



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

**(Expressed in US Dollars)**

**Nine Months Ended September 30, 2019 and 2018**

**Corporate Head Office**

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**INTERNATIONAL TOWER HILL MINES LTD.**

**September 30, 2019 and 2018**

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## PART 1

### ITEM 1. FINANCIAL STATEMENTS

**INTERNATIONAL TOWER HILL MINES LTD.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**  
 As at September 30, 2019 and December 31, 2018  
 (Expressed in US Dollars - Unaudited)

Note	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 7,528,833	\$ 10,228,964
Prepaid expenses and other	205,134	203,968
<b>Total current assets</b>	<b>7,733,967</b>	<b>10,432,932</b>
Property and equipment	16,013	17,750
Capitalized acquisition costs	4 55,375,124	55,273,432
<b>Total assets</b>	<b>\$ 63,125,104</b>	<b>\$ 65,724,114</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 178,826	\$ 43,475
Accrued liabilities	5 101,229	504,478
<b>Total liabilities</b>	<b>280,055</b>	<b>547,953</b>
<b>Shareholders' equity</b>		
Share capital, no par value; authorized 500,000,000 shares; 186,990,683 and 187,573,671 shares issued and outstanding at December 31, 2018 and September 30, 2019, respectively	6 278,213,801	277,852,672
Contributed surplus	35,069,274	34,960,292
Accumulated other comprehensive income	1,428,049	1,162,900
Deficit	(251,866,075)	(248,799,703)
<b>Total shareholders' equity</b>	<b>62,845,049</b>	<b>65,176,161</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 63,125,104</b>	<b>\$ 65,724,114</b>

General Information and Nature of Operations (Note 1)  
 Commitments (Note 8)

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 Nine Months Ended September 30, 2019 and 2018

(Expressed in US Dollars - Unaudited)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating expenses</b>					
Consulting fees	6	\$ 353,478	\$ 30,679	\$ 440,986	\$ 110,589
Depreciation		579	760	1,737	2,284
Insurance		31,378	30,573	92,007	138,526
Investor relations		1,723	6,551	35,923	51,951
Mineral property exploration	4	179,692	394,736	1,342,230	1,305,063
Office		7,059	8,013	18,092	26,921
Other		3,685	3,314	11,266	11,690
Professional fees		54,720	33,889	146,837	136,160
Regulatory		52,118	46,934	136,551	126,103
Rent		33,937	33,937	101,801	101,802
Travel		17,264	18,696	25,359	49,011
Wages and benefits	6	257,279	459,607	589,807	1,337,717
<b>Total operating expenses</b>		<b>(992,912)</b>	<b>(1,067,689)</b>	<b>(2,942,596)</b>	<b>(3,397,817)</b>
<b>Other income (expenses)</b>					
(Loss)/gain on foreign exchange		82,426	(219,327)	(280,820)	(7,048)
Interest income		44,880	37,327	126,113	79,756
Other income		7,200	(19,947)	30,931	34,838
<b>Total other income (expenses)</b>		<b>134,506</b>	<b>(201,947)</b>	<b>(123,776)</b>	<b>107,546</b>
<b>Net loss for the period</b>		<b>(858,406)</b>	<b>(1,269,636)</b>	<b>(3,066,372)</b>	<b>(3,290,271)</b>
<b>Other comprehensive income (loss)</b>					
Unrealized gain/(loss) on marketable securities		-	-	-	(1,526)
Reclassification of accumulated unrealized loss on available-for-sale securities to other income		-	22,352	-	22,352
Exchange difference on translating foreign operations		(101,570)	219,332	265,149	(6,380)
<b>Total other comprehensive income (loss) for the period</b>		<b>(101,570)</b>	<b>241,684</b>	<b>265,149</b>	<b>14,446</b>
<b>Comprehensive loss for the period</b>		<b>\$ (959,976)</b>	<b>\$ (1,027,952)</b>	<b>\$ (2,801,223)</b>	<b>\$ (3,275,825)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>					
		187,573,671	186,816,683	187,287,838	180,309,774

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 Three and Nine Months Ended September 30, 2019 and 2018

(Expressed in US Dollars - Unaudited)

<b>Nine-Month Period Ended September 30, 2019</b>							
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Obligation to issue shares</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total</b>
Balance, December 31, 2018	186,990,683	\$277,852,672	\$34,960,292	\$ -	\$1,162,900	\$(248,799,703)	\$65,176,161
Stock-based compensation-options	-	-	89,140	-	-	-	89,140
Stock-based compensation-DSUs	-	-	316,717	-	-	-	316,717
Exchange difference on translating foreign operations	-	-	-	-	265,149	-	265,149
Share issuance	461,814	245,592	(245,592)	-	-	-	-
Exercise of options	121,174	64,254	-	-	-	-	64,254
Reallocation from contributed surplus	-	51,283	(51,283)	-	-	-	-
Net loss	-	-	-	-	-	(3,066,372)	(3,066,372)
Balance, September 30, 2019	187,573,671	\$278,213,801	\$35,069,274	\$ -	\$1,428,049	\$(251,866,075)	\$62,845,049

<b>Three-Month Period Ended September 30, 2019</b>							
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Obligation to issue shares</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total</b>
Balance, June 30, 2019	187,573,671	\$278,213,801	\$34,665,103	\$ -	\$1,529,619	\$(251,007,669)	\$63,400,854
Stock-based compensation-options	-	-	87,454	-	-	-	87,454
Stock-based compensation-DSUs	-	-	316,717	-	-	-	316,717
Exchange difference on translating foreign operations	-	-	-	-	(101,570)	-	(101,570)
Net loss	-	-	-	-	-	(858,406)	(858,406)
Balance, September 30, 2019	187,573,671	\$278,213,801	\$35,069,274	\$ -	\$1,428,049	\$(251,866,075)	\$62,845,049

<b>Nine-Month Period Ended September 30, 2018</b>							
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Obligation to issue shares</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total</b>
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	-	-	184,356	-	-	-	184,356
Unrealized gain/(loss) on available-for-sale securities	-	-	-	-	(1,526)	-	(1,526)
Reclassification of accumulated unrealized loss on available-for-sale securities to other income	-	-	-	-	22,352	-	22,352

Exchange difference on translating foreign operations	-	-	-	-	(6,380)	-	(6,380)
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	-	-	-	-	-	(3,290,271)	(3,290,271)
Balance, September 30, 2018	186,816,683	\$277,748,250	\$34,578,584	\$-	\$1,700,805	\$(247,897,936)	\$66,129,703

<b>Three-Month Period Ended September 30, 2018</b>							
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Obligation to issue shares</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total</b>
Balance, June 30, 2018	186,816,683	\$277,748,250	\$34,573,493	\$-	\$1,459,121	\$(246,628,300)	\$67,152,564
Stock-based compensation-options	-	-	5,091	-	-	-	5,091
Reclassification of accumulated unrealized loss on available-for-sale securities to other income	-	-	-	-	22,352	-	22,352
Exchange difference on translating foreign operations	-	-	-	-	219,332	-	219,332
Net loss	-	-	-	-	-	(1,269,636)	(1,269,636)
Balance, September 30, 2018	186,816,683	\$277,748,250	\$34,578,584	\$-	\$1,700,805	\$(247,897,936)	\$66,129,703

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 Nine Months Ended September 30, 2019 and 2018  
(Expressed in US Dollars - Unaudited)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2018</b>
<b>Operating Activities</b>		
Loss for the period	\$ (3,066,372)	\$ (3,290,271)
Add items not affecting cash:		
Depreciation	1,737	2,284
Stock-based compensation-option	89,140	184,356
Stock-based compensation-DSU	316,717	-
Loss on sale of marketable securities	-	19,947
Changes in non-cash items:		
Accounts receivable	13,553	-
Prepaid expenses and other	(9,750)	(25,646)
Accounts payable and accrued liabilities	(269,642)	(11,296)
<b>Cash used in operating activities</b>	<b>(2,924,617)</b>	<b>(3,120,626)</b>
<b>Financing Activities</b>		
Issuance of common shares	64,254	12,114,358
Share issuance costs	-	(111,379)
<b>Cash provided by financing activities</b>	<b>64,254</b>	<b>12,002,979</b>
<b>Investing Activities</b>		
Capitalized acquisition costs	(101,692)	(69,391)
Sale of marketable securities	-	14,431
<b>Cash used in investing activities</b>	<b>(101,692)</b>	<b>(54,960)</b>
<b>Effect of foreign exchange on cash</b>	<b>261,924</b>	<b>(3,402)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,700,131)</b>	<b>8,823,991</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>10,228,964</b>	<b>2,244,466</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 7,528,833</b>	<b>\$ 11,068,457</b>

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

## **INTERNATIONAL TOWER HILL MINES LTD.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and Nine Months Ended September 30, 2019 and 2018

(Expressed in US dollars – Unaudited)

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#### **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), and Livengood Placers, Inc. (“LPI”) (a Nevada 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 September 30, 2019, the Company has 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 September 30, 2019, the Company had cash and cash equivalents of \$7,528,833 compared to \$10,228,964 at December 31, 2018. The Company has no revenue generating operations from which it can internally generate funds.

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. 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, 2018 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 September 30, 2019 and the results of its operations for the nine months then ended. Operating results for the nine months ended September 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019.

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



**INTERNATIONAL TOWER HILL MINES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and Nine Months Ended September 30, 2019 and 2018

(Expressed in US dollars – Unaudited)

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 November 6, 2019, 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, and LPI. 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.

**4. CAPITALIZED ACQUISITION COSTS**

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

<b>Capitalized acquisition costs</b>	<b>Amount</b>
<b>Balance, December 31, 2018</b>	\$ 55,273,432
Acquisition costs	101,692
<b>Balance, September 30, 2019</b>	<b>\$ 55,375,124</b>

The following table presents costs incurred for exploration and evaluation activities for the nine months ended September 30, 2019 and 2018:

	<b>September 30, 2019</b>	<b>September 30, 2018</b>
Exploration costs:		
Aircraft services	\$ 4,350	\$ 4,200
Environmental	131,160	178,918
Equipment rental	57,876	26,367
Field costs	63,375	74,424
Geological/geophysical	496,763	541,191
Land maintenance and tenure	534,773	431,875
Legal	47,725	44,461
Transportation and travel	6,208	3,627
<b>Total expenditures for the period</b>	<b>\$ 1,342,230</b>	<b>\$ 1,305,063</b>

## **INTERNATIONAL TOWER HILL MINES LTD.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and Nine Months Ended September 30, 2019 and 2018

(Expressed in US dollars – Unaudited)

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#### **Livengood Gold Project Property**

The Livengood property is located in the Tintina gold belt approximately 70 miles (113 kilometers) 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 nine months ended September 30, 2019 and from the inception of this lease, the Company has paid \$343,794 and \$3,306,615, 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 nine months ended September 30, 2019 and from the inception of this lease, the Company has paid \$50,000 and \$780,000, 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 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 nine months ended September 30, 2019 and from the inception of this lease, the Company has paid \$25,000 and \$235,000, 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 nine months ended September 30, 2019 and from the inception of this lease, the Company has paid \$15,000 and \$158,000, respectively.

**INTERNATIONAL TOWER HILL MINES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and Nine Months Ended September 30, 2019 and 2018

(Expressed in US dollars – Unaudited)

**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 September 30, 2019 and December 31, 2018.

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Accrued liabilities	\$ 76,902	\$ 172,147
Accrued salaries and benefits	24,327	332,331
Total accrued liabilities	\$ 101,229	\$ 504,478

Accrued liabilities at September 30, 2019 include accruals for general corporate costs and project costs of \$39,167 and \$37,735, respectively. Accrued liabilities at December 31, 2018 include accruals for general corporate costs and project costs of \$35,176 and \$136,971, respectively.

**6. SHARE CAPITAL****Authorized**

The Company's authorized share capital consists of 500,000,000 common shares without par value. At December 31, 2018 and September 30, 2019, there were 186,990,683 and 187,573,671 shares issued and outstanding, respectively.

**Share issuances**

During the nine months ended September 30, 2019, the Company issued 121,174 common shares pursuant to the exercise of stock options for total proceeds of \$64,254 and transferred related contributed surplus of \$51,283 to share capital.

At the Company's 2019 Annual General Meeting of Shareholders held on May 30, 2019, Messrs. John Ellis and Thomas Irwin did not stand for re-election as director. On June 5, 2019, in accordance with the Company's Deferred Share Unit Plan, the Company issued 230,907 common shares to each of the two past directors for a total of 461,814 common shares and transferred related contributed surplus of \$245,592 to share capital.

**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 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 Toronto Stock Exchange ("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.

**INTERNATIONAL TOWER HILL MINES LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and Nine Months Ended September 30, 2019 and 2018

(Expressed in US dollars – Unaudited)

A summary of the options granted under the 2006 Plan as of September 30, 2019 and December 31, 2018 is presented below:

	Nine Months Ended September 30, 2019			Year Ended December 31, 2018		
	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	3,655,991	\$ 0.98		4,477,000	\$ 1.03	
Granted	187,232	0.85		420,085	0.61	
Exercised	(121,174)	0.70		(468,000)	0.50	
Expired	-	-		(269,000)	2.18	
Cancelled	(1,270,000)	1.06		(504,094)	0.95	
Balance, end of the period	2,452,049	\$ 0.94	\$ 59,734	3,655,991	\$ 0.98	\$ 67,899

The weighted average remaining life of options outstanding at September 30, 2019 was 3.6 years.

Stock options outstanding are as follows:

Expiry Date	September 30, 2019			December 31, 2018		
	Exercise Price (C\$)	Number of Options	Exercisable	Exercise Price (C\$)	Number of Options	Exercisable
February 25, 2022	\$ 1.11	510,000	510,000	\$ 1.11	970,000	970,000
February 25, 2022	\$ 0.73	270,000	270,000	\$ 0.73	360,000	360,000
March 10, 2022	\$ 1.11	120,000	120,000	\$ 1.11	370,000	370,000
March 16, 2023	\$ 1.00	580,000	580,000	\$ 1.00	1,140,000	1,140,000
March 16, 2023	\$ 0.50	130,000	130,000	\$ 0.50	130,000	130,000
June 9, 2023	\$ 1.00	30,000	30,000	\$ 1.00	30,000	30,000
March 21, 2024	\$ 0.61	374,817	374,817	\$ 0.61	405,991	405,991
February 1, 2025	\$ 1.35	250,000	250,000	\$ 1.35	250,000	166,667
August 8, 2025	\$ 0.85	187,232	187,232	-	-	-
		2,452,049	2,452,049		3,655,991	3,572,658

A summary of the non-vested options as of September 30, 2019 and changes during the nine months ended September 30, 2019 is as follows:

	Number of options	Weighted average grant-date fair value (C\$)
Non-vested options:		
Outstanding at December 31, 2018	83,333	\$ 0.40
Granted	187,232	0.62
Vested	(270,565)	\$ 0.55
Outstanding at September 30, 2019	-	-

At September 30, 2019, there was no unrecognized compensation expense related to non-vested options outstanding.

**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

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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 (on a non-diluted basis).

On August 8, 2019, the Company granted each of the members of the Board of Directors (other than those directors nominated for election by Paulson & Co., Inc.) 97,647 DSUs with a grant date fair value (defined as the weighted average of the prices at which the common shares traded on the exchange with the most volume for the five days immediately preceding the grant) of C\$0.85 per DSU representing C\$83,000 per director or C\$415,000 in the aggregate. The DSUs entitle the holders to receive common shares of the Company 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.

DSUs outstanding are as follows:

	Nine Months Ended September 30, 2019		Year Ended December 31, 2018	
	Number of Units	Weighted Average Exercise Price (C\$)	Number of Units	Weighted Average Exercise Price (C\$)
Balance, beginning of the period	1,356,975	\$ 0.72	648,435	\$ 0.62
Issued	488,235	0.85	708,540	\$ 0.82
Delivered	(461,814)	0.72	-	-
Balance, end of the period	1,383,396	\$ 0.77	1,356,975	\$ 0.72

**Share-based payments**

During the nine month period ended September 30, 2019, the Company granted 187,232 stock options and 488,235 DSUs for common shares of the Company. Share-based payment compensation for the nine months ended September 30, 2019 totaled \$405,857 (\$89,140 related to stock options and \$316,717 related to DSUs). Of the total expense for the period ended September 30, 2019, \$316,717 was included in consulting fees and \$89,140 was included in wages and benefits in the statement of operations and comprehensive loss.

During the nine month period ended September 30, 2018, there were 420,085 stock options granted by the Company. Share-based payment charges for the nine months ended September 30, 2018 totaled \$184,356.

	YTD September 30, 2019
Expected life of options	6 years
Risk-free interest rate	1.23%
Annualized volatility	85.44%
Dividend rate	0.00%
Exercise price (C\$)	\$0.85

**7. 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
<b>September 30, 2019</b>			
Capitalized acquisition costs	\$ -	\$ 55,375,124	\$ 55,375,124
Property and equipment	8,032	7,981	16,013
Current assets	7,283,265	450,702	7,733,967
Total assets	\$ 7,291,297	\$ 55,833,807	\$ 63,125,104

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<b>December 31, 2018</b>				
Capitalized acquisition costs	\$	-	\$ 55,273,432	\$ 55,273,432
Property and equipment		8,191	9,559	17,750
Current assets		9,928,115	504,817	10,432,932
<b>Total assets</b>	<b>\$</b>	<b>9,936,306</b>	<b>\$ 55,787,808</b>	<b>\$ 65,724,114</b>

  

	<b>September 30, 2019</b>		<b>September 30, 2018</b>	
Net loss for the period – Canada	\$	(422,405)	\$	(337,412)
Net loss for the period – United States		(436,001)		(932,224)
<b>Net loss for the period</b>	<b>\$</b>	<b>(858,406)</b>	<b>\$</b>	<b>(1,269,636)</b>

  

	<b>September 30, 2019</b>		<b>September 30, 2018</b>	
Net loss for the period – Canada	\$	(1,023,909)	\$	(672,997)
Net loss for the period – United States		(2,042,463)		(2,617,274)
<b>Net loss for the period</b>	<b>\$</b>	<b>(3,066,372)</b>	<b>\$</b>	<b>(3,290,271)</b>

**8. COMMITMENTS**

The following table discloses the Company's contractual obligations as of September 30, 2019, 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:

	<b>Payments Due by Year</b>						
	2019	2020	2021	2022	2023	2024 and beyond	Total
Mineral Property Leases <sup>(1)</sup>	\$ -	\$ 428,951	\$ 434,185	\$ 439,498	\$ 444,890	\$ 450,363	\$ 2,197,887
Mining Claim Government Fees	-	132,460	132,460	132,460	132,460	132,460	662,300
<b>Total</b>	<b>\$ -</b>	<b>\$ 561,411</b>	<b>\$ 566,645</b>	<b>\$ 571,958</b>	<b>\$ 577,350</b>	<b>\$ 582,823</b>	<b>\$ 2,860,187</b>

- 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.