



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)**

(Expressed in US Dollars)

Six Months Ended June 30, 2018 and 2017

Corporate Head Office

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INTERNATIONAL TOWER HILL MINES LTD.

June 30, 2018 and 2017

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PART 1

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL TOWER HILL MINES LTD.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

As at June 30, 2018 and December 31, 2017

(Expressed in US Dollars - Unaudited)

Note	June 30, 2018	December 31, 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 12,113,995	\$ 2,244,466
Prepaid expenses and other	198,893	177,730
Total current assets	12,312,888	2,422,196
Property and equipment	19,270	20,794
Capitalized acquisition costs	4 55,204,041	55,204,041
Total assets	\$ 67,536,199	\$ 57,647,031
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 23,161	\$ 82,269
Accrued liabilities	5 360,474	346,569
Total liabilities	383,635	428,838
Shareholders' equity		
Share capital, no par value; authorized 500,000,000 shares; 162,392,996 and 186,816,683 shares issued and outstanding at December 31, 2017 and June 30, 2018, respectively	7 277,748,250	265,616,642
Contributed surplus	34,573,493	34,459,264
Obligation to issue shares	-	63,593
Accumulated other comprehensive income	1,459,121	1,686,359
Deficit	(246,628,300)	(244,607,665)
Total shareholders' equity	67,152,564	57,218,193
Total liabilities and shareholders' equity	\$ 67,536,199	\$ 57,647,031

General Information and Nature of Operations (Note 1)

Commitments (Note 9)

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

INTERNATIONAL TOWER HILL MINES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

For the Three and Six Months Ended June 30, 2018 and 2017

(Expressed in US Dollars - Unaudited)

	Note	Three Months Ended		Six Months Ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Operating expenses					
Consulting fees		\$ 26,195	\$ 74,080	\$ 79,910	\$ 146,775
Depreciation		762	998	1,524	1,997
Insurance		36,503	68,738	107,953	134,733
Investor relations		26,893	34,751	45,400	63,248
Mineral property exploration	4	706,115	668,389	910,327	1,379,505
Office		9,444	13,008	18,908	21,149
Other		4,095	5,411	8,376	9,948
Professional fees		50,308	64,899	102,271	115,118
Regulatory		20,486	17,397	79,169	74,696
Rent		33,933	35,445	67,865	70,794
Travel		12,026	16,278	30,315	47,731
Wages and benefits		350,447	579,570	878,110	1,035,984
Total operating expenses		(1,277,207)	(1,578,964)	(2,330,128)	(3,101,678)
Other income (expenses)					
(Loss)/gain on foreign exchange		239,726	(78,001)	212,279	(244,125)
Interest income		41,066	7,119	42,429	17,980
Other income		41,000	22,200	54,785	22,200
Total other income (expenses)		321,792	(48,682)	309,493	(203,945)
Net loss for the period		(955,415)	(1,627,646)	(2,020,635)	(3,305,623)
Other comprehensive income (loss)					
Unrealized gain/(loss) on marketable securities		1,559	(6,349)	(1,526)	(4,385)
Exchange difference on translating foreign operations		(250,574)	91,303	(225,712)	256,318
Total other comprehensive income (loss) for the period		(249,015)	84,954	(227,238)	251,933
Comprehensive loss for the period		\$(1,204,430)	\$(1,542,692)	\$(2,247,873)	\$(3,053,690)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding – basic and diluted					
		186,698,298	162,186,972	177,002,395	162,186,972

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

INTERNATIONAL TOWER HILL MINES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the Six Months Ended June 30, 2018 and 2017

(Expressed in US Dollars - Unaudited)

	Number of shares	Share capital	Contributed surplus	Obligation to issue shares	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2016	162,186,972	\$265,569,796	\$34,079,301	\$ -	\$1,344,219	\$(238,175,608)	\$62,817,708
Share issuance costs	-	(45,000)	-	-	-	-	(45,000)
Stock-based compensation- options	-	-	13,127	-	-	-	13,127
Obligation to issue shares	-	-	-	99,492	-	-	99,492
Unrealized gain/(loss) on available-for-sale securities	-	-	-	-	(4,385)	-	(4,385)
Exchange difference on translating foreign operations	-	-	-	-	256,318	-	256,318
Net loss	-	-	-	-	-	(3,305,623)	(3,305,623)
Balance, June 30, 2017	162,186,972	265,524,796	34,092,428	99,492	1,596,152	(241,481,231)	59,831,637
Stock-based compensation- options	-	-	48,871	-	-	-	48,871
Stock-based compensation- DSUs	-	-	381,558	-	-	-	381,558
Unrealized gain/(loss) on available-for-sale securities	-	-	-	-	(4,132)	-	(4,132)
Exchange difference on translating foreign operations	-	-	-	-	94,339	-	94,339
Obligation to issue shares	-	-	(63,593)	(35,899)	-	-	(99,492)
Share issuance	206,024	99,492	-	-	-	-	99,492
Share issuance costs	-	(7,646)	-	-	-	-	(7,646)
Net loss	-	-	-	-	-	(3,126,434)	(3,126,434)
Balance, December 31, 2017	162,392,996	265,616,642	34,459,264	63,593	1,686,359	(244,607,665)	57,218,193
Stock-based compensation- options	-	-	179,265	-	-	-	179,265
Unrealized gain/(loss) on available-for-sale securities	-	-	-	-	(1,526)	-	(1,526)
Exchange difference on translating foreign operations	-	-	-	-	(225,712)	-	(225,712)
Obligation to issue shares	-	-	-	(63,593)	-	-	(63,593)
Share issuance	24,129,687	12,063,593	-	-	-	-	12,063,593
Share issuance costs	-	(111,379)	-	-	-	-	(111,379)
Exercise of options	294,000	114,358	-	-	-	-	114,358
Reallocation from contributed surplus	-	65,036	(65,036)	-	-	-	-
Net loss	-	-	-	-	-	(2,020,635)	(2,020,635)
Balance, June 30, 2018	186,816,683	\$277,748,250	\$34,573,493	\$ -	\$1,459,121	\$(246,628,300)	\$67,152,564

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

INTERNATIONAL TOWER HILL MINES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2018 and 2017
(Expressed in US Dollars - Unaudited)

	Six Months Ended	
	June 30, 2018	June 30, 2017
Operating Activities		
Loss for the period	\$ (2,020,635)	\$ (3,305,623)
Add items not affecting cash:		
Depreciation	1,524	1,997
Stock-based compensation	179,265	13,127
Obligation to issue shares	-	99,492
Changes in non-cash items:		
Prepaid expenses and other	(28,989)	(148,207)
Accounts payable and accrued liabilities	(42,852)	(124,900)
Cash used in operating activities	(1,911,687)	(3,464,114)
Financing Activities		
Issuance of shares	12,114,358	-
Derivative payment	-	(14,694,169)
Share issuance costs	(111,379)	(45,000)
Cash provided by (used in) financing activities	12,002,979	(14,739,169)
Effect of foreign exchange on cash	(221,763)	258,762
Increase (decrease) in cash and cash equivalents	9,869,529	(17,944,521)
Cash and cash equivalents, beginning of the period	2,244,466	22,466,493
Cash and cash equivalents, end of the period	\$ 12,113,995	\$ 4,521,972

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

1. GENERAL INFORMATION AND NATURE 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 June 30, 2018, the Company controls a 100% interest in its Livengood Gold Project, an exploration-stage project in Alaska, U.S.A.

These unaudited condensed consolidated interim financial statements have been prepared on a going-concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

As at June 30, 2018, the Company had cash and cash equivalents of \$12,113,995 compared to \$2,244,466 at December 31, 2017. The Company has no revenue generating operations from which it can internally generate funds. On March 13, 2018, the Company completed a non-brokered private placement pursuant to which it issued 24,000,000 common shares at \$0.50 per share for gross proceeds of \$12,000,000.

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

Despite the Company’s success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. The amount 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.

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 8 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, 2017 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 June 30, 2018 and the results of its operations for the six months then ended. Operating results for the six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. The 2017 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP.

INTERNATIONAL TOWER HILL MINES LTD.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 Six Months Ended June 30, 2018 and 2017
 (Expressed in US dollars – Unaudited)

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.

On August 9, 2018, the Board of Directors of the Company (the “Board”) approved these condensed consolidated interim financial statements.

Basis of consolidation

These condensed consolidated interim 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.

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 June 30, 2018
	Level 1
Financial assets:	
Marketable securities	\$ 13,327
Total	\$ 13,327
	Fair value as at December 31, 2017
	Level 1
Financial assets:	
Marketable securities	\$ 15,543
Total	\$ 15,543

4. CAPITALIZED ACQUISITION COSTS

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

Capitalized acquisition costs	Amount
Balance, December 31, 2017	\$ 55,204,041
Acquisition costs	-
Balance, June 30, 2018	\$ 55,204,041

INTERNATIONAL TOWER HILL MINES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Six Months Ended June 30, 2018 and 2017
(Expressed in US dollars – Unaudited)

The following table presents costs incurred for exploration and evaluation activities for the six months ended June 30, 2018 and 2017:

	June 30, 2018	June 30, 2017
Exploration costs:		
Aircraft services	\$ 4,200	\$ 4,050
Assay	-	412,811
Environmental	107,014	106,905
Equipment rental	16,805	23,875
Field costs	63,084	68,128
Geological/geophysical	270,463	307,023
Land maintenance & tenure	421,005	415,305
Legal	26,511	37,272
Transportation and travel	1,245	4,136
Total expenditures for the period	\$ 910,327	\$ 1,379,505

Livengood Gold Project Property

The Livengood 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 six months ended June 30, 2018 and from the inception of this lease, the Company has paid \$330,433 and \$2,962,821, 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 six months ended June 30, 2018 and from the inception of this lease, the Company has paid \$50,000 and \$730,000, respectively.
- c) a lease of patented lode mining 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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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 six months ended June 30, 2018 and from the inception of this lease, the Company has paid \$25,000 and \$210,000, 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 six months ended June 30, 2018 and from the inception of this lease, the Company has paid \$15,000 and \$143,000, 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 June 30, 2018 and December 31, 2017.

	June 30, 2018	December 31, 2017
Accrued liabilities	\$ 303,633	\$ 201,673
Accrued salaries and benefits	56,841	144,896
Total accrued liabilities	\$ 360,474	\$ 346,569

Accrued liabilities at June 30, 2018 include accruals for general corporate costs and project costs of \$34,071 and \$269,562, respectively. Accrued liabilities at December 31, 2017 include accruals for general corporate costs and project costs of \$34,941 and \$166,732, 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 for the claims and rights was \$13,500,000 in cash plus an additional payment based on the five-year average daily gold price (“Average Gold Price”) from the date of the acquisition (“Additional Payment”). The Additional Payment equaled \$23,148 for every dollar that the Average Gold Price exceeded \$720 per troy ounce. If the Average Gold Price were less than \$720, there would not have been any additional consideration due.

At initial recognition on December 13, 2011, the derivative liability was valued at \$23,100,000. As at December 12, 2016, the five-year average daily gold price was \$1,354.79, resulting in a derivative liability of \$14,694,169. The obligation to make the contingent payment was secured by a Deed of Trust over the rights of the Company in the purchased claims in favor of the vendors. On January 12, 2017, the Company paid \$14,694,169 for the timely and full satisfaction of the final derivative payment.

7. SHARE CAPITAL

Authorized

500,000,000 common shares without par value. At December 31, 2017 and June 30, 2018, there were 162,392,996 and 186,816,683 shares issued and outstanding, respectively.

Share issuances

On March 13, 2018, the Company completed a non-brokered private placement pursuant to which it issued 24,000,000 common shares at \$0.50 per share for gross proceeds of \$12,000,000. Share issuance costs included \$111,379 related to the private placement. Following the resignation of director Mark Hamilton on November 6, 2017, the Company recognized an obligation to issue 129,687 common shares, with a value of \$63,593. On March 27, 2018, the Company issued the 129,687 common shares in full satisfaction of the obligation. The Company also issued 294,000 common shares pursuant to the exercise of stock options for total proceeds of \$114,358 and transferred related contributed surplus of \$65,036 to share capital during the six months ended June 30, 2018.

Stock options

The Company adopted an incentive stock option plan in 2006, as amended September 19, 2012 and reapproved by the Company's shareholders on May 28, 2015 and May 30, 2018 (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 issued 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 TSX. Options granted under the 2006 Plan vest immediately, unless otherwise determined by the directors at the date of grant.

On March 21, 2018, the Company granted incentive stock options to certain officers, employees and consultants of the Company to purchase a total of 420,085 common shares in the capital stock of the Company. The options vest 100% on the grant date with an expiry date of March 21, 2024. The exercise price of these options is C\$0.61 per common share.

A summary of the status of the 2006 Plan as of June 30, 2018 and December 31, 2017 and changes is presented below:

	Six Months Ended June 30, 2018			Year Ended December 31, 2017		
	Number of Options	Weighted Average Exercise Price (C\$)	Aggregate Intrinsic Value (C\$)	Number of Options	Weighted Average Exercise Price (C\$)	Aggregate Intrinsic Value (C\$)
Balance, beginning of the period	4,477,000	\$ 1.03		6,026,200	\$ 1.61	
Granted	420,085	\$ 0.61		250,000	1.35	
Exercised	(294,000)	\$ 0.50		-	-	
Cancelled	(400,000)	\$ 1.01		(149,200)	1.24	
Expired	(269,000)	\$ 2.18		(1,650,000)	3.17	
Balance, end of the period	3,934,085	\$ 0.95	\$ 62,403	4,477,000	\$ 1.03	\$ 38,220

The weighted average remaining life of options outstanding at June 30, 2018 was 4.46 years.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Six Months Ended June 30, 2018 and 2017
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Stock options outstanding are as follows:

Expiry Date	June 30, 2018			December 31, 2017		
	Exercise Price (C\$)	Number of Options	Exercisable	Exercise Price (C\$)	Number of Options	Exercisable
March 14, 2018	-	-	-	\$ 2.18	300,000	300,000
February 25, 2022	\$ 1.11	970,000	970,000	\$ 1.11	1,030,000	1,030,000
February 25, 2022	\$ 0.73	450,000	450,000	\$ 0.73	540,000	540,000
March 10, 2022	\$ 1.11	370,000	370,000	\$ 1.11	430,000	430,000
March 16, 2023	\$ 1.00	1,140,000	1,140,000	\$ 1.00	1,260,000	1,260,000
March 16, 2023	\$ 0.50	304,000	304,000	\$ 0.50	637,000	637,000
June 9, 2023	\$ 1.00	30,000	30,000	\$ 1.00	30,000	30,000
March 21, 2024	\$ 0.61	420,085	420,085	-	-	-
February 1, 2025	\$ 1.35	250,000	166,667	\$ 1.35	250,000	83,333
		3,934,085	3,850,752		4,477,000	4,310,333

A summary of the non-vested options as of June 30, 2018 and changes during the six months ended June 30, 2018 is as follows:

	Number of options	Weighted average grant-date fair value (C\$)
Non-vested options:		
Outstanding at December 31, 2017	166,667	\$ 0.40
Granted	420,085	\$ 0.48
Vested	(503,419)	\$ 0.47
Outstanding at June 30, 2018	83,333	\$ 0.40

At June 30, 2018, there was unrecognized compensation expense of C\$15,549 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 0.59 years.

Share-based payments

During the six month period ended June 30, 2018, there were 420,085 stock options granted by the Company. Share-based payment charges for the six months ended June 30, 2018 totaled \$179,265.

During the six month period ended June 30, 2017, there were no stock options granted by the Company. Share-based payment charges for the six months ended June 30, 2017 totaled \$13,127.

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

	YTD June 30, 2018
Expected life of options	6 years
Risk-free interest rate	2.12%
Annualized volatility	93.67%
Dividend rate	0.00%
Exercise price (C\$)	\$0.61

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

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Deferred Share Unit Incentive Plan

On April 4, 2017, the Company adopted a Deferred Share Unit Plan (the “DSU Plan”). On May 24, 2017, at the Company’s Annual General Meeting of Shareholders, the DSU Plan was approved. The maximum aggregate number of common shares that may be issued under the DSU Plan and the 2006 Plan is 10% of the number of issued and outstanding common shares.

In accordance with the DSU Plan, on October 23, 2017 the Company granted each of the members of the Board (other than those directors nominated for election by Paulson & Co., Inc.) 129,687 DSUs with a grant date fair value (defined as the weighted average of the prices at which the common shares traded on the TSX for the five trading days immediately preceding the grant) of C\$0.62 per grant, or an aggregate of C\$482,436. The DSUs entitle the holders to receive common shares without the payment of any consideration. The DSUs vested immediately upon being granted but the common shares underlying the DSUs are not deliverable to the grantee until the grantee is no longer serving on the Company’s Board of Directors.

Following the resignation of director Mark Hamilton on November 6, 2017, the Company recorded an obligation to issue 129,687 DSUs valued at \$63,593 (C\$80,406). On March 27, 2018, the Company issued the 129,687 common shares in full satisfaction of the obligation.

DSUs outstanding are as follows:

	Six Months Ended June 30, 2018		Year Ended December 31, 2017	
	Number of Units	Weighted Average Exercise Price (C\$)	Number of Units	Weighted Average Exercise Price (C\$)
Balance, beginning of the period	648,435	\$ 0.62	-	\$ 0.62
Issued	-	\$ -	778,122	\$ 0.62
Exercised	-	\$ -	(129,687)	\$ 0.62
Balance, end of the period	648,435	\$ 0.62	648,435	\$ 0.62

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
June 30, 2018			
Capitalized acquisition costs	\$ -	\$ 55,204,041	\$ 55,204,041
Property and equipment	8,344	10,926	19,270
Current assets	11,642,259	670,629	12,312,888
Total assets	\$ 11,650,603	\$ 55,885,596	\$ 67,536,199
December 31, 2017			
Capitalized acquisition costs	\$ -	\$ 55,204,041	\$ 55,204,041
Property and equipment	8,501	12,293	20,794
Current assets	1,794,494	627,702	2,422,196
Total assets	\$ 1,802,995	\$ 55,844,036	\$ 57,647,031

INTERNATIONAL TOWER HILL MINES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Six Months Ended June 30, 2018 and 2017
(Expressed in US dollars – Unaudited)

Three months ended	June 30, 2018	June 30, 2017
Net gain/(loss) for the period – Canada	\$ 116,108	\$ (333,167)
Net loss for the period – United States	(1,071,523)	(1,294,479)
Net loss for the period	\$ (955,415)	\$ (1,627,646)
Six months ended	June 30, 2018	June 30, 2017
Net loss for the period – Canada	\$ (335,585)	\$ (762,987)
Net loss for the period – United States	(1,685,050)	(2,542,636)
Net loss for the period	\$ (2,020,635)	\$ (3,305,623)

9. COMMITMENTS

The following table discloses, as of June 30, 2018, the Company’s contractual obligations, including anticipated mineral property payments. Under the terms of the Company’s mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company’s interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditure, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but does not exercise any lease purchase or royalty buyout options:

	Payments Due by Year						
	2018	2019	2020	2021	2022	2023 and beyond	Total
Mineral Property Leases ⁽¹⁾	\$ -	\$ 425,389	\$ 430,420	\$ 435,526	\$ 440,709	\$ 445,970	\$ 2,178,014
Mining Claim Government Fees	114,825	114,825	114,825	114,825	114,825	114,825	688,950
Total	\$ 114,825	\$ 540,214	\$ 545,245	\$ 550,351	\$ 555,534	\$ 560,795	\$ 2,866,964

- Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the level of work that will actually be carried out by the Company. Does not include potential royalties that may be payable (other than annual minimum royalty payments). 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, represented the remaining consideration for the purchase of these claims and related rights and was paid in January 2017. Under the Agreement, the payment was made 70% to AN Gold Mines and 30% to the Heflinger Group.

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