

INTERNATIONAL TOWER HILL MINES LTD.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Current Business Activities

General

Livengood Gold Project Developments

During the year ended December 31, 2017 and to the date of this Annual Report on Form 10-K, the Company progressed on a number of opportunities with the potential for optimization and reducing the costs of building and operating a mine at the Project. Outside consultants were retained to conduct additional metallurgical tests and engineering, including confirmation of the flow sheet and optimizing the operating costs. These inputs were used to evaluate several scenarios, ultimately selecting a project that would process 52,600 tons per day and produce 6.8 million ounces of gold over 23 years. This improved configuration would reduce the capital costs ("CAPEX") by 34% or \$950 million to \$1.84 billion, the process operating cost ("process OPEX") by 28% or \$2.97 per ton to \$7.48 per ton, and the all-in costs to \$1,247 per ounce, all as compared to the 100,000 tons per day project evaluated in the September 2013 Feasibility Study.

Livengood Gold Project – NI 43-101 Report of 2016 Pre-feasibility Study Results

The Company announced the results of a Pre-feasibility Study ("2016 PFS") on September 8, 2016. On October 24, 2016, the Company filed a technical report on SEDAR entitled "NI 43-101 Technical Report Pre-feasibility Study of the Livengood Gold Project, Livengood, Alaska, USA" dated October 24, 2016 ("October Report") that summarized the results of the 2016 PFS on the Livengood Gold Project.

During the first quarter of 2017, it was determined that the calculation of All-In Sustaining Costs for the Livengood Project ("AISC"), as contained in Table 22-2 on page 22-7 of the October Report, was incorrect as it included, contrary to World Gold Council guidance, both initial capital costs and mining and income taxes in the AISC calculation. The Company issued a news release on March 8, 2017 advising that as a result of the restatement, the AISC for the Livengood Gold Project located near Fairbanks, Alaska, is projected to be \$976/oz. Subsequently, on April 10, 2017, the Company filed an updated technical report on SEDAR entitled "NI 43-101 Technical Report Pre-feasibility Study of the Livengood Gold Project, Livengood, Alaska, USA" dated March 8, 2017 and signed April 10, 2017 ("April Report") reflecting the following changes:

1. The AISC calculation has been corrected to be in accordance with World Gold Council guidance, and a corrected Table 22-2 has been included. The corrected AISC number has also been included in Table 1-11 on page 1-25. Where appropriate, text changes have been made to reflect the correct numbers now shown in the tables.
2. On January 12, 2017, the Company paid \$14.7 million for the timely and full satisfaction of the final derivative payment due with respect to the acquisition of certain mining claims and related rights in the vicinity of the Livengood Project and the Company is now in full ownership and has no further liability with respect to this acquisition. The disclosure regarding the Livengood Property Description and Location in section 4.1.7, pages 4-5 and 4-6, has been updated accordingly.

Management Changes

On January 23, 2017, the ITH Board approved a management transition plan, which was implemented on January 31, 2017, in which Karl Hanneman, previously the Chief Operating Officer (COO), became the Chief Executive Officer (CEO), managing both the CEO and COO responsibilities, and Thomas Irwin, the previous CEO, transitioned into a part-time position of Senior Advisor prior to his being considered for nomination to the Board at the Company's May 2017 Annual General Meeting (AGM). On May 24, 2017, the shareholders elected Mr. Irwin as a director of the Company Board.

Director Changes

At the 2017 Annual General Meeting of shareholders in Vancouver, B.C. on May 24, 2017, the shareholders fixed the size of the board at eight with the addition of Mr. Victor Flores and Mr. Thomas Irwin. On November 6, 2017, General Mark Hamilton resigned as director to pursue other opportunities. The Board appointed Stuart Harshaw to the Board effective April 1, 2018, to fill the vacancy that resulted from General Hamilton's resignation.

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. See Note 8 within the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Other Developments

On January 12, 2017, the Company paid \$14.7 million for the timely and full satisfaction of the final derivative payment due with respect to acquisition of certain mining claims and related rights in the vicinity of the Livengood Gold Project. On January 17, 2017, the Full Deed of Reconveyance releasing the Deed of Trust on the acquired property was recorded and the Company now fully owns this property and has no further liability with respect to this acquisition.

In connection with the Company’s \$22.0 million private placement completed on December 28, 2016, the TSX commenced a de-listing review with respect to the Company. On April 7, 2017, the TSX issued a bulletin confirming that it had completed its review and that the Company continued to meet its listing requirements.

2018

Financing

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 \$12.0 million. The Company intends to use the funds for continuation of optimization studies to further improve and de-risk the Project, required environmental baseline studies, and for general working capital purposes.

Outlook

On March 12, 2018 the Board approved a 2018 budget of \$5.1 million. The work program incorporated in this budget will build upon the metallurgical studies undertaken in 2017 to continue to define and refine the project flowsheet. Using the improved mineralization and alteration models now available for the Livengood gold deposit arising from the work completed in 2017, 4000 kg of metallurgical composites have been selected and shipped to SGS Vancouver. These samples will be processed in 2018 to determine whether different recovery parameters should be applied to different areas of the orebody. The engineering firm of BBA Inc. (BBA), will be retained to continue to guide the metallurgical program. Work is also planned to advance the environmental baseline efforts needed to support future permitting.

On March 12, 2018, the Board also approved recommendations by management to further reduce corporate overhead costs, including a reduction in CEO salary by 50% (reflecting an approximate 50% reduction in the amount of time he will spend working on the Project), a reduction in board cash compensation and expense, and staff reductions as appropriate as critical work is completed. Depending upon the level of technical work or permitting efforts underway in future years, these cost savings should bring total project G&A costs into the range of \$2.5 million per year.

The Company remains open to a strategic alliance to help support the future development of the Project while considering all other appropriate financing options. The size of the gold resource, the favorable location, and the proven team are some of the reasons the Company would potentially attract a strategic partner with a long term development horizon who understands the Project is highly leveraged to gold prices.

Results of Operations

Summary of Quarterly Results

Description	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net loss	\$ (1,380,921)	\$ (1,745,513)	\$ (1,627,646)	\$ (1,677,977)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Net loss	\$ (1,109,733)	\$ (1,524,589)	\$ (2,068,850)	\$ (2,487,456)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)

Significant fluctuations in the Company's quarterly net loss have mainly been the result of changes in operating costs and the valuation of the Company's derivative liability. The fluctuation in the derivative liability was caused by changes in the price of gold during the period along with the expected price of gold through the term of the derivative liability, which was paid in January 2017. The following table presents the unrealized gain or loss on the valuation of the derivative for each quarterly period during the year ended December 31, 2016:

Three months ended:	2016 Unrealized Gain/(Loss)
March 31	\$ (700,000)
June 30	\$ (100,000)
September 30	\$ (100,000)
December 31	\$ 105,831

Year ended December 31, 2017 compared to Year ended December 31, 2016

The Company had cash and cash equivalents of \$2,244,466 at December 31, 2017 compared to \$22,466,493 at December 31, 2016. The Company incurred a net loss of \$6,432,057 for the year ended December 31, 2017, compared to a net loss of \$7,190,628 for the year ended December 31, 2016. The following discussion highlights certain selected financial information and changes in operations between the year ended December 31, 2017 and the year ended December 31, 2016.

Mineral property expenditures were \$2,446,934 for the year ended December 31, 2017 compared to \$2,648,631 for the year ended December 31, 2016. The decrease of \$201,697 is due to reduced expenditures for metallurgical studies and engineering and the Company limiting field activities to the continuation of critical environmental baseline work while moving forward with a multi-phase metallurgical test work program.

Share-based payment charges were \$443,556 during the year ended December 31, 2017 compared to \$108,526 during the year ended December 31, 2016. The increase in share-based payment charges during the period was mainly the result of the DSUs issued on October 23, 2017 to certain members of the Board of Directors being fully vested upon issuance and the incentive options granted on October 23, 2017 to the Company's new CEO. The Company granted 250,000 options during the year ended December 31, 2017 compared to no options during the year ended December 31, 2016. At December 31, 2017 there was unrecognized compensation expense of C\$38,983 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 0.82 years.

Share based payment charges were allocated as follows:

Expense category:	Year ended December 31, 2017	Year ended December 31, 2016
Consulting	\$ 384,516	\$ 25,013
Investor relations	848	6,603
Wages and benefits	58,192	76,910
	\$ 443,556	\$ 108,526

Excluding share-based payment charges of \$58,192 and \$76,910, respectively, wages and benefits decreased to \$1,877,788 for the year ended December 31, 2017 from \$2,119,681 for the year ended December 31, 2016. The reduction of \$241,893 is primarily due to staff reductions partially offset by the previous CEO stock issuance and severance for one staff reduction.

Consulting fees, excluding share-based payment charges of \$384,516 and \$25,013, respectively, were \$275,846 for the year ended December 31, 2017 compared to \$238,321 for the year ended December 31, 2016. The increase of \$37,525 is primarily due to the preparation of the annual report and one additional compensated member of the Board of Directors as compared to 2016.

Professional fees were \$263,863 for the year ended December 31, 2017 compared to \$222,605 for the year ended December 31, 2016. The increase of \$41,258 is due to increased legal expenses partially offset by reduced tax preparation fees.

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

Other items amounted to other expense of \$314,593 during the year ended December 31, 2017 compared to other expense of \$1,076,740 in the year ended December 31, 2016. Total other expense in 2017 was \$NIL as compared to expense of \$794,169 resulting from the unrealized loss on the revaluation of the derivative liability in 2016. This unrealized loss was caused by the increase in the price per ounce of gold during 2016 as compared to the average price per ounce of gold during 2015. The Company had a foreign exchange loss of \$364,188 during the year ended December 31, 2017 compared to a loss of \$340,551 during the year ended December 31, 2016 as a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances. The average exchange rate during the year ended December 31, 2017 was C\$1 to US\$0.7708 compared to C\$1 to US\$0.7548 for the year ended December 31, 2016.

Available-for-sale securities were deemed not to be impaired for the years ended December 31, 2017 and December 31, 2016.

Year ended December 31, 2016 compared to Year ended December 31, 2015

The Company had cash and cash equivalents of \$22,466,493 at December 31, 2016 compared to \$6,493,486 at December 31, 2015. The Company incurred a net loss of \$7,190,628 for the year ended December 31, 2016, compared to a net loss of \$4,812,824 for the year ended December 31, 2015. The following discussion highlights certain selected financial information and changes in operations between the year ended December 31, 2016 and the year ended December 31, 2015.

Mineral property expenditures were \$2,648,631 for the year ended December 31, 2016 compared to \$2,381,868 for the year ended December 31, 2015. The increase of \$266,763 is due to increased expenditures for metallurgical studies and engineering partially offset by the Company limiting field activities to the continuation of critical environmental baseline work while moving forward with a multi-phase metallurgical test work program.

Share-based payment charges were \$108,526 during the year ended December 31, 2016 compared to \$540,468 during the year ended December 31, 2015. The decrease in share-based payment charges during the period was mainly the result of a reduction in the fair value of options granted in 2015 as compared to 2014. The Company granted no options during the year ended December 31, 2016 compared to 2,135,200 options during the year ended December 31, 2015. At December 31, 2016 there was unrecognized compensation expense of C\$38,644 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 0.21 years.

Share based payment charges were allocated as follows:

Expense category:	Year ended December 31, 2016	Year ended December 31, 2015
Consulting	\$ 25,013	\$ 113,150
Investor relations	6,603	27,223
Wages and benefits	76,910	400,095
	\$ 108,526	\$ 540,468

Excluding share-based payment charges of \$76,910 and \$400,095, respectively, wages and benefits decreased to \$2,119,681 for the year ended December 31, 2016 from \$2,159,515 for the year ended December 31, 2015. The closure of the Colorado office during 2015 contributed to lower wages and benefits expenses partially offset by higher healthcare premiums as a result of the base for the employee healthcare programs moving from Colorado to Alaska.

Excluding share-based payment charges of \$25,013 and \$113,150, respectively, consulting fees were \$238,321 for the year ended December 31, 2016 compared to \$305,274 for the year ended December 31, 2015. The decrease of \$66,953 is primarily due to lower consulting fees paid for Chief Financial Officer services during 2016 as compared to 2015.

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

Other items amounted to other expense of \$1,076,740 during the year ended December 31, 2016 compared to other income of \$1,637,352 in the year ended December 31, 2015. Total other expense in 2016 resulted from the unrealized loss on the revaluation of the derivative liability of \$794,169. This unrealized loss was caused by the increase in the price per ounce of gold during 2016 and is compared to an unrealized gain of \$800,000 during 2015 which resulted from a decrease in the price of gold during 2015. In addition to the unrealized loss on the derivative liability, the Company had a foreign exchange loss of \$340,551 during the year ended December 31, 2016 compared to a gain of \$990,690 during the year ended December 31, 2015 as a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances. The average exchange rate during the year ended December 31, 2016 was C\$1 to US\$0.7548 compared to C\$1 to US\$0.7820 for the year ended December 31, 2015.

Available-for-sale securities were deemed not to be impaired for the year ended December 31, 2016 compared to a loss of \$219,402 related to the other than temporary impairment of certain available-for-sale securities during the year ended December 31, 2015.

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 December 31, 2017, the Company reported cash and cash equivalents of \$2,244,466 compared to \$22,466,493 at December 31, 2016. Payment of the land derivative of approximately \$14.7 million, operating expenditures on the Livengood Gold Project of approximately \$5.9 million and a negative foreign currency translation impact of approximately \$0.4 million resulted in a decrease in cash and cash equivalents of approximately \$20.2 million through December 31, 2017. 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 \$12.0 million. The Company intends to use the funds for continuation of optimization studies to further improve and de-risk the Project, required environmental baseline studies, and for general working capital purposes. As at December 31, 2017, management believes that the Company has sufficient financial resources to maintain its operations for the next twelve months.

The Company had no cash flows from investing activities during the years ended December 31, 2017 and December 31, 2016.

Financing activities during the year ended December 31, 2017 included payment of the final derivative payment of approximately \$14.7 million. Share issuance costs included \$45,000 related to a non-brokered private placement of Common Shares in December 2014 and \$7,646 related to the share issuance to the previous CEO. In May 2017, the Company recognized an obligation to issue 206,024 Common Shares to the Company's previous Chief Executive Officer, Thomas Irwin, with a value of \$99,492. On July 13, 2017, the Company issued the Common Shares in full satisfaction of the obligation. Financing activities during the year ended December 31, 2016 provided proceeds of \$21,853,265 from the closing of a non-brokered private placement of common shares in December 2016. Total common shares issued in the financing were 45,833,334 at a price of \$0.48 for gross proceeds of \$22.0 million. Total share issuance costs were \$146,735.

As at December 31, 2017, the Company had working capital of \$1,993,358 compared to working capital of \$7,588,867 at December 31, 2016. 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 2018 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs through the 2019 fiscal year.

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. 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." 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 2018 fiscal year.

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 the current market conditions.

Contractual Obligations and Commitments

The following table discloses, as of December 31, 2017, the Company's contractual obligations, including anticipated mineral property payments and work commitments. 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 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 does not exercise any lease purchase or royalty buyout options:

	Payments Due by Year						Total
	2018	2019	2020	2021	2022	2023 and beyond	
Mineral Property Leases ⁽¹⁾	\$424,668	\$429,688	\$434,783	\$439,955	\$445,204	\$450,532	\$2,624,830
Mining Claim Government Fees	114,825	114,825	114,825	114,825	114,825	114,825	688,950
Total	\$539,493	\$ 544,513	\$ 549,608	\$ 554,780	\$ 560,029	\$ 565,357	\$3,313,780

1. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work which will actually be carried out by the Company. Does not include potential royalties that may be payable (other than annual minimum royalty payments).

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Critical Accounting Policies

Mineral properties and exploration and evaluation expenditures

The Company's mineral project is currently in the exploration and evaluation phase. Mineral property acquisition costs are capitalized when incurred. Mineral property exploration costs are expensed as incurred. At such time that the Company determines that a mineral property can be economically developed, subsequent mineral property expenses will be capitalized during the development of such property.

The Company assesses interests in exploration properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment analysis includes assessment of the following circumstances: a significant decrease in the market price of a long-lived asset or asset group; a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used or in its physical condition; a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset or asset group, including an adverse action or assessment by a regulator; an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset or asset group; a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group; a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term more likely than not refers to a level of likelihood that is more than 50%.

Derivatives

Derivative financial liabilities include the Company's future contingent payment based on the five-year average daily gold price from the date of the acquisition on December 13, 2011 through December 12, 2016. Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Fluctuations in the Company's derivative liability are driven by the price of gold during the term of the liability. On January 12, 2017, the Company paid \$14,694,169 for the timely and full satisfaction of the final derivative payment due with respect to the acquisition of certain mining claims and related rights in the vicinity of the Livengood Gold Project. On January 17, 2017, the Full Deed of Reconveyance releasing the Deed of Trust on the acquired property was

recorded and the Company is now in full ownership and has no further liability with respect to this acquisition.

Stock-based compensation

The Company follows the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Section 718 “Compensation - Stock Compensation”, which establishes accounting for equity based compensation awards to be accounted for using the fair value method. The Company uses the Black-Scholes option pricing model to determine the grant date fair value of the awards. Compensation expense is measured at the grant date and recognized over the requisite service period, which is generally the vesting period.

Recently Adopted Accounting Policies

For a description of recently adopted accounting policies, please see Note 2 – *Summary Of Significant Accounting Policies* within our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. 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 December 31, 2017, the Company held a total of \$2,244,466 in cash and cash equivalents which include interest bearing accounts.

The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

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 8%. The Company's sensitivity analysis suggests that a consistent 8% change in the absolute rate of exchange for the Canadian dollar would affect net assets by approximately \$23,000. 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 December 31, 2017, Canadian dollar balances were converted at a rate of C\$1 to \$0.7971.

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 December 31, 2017, 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.