limit"). A comparison shall then be made between (i) Executive's Net After-Tax Benefit (as defined below) assuming application of the 4999 Limit; and (ii) Executive's Net After-Tax Benefit without application of the 4999 Limit. If (ii) exceeds (i), then no limit on the Payments shall be imposed by this Section 8. Otherwise, the amount payable to Executive shall be reduced so that no such Payment is subject to the Excise Tax. "Net After-Tax Benefit" shall mean the sum of (x) all payments that Executive receives or is entitled to receive that are in the nature of compensation and contingent on a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Code Section 280G(b)(2) (either, a "Section 280G Transaction"), less (y) the amount of federal, state, local and employment taxes and Excise Tax (if any) imposed with respect to such payments.

(b) In the event that a reduction in Payments is required pursuant to this Section 8, then, except as provided below with respect to Payments that consist of health and welfare benefits, the reduction in Payments shall be implemented by determining the "Parachute Payment Ratio" (as defined below) for each Payment and then reducing the Payments in order beginning with the Payment with the highest Parachute Payment Ratio. For Payments with the same Parachute Payment Ratio, such Payments shall be reduced based on the time of payment of such Payments, with amounts being paid furthest in the future being reduced first. For Payments with the same Parachute Payment Ratio and the same time of payment, such Payments shall be reduced on a pro-rata basis (but not below zero) prior to reducing Payments next in order for reduction. For purposes of this Section, "Parachute Payment Ratio" shall mean a fraction, the numerator of which is the value of the applicable Payment as determined for purposes of Code Section 280G, and the denominator of which is the financial present value of such Parachute Payment, determined at the date such payment is treated as made for purposes of Code Section 280G (the "Valuation Date"). In determining the denominator for purposes of the preceding sentence (i) present values shall be determined using the same discount rate that applies for purposes of discounting payments under Code Section 280G; (ii) the financial value of payments shall be determined generally under Q&A 12, 13 and 14 of Treasury Regulation 1.280G-1; and (iii) other reasonable valuation assumptions as determined by the Company shall be used. Notwithstanding the foregoing, Payments that consist of health and welfare benefits shall be reduced after all other Payments, with health and welfare Payments being made furthest in the future being reduced first. Upon any assertion by the

Internal Revenue Service that any such Payment is subject to the Excise Tax, Executive shall be obligated to return to the Company any portion of the Payment determined by the Professional Services Firm to be necessary to appropriately reduce the Payment so as to avoid any such Excise Tax.

(c) All determinations required to be made under this Section 8, including whether and when a Payment is cut back pursuant to Section 8(c) and the amount of such cut-back, and the assumptions to be utilized in arriving at such determination, shall be made by a professional services firm designated by the Board that is experienced in performing calculations under Section 280G (the "Professional Services Firm") which shall provide detailed supporting calculations both to the Company and Executive. If the Professional Services Firm is serving as accountant or auditor for the individual, entity or group effecting the Section 280G Transaction, the Board shall appoint another qualified professional services firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Professional Services Firm hereunder). All fees and expenses of the Professional Services Firm shall be borne solely by the Company.

9. Conflicts of Interest. Executive agrees that he shall promptly disclose to the Board any conflict of interest involving Executive upon Executive becoming aware of such conflict. Executive's ownership of an interest not in excess of one percent in a business organization that competes with the Company or its affiliates (including but not limited to ITH) shall not be deemed to constitute a conflict of interest.

10. Confidentiality. The Company agrees to provide Executive valuable Confidential Information of the Company and its affiliates (including but not limited to ITH) and of third parties who have supplied such information to the Company. In consideration of such Confidential Information and other valuable consideration provided hereunder, Executive agrees to comply with this Section 10.

(a) "Confidential Information" means, without limitation and regardless of whether such information or materials are expressly identified as confidential or proprietary, (i) any and all non-public, confidential or proprietary information or work product of the Company or its affiliates (including but not limited to ITH), (ii) any information that gives the Company or its affiliates (including but not limited to ITH) a competitive business advantage or the opportunity of obtaining such advantage, (iii) any information the disclosure or improper use of which is reasonably expected to be detrimental to the interests of the Company or its affiliates (including but not limited to ITH), (iv) any trade secrets of the Company or its affiliates (including but not limited to ITH), and (v) any other information of or regarding the Company or any of its affiliates (including but not limited to ITH), or its or their past, present or future, direct or indirect, potential or actual officers, directors, employees, owners, or business partners, including but not limited to information regarding any of their businesses, operations, assets, liabilities, properties, systems, methods, models, processes, results, performance, investments, investors, financial affairs, future plans, business prospects, acquisition or investment opportunities, strategies, business partners, business relationships, contracts, contractual relationships, organizational or personnel matters, policies or procedures, management or compensation matters, compliance or regulatory matters, as well as any technical, seismic, industry, market or other data, studies or research, or any forecasts, projections, valuations, derivations or other analyses,

performed, generated, collected, gathered, synthesized, purchased or owned by, or otherwise in the possession of, the Company or its affiliates (including but not limited to ITH) or which Executive has learned of through his employment with the Company. Confidential Information also includes any non-public, confidential or proprietary information about or belonging to any third party that has been entrusted to the Company or its affiliates (including but not limited to ITH). Notwithstanding the foregoing, Confidential Information does not include any information which is or becomes generally known by the public other than as a result of Executive's actions or inactions.

(b) **Protection.** In return for the Company's promise to provide Executive with Confidential Information, Executive promises (i) to keep the Confidential Information, and all documentation, materials and information relating thereto, strictly confidential, (ii) not to use the Confidential Information for any purpose other than as required in connection with fulfilling his duties as General Manager for the benefit of the Company, and (iii) to return to the Company all documents containing Confidential Information in Executive's possession upon separation from the Company for any reason.

(c) **Value and Security.** Executive understands and agrees that all Confidential Information, and every portion thereof, constitutes the valuable intellectual property of the Company, its affiliates (including but not limited to ITH), and/or third parties, and Executive further acknowledges the importance of maintaining the security and confidentiality of the Confidential Information and of not misusing the Confidential Information.

(d) **Disclosure Required By Law.** If Executive is legally required to disclose any Confidential Information, Executive shall promptly notify the Company in writing of such request or requirement so that the Company and/or its affiliates (including but not limited to ITH) may seek an appropriate protective order or other relief. Executive agrees to cooperate with and not to oppose any effort by the Company and/or its affiliates (including but not limited to ITH) to resist or narrow such request or to seek a protective order or other appropriate remedy. In any case, Executive will (i) disclose only that portion of the Confidential Information that, according to the advice of Executive's counsel, is required to be disclosed (and Executive's disclosure of Confidential Information to Executive's counsel in connection with obtaining such advice shall not be a violation of this Agreement), (ii) use reasonable efforts (at the expense of the Company) to obtain assurances that such Confidential Information will be treated confidentially, and (iii) promptly notify the Company and/or its affiliates (including but not limited to ITH) in writing of the items of Confidential Information so disclosed.

(e) **Third-Party Confidentiality Agreements.** To the extent that the Company or its affiliates (including but not limited to ITH) possesses any Confidential Information which is subject to any confidentiality agreements with, or obligations to, third parties, Executive will comply with all such agreements or obligations in full. The immediately preceding sentence shall apply only if the Company or any affiliate (including but not limited to ITH) has provided Executive with a copy of such agreements, and Executive may disclose such agreements and any related Confidential Information to Company's attorneys and rely on their advice regarding compliance therewith.

11. **Agreement Not to Compete.** The Executive acknowledges that, in the course of the performance of the Executive's duties and obligations under this Agreement, the Executive will

acquire access to Confidential Information and the Executive further acknowledges that if the Executive were to compete against the Company or any of its affiliates (including but not limited to ITH), or be employed or in any way involved with a person or company that was in competition with the Company or any of its affiliates (including but not limited to ITH) following the termination of the Executive's employment with the Company, the Company and its affiliates (including but not limited to ITH) would suffer irreparable damages. Accordingly, the Executive will not, at any time or in any manner, during the Executive's Employment Period or at any time within one (1) year following the termination of Executive's employment for whatever reason, and notwithstanding any alleged breach of this Agreement:

- (a) directly or indirectly engage in any business involving the acquisition, exploration, development or operation of any mineral property which is competitive or in conflict with the business of the Company or any of its affiliates (including but not limited to ITH);
- (b) accept employment or office with or render services or advice to any other company, firm or individual, whether a competitor or otherwise, engaged in the acquisition, exploration, development or operation of mineral property which is competitive or in conflict with the business of the Company or any of its affiliates (including but not limited to ITH);
- (c) solicit or induce any director, officer or employee of the Company or of any its affiliates (including but not limited to ITH) to end their association with the Company or any of its affiliates (including but not limited to ITH); or
- (d) directly or indirectly, on the Executive's own behalf or on behalf of others, solicit, divert or appropriate to or in favor of any person, entity or corporation, any maturing business opportunity or any business of the Company or of any of its affiliates (including but not limited to ITH); or
- (e) directly or indirectly take any other action inconsistent with the fiduciary relationship of a senior officer to his company, without the prior written consent of the Board, which consent may be withheld in the Board's sole discretion.
- (f) For this purpose of this Section 11, mineral property which is competitive or in conflict with the business of the Company or any of its affiliates (including but not limited to ITH) means one:
 - (1) which is primarily prospective for gold, and
 - (2) any part of which lies within a horizontal distance of twenty-five (25) kilometers from the outer boundaries of any mineral property in which the Company or any of its affiliates (including but not limited to ITH) holds, or has the right to acquire, an interest.

12. Withholdings. The Company may withhold and deduct from any payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling, and (b) any deductions consented to in writing by Executive.

13. Severability. It is the desire of the Parties hereto that this Agreement be enforced to the maximum extent permitted by law, and should any provision contained herein be held unenforceable by a court of competent jurisdiction or arbitrator (pursuant to Section 15), the Parties hereby agree and consent that such provision shall be reformed to create a valid and enforceable provision to the maximum extent permitted by law; provided, however, if such provision cannot be reformed, it shall be deemed ineffective and deleted from this Agreement without affecting any other provision of this Agreement.

14. Title and Headings; Construction. Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Any and all Exhibits referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes. The words “herein”, “hereof”, “hereunder” and other compounds of the word “here” shall refer to the entire Agreement and not to any particular provision hereof. This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply.

15. Arbitration; Injunctive Relief; Attorneys’ Fees.

(a) Subject to Section 15(b), any dispute, controversy or claim between Executive and the Company arising out of or relating to this Agreement, Executive’s employment with Company, or the termination of either (other than with respect to claims arising exclusively under one or more of the Company’s employee benefit plans subject to ERISA) will be finally settled by arbitration in Denver, Colorado before, and in accordance with the rules for the resolution of employment disputes then in effect at the American Arbitration Association. The arbitrator’s award shall be final and binding on both Parties.

(b) Notwithstanding Section 15(a), an application for emergency or temporary injunctive relief by either party shall not be subject to arbitration under this Section 15; provided, however, that the remainder of any such dispute (beyond the application for emergency or temporary injunctive relief) shall be subject to arbitration under this Section 15. Executive acknowledges that Executive’s violation of Sections 9 and/or 10 and/or 11 of this Agreement will cause irreparable harm to the Company and its affiliates (including but not limited to ITH), Executive agrees not to contest that Executive’s violation of Sections 9 and/or 10 and/or 11 of this Agreement will cause irreparable harm to the Company and its affiliates (including but not limited to ITH), and Executive agrees that the Company shall be entitled as a matter of right to specific performance of Executive’s obligations under Sections 9 and 10 and 11 and an injunction, from any court of competent jurisdiction, restraining any violation or further violation of such agreements by Executive or others acting on his/her behalf, without any showing of irreparable harm and without any showing that the Company and its affiliates (including but not limited to ITH) does not have an adequate remedy at law. The right of the Company and its affiliates (including but not limited to ITH) to injunctive relief shall be cumulative and in addition to any other remedies provided by law or equity.

(c) Each side shall share equally the cost of the arbitrator and bear its own costs and attorneys’ fees incurred in connection with any arbitration, unless a statutory claim authorizing the award of attorneys’ fees is at issue, in which event the arbitrator may award a reasonable

attorneys' fee in accordance with the jurisprudence of that statute.

(d) Nothing in this Section 15 shall prohibit a party to this Agreement from (i) instituting litigation to enforce any arbitration award or (ii) joining another party to this Agreement in a litigation initiated by a person which is not a party to this Agreement.

16. Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS. THE EXCLUSIVE VENUE FOR THE RESOLUTION OF ANY DISPUTE RELATING TO THIS AGREEMENT OR EXECUTIVE'S EMPLOYMENT (THAT IS NOT SUBJECT TO ARBITRATION UNDER SECTION 15 FOR ANY REASON) SHALL BE IN THE STATE AND FEDERAL COURTS LOCATED IN DENVER, COLORADO AND THE PARTIES HEREBY EXPRESSLY CONSENT TO THE JURISDICTION OF THOSE COURTS.

17. Entire Agreement and Amendment. This Agreement contains the entire agreement of the Parties with respect to Executive's employment and the other matters covered herein (except to the extent that other agreements are specifically referenced herein); moreover, this Agreement supersedes all prior and contemporaneous agreements and understandings, oral or written, between the Parties hereto concerning the subject matter hereof and thereof. This Agreement may be amended, waived or terminated only by a written instrument executed by both Parties hereto.

18. Survival of Certain Provisions. Wherever appropriate to the intention of the Parties hereto, the respective rights and obligations of said Parties, including, but not limited to, the rights and obligations set forth in Sections 6 through 16 hereof, shall survive any termination or expiration of this Agreement for any reason.

19. Waiver of Breach. No waiver by either party hereto of a breach of any provision of this Agreement by the other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time while such breach continues.

20. Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise subject to hypothecation by Executive (except by will or by operation of the laws of intestate succession) or by the Company, except that the Company shall assign this Agreement to any successor (whether by merger, purchase or otherwise) to all or substantially all of the equity, assets or businesses of the Company, if such successor expressly agrees to assume the obligations of the Company hereunder.

21. Notices. Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person or sent by facsimile transmission, (b) on the first business day after such notice is sent by air express overnight courier service, or (c) on the third business day following deposit in the United States mail, registered or certified mail, return receipt requested, postage prepaid and addressed, to the following address, as applicable:

(a) If to Company, addressed to: Suite 350-9635 Maroon Circle, Englewood, Colorado 80112; Attention: Donald Ewigleben with a copy for informational purposes only to: International Tower Hill Mines Ltd., Suite 2300-1177 West Hastings Street Vancouver British Columbia Canada, V6E 2K3.

(b) If to Executive, addressed to the address set forth below Executive's name on the execution page hereof; or to such other address as either party may have furnished to the other party in writing in accordance with this Section 21.

22. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both Parties hereto.

23. Definitions. The Parties agree that as used in this Agreement the following terms shall have the following meanings: an "affiliate" of a person shall mean any person directly or indirectly controlling, controlled by, or under common control with, such person; the terms "controlling, controlled by, or under common control with" shall mean the possession, directly or indirectly, of the power to direct or influence or cause the direction or influence of management or policies (whether through ownership of securities or other ownership interest or right, by contract or otherwise) of a person; the term "person" shall mean a natural person, partnership (general or limited), limited liability Company, trust, estate, association, corporation, custodian, nominee, or any other individual or entity in its own or any representative capacity, in each case, whether domestic or foreign.

24. Internal Revenue Code Section 409A.

(a) If at the time of the Executive's separation from service, (i) the Executive is a specified employee (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and using the identification methodology selected by the Company from time to time), and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code), the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid additional taxes or interest under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it in a lump sum on the first to occur of (x) the first business day after such six-month period, (y) Executive's death, or (z) such other date as will not cause such payment to be subject to tax or interest under Code Section 409A.

(b) It is the intention of the Parties that payments or benefits payable under this Agreement not be subject to the additional tax or interest imposed pursuant to Code Section 409A. To the extent such potential payments or benefits could become subject to Code Section 409A, the Parties shall cooperate to amend this Agreement with the goal of giving the Executive the economic benefits described herein in a manner that does not result in such tax being imposed. The Executive shall, at the request of the Company, take any action (or refrain from taking any action), required to comply with any correction procedure promulgated pursuant to Code Section 409A. In no event shall the Company be liable to Executive for any taxes,

penalties, or interest that may be due as a result of the application of Code Section 409A.

(c) With respect to payments under this Agreement, for purposes of Code Section 409A, each severance payment will be considered one of a series of separate payments, and each such payment shall be a separately identifiable and determinable amount.

(d) For purposes of determining the timing of any payment of severance compensation, the Executive will be deemed to have a termination of employment only upon a "separation from service" within the meaning of Code Section 409A.

(e) Any amount that the Executive is entitled to be reimbursed under this Agreement will be reimbursed to the Executive as promptly as practical, and in any event not later than the last day of the calendar year following the year in which the expenses were incurred.

(f) Executive's termination of his employment for Good Reason is intended to be a separation from service for good reason as described in Treas. Reg. § 1.409A-1(n)(2) and this Agreement shall be interpreted and construed accordingly.

(g) For purposes of this Agreement, each payment of severance compensation is intended to be excepted from Code Section 409A to the maximum extent provided under Code Section 409A as follows: (i) each payment that is scheduled to be made following Executive's termination of employment and within the applicable 2 1/2 month period specified in Treas. Reg. § 1.409A(b)(4) is intended to be excepted under the short-term deferral exception as specified in Treas. Reg. § 1.409A-1(b)(4) and (ii) each payment that is not otherwise excepted under the short-term deferral exception is intended to be excepted under the involuntary separation pay exception as specified in Treas. Reg. § 1.409A-1(b)(9)(iii) or the exception for limited payments described in Treas. Reg. § 1.409A-1(b)(9)(v)(D). The Executive shall have no right to designate the date of any payment of severance compensation to be made hereunder.

25. Employment at Will. Executive agrees that by signing below he agrees that he is an employee at will and just as he is free to terminate his employment at any time, for any reason, the Company is also free to terminate his employment at any time, for any reason.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, Executive and the Company have executed this Agreement to be effective for all purposes as of the Effective Date.

EXECUTIVE:

Dated: March 12, 2013

/s/ Karl Hanneman
Karl Hanneman

THE COMPANY:

Dated: March 12, 2013

/s/ Donald C. Ewigleben

Exhibit "A"

Description of Duties and Responsibilities of Employee

Without limiting the provisions of section 3 of the Agreement, Employee has the following specific duties and responsibilities:

- To provide leadership in the supervision and management of project staff;
- Developing and maintaining safe operating standards for workplace
- Work closely with the VP, to create and implement plans for compiling all necessary environmental baseline information;
- Creating and implementing legal, regulatory and public strategies for permitting;
- Creating and implementing plans for the completion of the exploration, engineering, pre feasibility studies and project documentation necessary to support permitting for the Livengood Project;
- To assist in the successfully complete a comprehensive feasibility study on the Livengood deposit, to be completed during the second quarter of 2013;
- To analyze viable lower capital alternatives to the recommended alternative contained in the feasibility study;
- To assistance in the development and maintenance of an electronic database on technical project information
- To assist in the company's solid reputation among the local and regional stakeholders;
- To execute a well-crafted exploration program to ensure the orderly development of the Project;
- Other duties as assigned by the VP; and
- Otherwise carrying out the duties normally associated with the position of the General Manager, Alaska managing project activities.

CERTIFICATION

I, Thomas E. Irwin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Tower Hill Mines Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

By: /s/ Thomas E. Irwin
Thomas E. Irwin
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Tom S.Q. Yip, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Tower Hill Mines Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

By: /s/ Tom S.Q. Yip

Tom S.Q. Yip

Consultant

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of International Tower Hill Mines Ltd. (the "Company"), for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. Irwin, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: May 6, 2015

By: /s/ Thomas E. Irwin
Thomas E. Irwin
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of International Tower Hill Mines Ltd. (the "Company"), for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tom S.Q. Yip, a Consultant to and Principal Financial and Accounting Officer for the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: May 6, 2015

By: /s/ Tom S.Q. Yip

Tom S.Q. Yip

Consultant

(Principal Financial and Accounting Officer)

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thm-20150331.xsd

thm-20150331_cal.xml

thm-20150331_def.xml

thm-20150331_lab.xml

thm-20150331_pre.xml