

INTERNATIONAL TOWER HILL MINES LTD.
For the quarterly period ended September 30, 2023

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, 2022. All currency amounts are stated in U.S. dollars unless noted otherwise. References to C\$ refer to Canadian currency.

Current Business Activities

General

International Tower Hill Mines Ltd. ("ITH" or the "Company") consists of ITH and its wholly-owned subsidiaries Tower Hill Mines, Inc. ("TH Alaska") (an Alaska corporation), Tower Hill Mines (US) LLC ("TH US") (a Colorado limited liability company), and Livengood Placers, Inc. ("LPI") (a Nevada corporation). The Company is engaged in the acquisition and development of mineral properties. The Company currently has a 100% interest in a development stage project in Alaska referred to as the "Livengood Gold Project" or the "Project". The Company has not yet begun extraction of mineralization from the deposit or reached commercial production. As of December 31, 2022, the Project has a measured and indicated mineral resource of 704.5 million tonnes at an average grade of 0.60 g/tonne (13.62 million ounces). As reported in the Technical Report Summary ("TRS"), filed as Exhibit 96.1 to the Company's Annual Report on Form 10-K/A filed with the U.S. Securities and Exchange Commission (the "SEC") on October 17, 2023, a portion of the mineral resources at the Project have been converted into proven and probable reserves of 430.1 million tonnes at an average grade of 0.65 g/tonne (9.0 million ounces) based on a gold price of \$1,680 per ounce. See Part I, Item 2. Properties of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, including the cautionary language therein, for more information regarding mineral reserves and resources at the Livengood Gold Project.

Recent Developments

Livengood Gold Project Pre-Feasibility Study

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

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

The TRS was prepared by independent third-party consultants. The Company cautions that the PFS, which is summarized in the TRS, is preliminary in nature, and is based on technical and economic assumptions which are expected to be further refined and evaluated in a full feasibility study which may be completed in the future. The TRS is based on a mineral resource estimate effective as of August 20, 2021. The Company has determined that the mineral resource estimate of August 20, 2021 remains current as of December 31, 2022, and has no reason to believe that the mineral resource estimate is no longer current as of September 30, 2023.

On March 8, 2023, the Company announced that the Board approved the 2023 work program which will advance the baseline environmental data collection in critical areas of hydrology and waste rock geochemical characterization needed to support future permitting, as well as advance community engagement.

Results of Operations

Summary of Quarterly Results

Description	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Net income (loss)	\$ (710,351)	\$ (1,467,897)	\$ (503,537)	\$ (832,181)
Basic and diluted net gain (loss) per common share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)

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

Three Months Ended September 30, 2023 compared to Three Months Ended September 30, 2022

The Company had a net loss of \$710,351 for the three months ended September 30, 2023, compared to a net loss of \$295,260 for the three months ended September 30, 2022.

Excluding share-based costs of \$67,128 and \$1,342 for the three months ended September 30, 2023 and September 30, 2022, respectively, consulting fees were \$64,159 for the three months ended September 30, 2023 compared to \$56,349 for the three months ended September 30, 2022. The increase of \$7,810 was primarily due to the timing of services utilized.

Professional fees were \$104,196 for the three months ended September 30, 2023 compared to \$72,236 for the three months ended September 30, 2022. The increase of \$31,960 was primarily due to timing variances for general legal services for an increase of \$35,896 and audit and tax services for an increase of \$648, partially offset by Sarbanes-Oxley Act review services, which services were not repeated during the three months ended September 30, 2023, for a decrease of \$4,584.

Regulatory costs were \$71,940 for the three months ended September 30, 2023 compared to \$49,946 for the three months ended September 30, 2022. The increase of \$21,994 was primarily due to SEC fees of \$15,000 and timing variances for stock transfer agent fees for an increase of \$3,436, NYSE American fees for an increase of \$2,481, and XBRL fees for an increase of \$974.

Mineral property expenditures were \$105,479 for the three months ended September 30, 2023, compared to \$95,511 for the three months ended September 30, 2022. The increase of \$9,968 was primarily due to timing variances for property legal services for an increase of \$17,069, project-related costs for an increase of \$15,425, and land costs for an increase of \$7,345, partially offset by environmental activities, which activities were not repeated during the three months ended September 30, 2023, for a decrease of \$29,871.

Travel costs were \$27,616 for the three months ended September 30, 2023 compared to \$16,070 for the three months ended September 30, 2022. The increase of \$11,546 was primarily due to timing variances of actual travel.

Office costs were \$13,318 for the three months ended September 30, 2023 compared to \$5,560 for the three months ended September 30, 2022. The increase of \$7,758 is due primarily to timing variances related to the replacement of computer hardware.

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

Share-based payment charges

Share-based payment charges for the three-month periods ended September 30, 2023 and 2022 were allocated as follows:

Expense category:	September 30, 2023	September 30, 2022
Consulting	\$ 67,128	\$ 1,342
Investor relations	877	1,342
Wages and benefits	12,288	18,785
Total	\$ 80,293	\$ 21,469

Share-based payment charges were \$80,293 during the three months ended September 30, 2023 compared to \$21,469 during the three months ended September 30, 2022. The increase of \$58,824 was mainly the result of DSUs granted on July 12, 2023.

Other Items

Other items amounted to total other income of \$70,607 during the three-month period ended September 30, 2023, compared to total other income of \$322,087 during the three-month period ended September 30, 2022. As a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances, the Company had a foreign exchange gain of \$46,691 during the three-month period ended September 30, 2023, compared to a gain of \$315,283 during the three-month period ended September 30, 2022. The average exchange rate during the three-month period ended September 30, 2023 was C\$1 to \$0.7457, compared to C\$1 to \$0.7662 during the three-month period ended September 30, 2022. Interest income was \$23,916 for the three-month period ended September 30, 2023, compared to \$1,512 for the three-month period ended September 30, 2022. The increase of \$22,404 was primarily due to short-term investment certificates being re-invested upon maturity at a higher interest rate. Other income was \$nil for the three-month period ended September 30, 2023, compared to \$5,292 for the three-month period ended September 30, 2022.

Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022

The Company had a net loss of \$2,681,785 for the nine months ended September 30, 2023, compared to a net loss of \$2,209,512 for the nine months ended September 30, 2022.

Professional fees were \$232,077 for the nine months ended September 30, 2023 compared to \$181,729 for the nine months ended September 30, 2022. The increase of \$50,348 was primarily due to timing variances for general legal services for an increase of \$54,894 and audit and tax services for an increase of \$6,841, partially offset by Sarbanes-Oxley Act review services, which services were not repeated during the nine months ended September 30, 2023, for a decrease of \$10,007, and XBRL services, which services were not repeated during the nine months ended September 30, 2023, for a decrease of \$1,380.

Travel costs were \$41,490 for the nine months ended September 30, 2023 compared to \$24,227 for the nine months ended September 30, 2022. The increase of \$17,263 was primarily due to timing variances of actual travel.

Office costs were \$22,205 for the nine months ended September 30, 2023 compared to \$15,996 for the nine months ended September 30, 2022. The increase of \$6,209 was primarily due to timing variances related to the replacement of computer hardware.

Excluding share-based costs of \$4,847 and \$7,138 for the nine months ended September 30, 2023 and September 30, 2022, respectively, investor relations costs were \$38,701 for the nine months ended September 30, 2023 compared to \$50,364 for the nine months ended September 30, 2022. The decrease of \$11,663 was primarily due to reduced utilization of investor relations services.

Excluding share-based costs of \$328,651 and \$320,762 for the nine months ended September 30, 2023 and September 30, 2022, respectively, consulting fees were \$178,885 for the nine months ended September 30, 2023 compared to \$169,694 for the nine months ended September 30, 2022. The increase of \$9,191 was primarily due to additional technical services for an increase of \$5,000 and IT services for installation of the replacement computer hardware of \$2,500.

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

Share-based payment charges

Share-based payment charges for the nine-month periods ended September 30, 2023 and 2022 were allocated as follows:

Expense category:	September 30, 2023	September 30, 2022
Consulting	\$ 328,651	\$ 320,762
Investor relations	4,847	7,138
Wages and benefits	67,862	99,934
Total	\$ 401,360	\$ 427,834

Share-based payment charges were \$401,360 during the nine months ended September 30, 2023 compared to \$427,834 during the nine months ended September 30, 2022. The decrease of \$26,474 was mainly the result of stock options for common shares of the Company issued to its employees and consultants on May 25, 2021 being fully vested during the three months ended

September 30, 2023 for a decrease of \$37,255 partially offset by the DSUs issued on May 23, 2023 being expensed at \$257,553 and the DSUs issued on July 12, 2023 being expensed at \$66,251 for a composite expense of \$323,804 compared to the DSUs issued on May 24, 2022 being expensed at \$313,023 for an increase of \$10,781.

Other Items

Other items amounted to total other income of \$76,292 during the nine-month period ended September 30, 2023, compared to total other income of \$443,258 during the nine-month period ended September 30, 2022. As a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances, the Company had a foreign exchange loss of \$13,925 during the nine-month period ended September 30, 2023, compared to a gain of \$410,693 during the nine-month period ended September 30, 2022. The average exchange rate during the nine-month period ended September 30, 2023 was C\$1 to \$0.7432, compared to C\$1 to \$0.7798 during the nine-month period ended September 30, 2022. Interest income was \$79,737 for the nine-month period ended September 30, 2023, compared to \$4,621 for the nine-month period ended September 30, 2022. The increase of \$75,116 was primarily due to short-term investment certificates being re-invested upon maturity at a higher interest rate. Other income was \$10,480 for the nine-month period ended September 30, 2023, compared to \$27,944 for the nine-month period ended September 30, 2022.

Liquidity Risk and Capital Resources

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

As at September 30, 2023, the Company had cash and cash equivalents of \$2,354,317 compared to \$4,847,429 at December 31, 2022. The decrease of approximately \$2.5 million resulted mainly from expenditures on operating activities.

Financing activities during the nine-month period ended September 30, 2023 included share issuance costs of \$50,661 related to the preparation of a new Registration Statement on Form S-3.

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

The Company had no cash flows from investing activities during the nine-month periods ended September 30, 2023 and 2022.

As at September 30, 2023, the Company had working capital of \$2,389,916 compared to working capital of \$4,711,616 at December 31, 2022. The Company expects that it will operate at a loss for the foreseeable future, but believes the current cash and cash equivalents will be sufficient to cover the anticipated 2023 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs through at least the next 12 months.

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

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "Risk Factors – *We will require additional financing to fund exploration and, if warranted, development and production. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern*" included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Other than cash held by its subsidiaries for their immediate operating needs in the United States, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of current market conditions.

Our anticipated expenditures for the year ending December 31, 2023 are approximately \$3.3 million, which are expected to be funded from cash on hand. These expenditures include \$0.7 million for mineral property leases and mining claim government fees and \$2.6 million for general corporate and administrative purposes. Expenditures for mineral property leases and mining claims government fees are anticipated to be approximately \$0.7 million in 2024 and \$0.8 million in 2025.

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 believes that it 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, 2022, under "Part II. Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Certain U.S. Federal Income Tax Considerations for U.S. Holders."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of September 30, 2023, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2023, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed in reports filed or submitted to the SEC under the Exchange Act: (i) is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows for timely decisions regarding required disclosures.

The effectiveness of our or any system of disclosure controls and procedures, however well designed and operated, can provide only reasonable assurance that the objectives of the system will be met and is subject to certain limitations, including the exercise of judgement in designing, implementing and evaluating controls and procedures and the assumptions used in identifying the likelihood of future events.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.