



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

(Expressed in US Dollars)

Six Months Ended June 30, 2014 and 2013

Corporate Head Office

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INTERNATIONAL TOWER HILL MINES LTD.

June 30, 2014 and 2013

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PART 1

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED BALANCE SHEETS

As at June 30, 2014 and December 31, 2013

(Expressed in US Dollars - Unaudited)

Note	June 30, 2014	December 31, 2013
ASSETS		
Current		
Cash and cash equivalents	\$ 9,257,907	\$ 13,925,601
Marketable securities	42,620	55,002
Accounts receivable	34,934	11,589
Prepaid expenses	346,569	200,731
Total current assets	9,682,030	14,192,923
Restricted cash	-	30,477
Property and equipment	60,018	67,913
Capitalized acquisition costs	4 55,204,041	55,173,564
Total assets	\$ 64,946,089	\$ 69,464,877
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 105,758	\$ 42,469
Accrued liabilities	5 348,436	1,451,227
Total current liabilities	454,194	1,493,696
Non-current liabilities		
Derivative liability	6 15,500,000	14,800,000
Total liabilities	15,954,194	16,293,696
Shareholders' equity		
Share capital, no par value; authorized 500,000,000 shares; 98,068,638 shares issued and outstanding at June 30, 2014 and December 31, 2013	7 236,401,096	236,401,096
Contributed surplus	33,061,018	32,153,864
Accumulated other comprehensive income	2,876,562	3,021,281
Deficit	(223,346,781)	(218,405,060)
Total shareholders' equity	48,991,895	53,171,181
Total liabilities and shareholders' equity	\$ 64,946,089	\$ 69,464,877

Nature and continuance of operations (note 1)

Commitments (note 9)

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

On behalf of the Board:

"Anton Drescher" (signed) Director
Mr. Anton J. Drescher

"Thomas Weng" (signed) Director
Mr. Thomas S. Weng

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the Three and Six Months Ended June 30, 2014 and 2013

(Expressed in US Dollars - Unaudited)

	Note	Three Months Ended		Six Months Ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Operating expenses					
Consulting fees		\$ 128,681	\$ 479,444	\$ 118,290	\$ 1,118,447
Depreciation		3,949	5,453	7,894	10,916
Insurance		70,651	73,417	133,283	142,839
Investor relations		77,741	65,654	168,431	195,035
Mineral property exploration	4	784,951	2,452,664	1,400,113	5,247,099
Office		15,253	28,094	37,034	55,191
Other		8,214	16,638	17,331	32,992
Professional fees		88,451	89,705	234,847	273,732
Regulatory		52,917	12,234	87,172	112,356
Rent		59,835	57,159	109,291	117,169
Travel		16,308	34,980	55,859	128,042
Wages and benefits		770,900	1,763,123	2,019,555	3,640,087
Total operating expenses		(2,077,851)	(5,078,565)	(4,389,100)	(11,073,905)
Other income (expenses)					
Gain (loss) on foreign exchange		(168,569)	511,994	115,560	909,823
Interest income		15,018	23,290	31,819	57,519
Impairment of available-for-sale securities		-	(298,769)	-	(298,769)
Unrealized gain/(loss) on derivative	6	800,000	4,200,000	(700,000)	5,700,000
Total other income (expense)		646,449	4,436,515	(552,621)	6,368,573
Net loss from operations		(1,431,402)	(642,050)	(4,941,721)	(4,705,332)
Other comprehensive income (loss)					
Unrealized loss on marketable securities		(11,852)	(68,535)	(11,852)	(119,112)
Impairment of available-for-sale securities		-	298,769	-	298,769
Exchange difference on translating foreign operations		317,662	(692,563)	(132,867)	(1,196,712)
Total other comprehensive income (loss) for the period		305,810	(462,329)	(144,719)	(1,017,055)
Comprehensive loss for the period		\$(1,125,592)	\$(1,104,379)	\$(5,086,440)	\$(5,722,387)
Basic and fully diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.05)
Weighted average number of shares outstanding		98,068,638	98,068,638	98,068,638	98,068,638

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

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six Months Ended June 30, 2014 and 2013

(Expressed in US Dollars - Unaudited)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income/(loss)	Deficit	Total
Balance, December 31, 2012	98,068,638	\$ 236,401,096	\$ 28,589,591	\$ 4,101,968	\$ (208,552,580)	\$ 60,540,075
Stock based compensation	-	-	2,749,881	-	-	2,749,881
Unrealized loss on available- for-sale securities	-	-	-	(119,112)	-	(119,112)
Impairment of available-for- sale-securities	-	-	-	298,769	-	298,769
Exchange difference on translating foreign operations	-	-	-	(1,196,712)	-	(1,196,712)
Net loss	-	-	-	-	(4,705,332)	(4,705,332)
Balance, June 30, 2013	98,068,638	236,401,096	31,339,472	3,084,913	(213,257,912)	57,567,569
Stock based compensation	-	-	814,392	-	-	814,392
Unrealized gain on available- for-sale securities	-	-	-	195	-	195
Exchange difference on translating foreign operations	-	-	-	(63,827)	-	(63,827)
Net loss	-	-	-	-	(5,147,148)	(5,147,148)
Balance, December 31, 2013	98,068,638	236,401,096	32,153,864	3,021,281	(218,405,060)	53,171,181
Stock based compensation	-	-	907,154	-	-	907,154
Unrealized loss on available- for-sale securities	-	-	-	(11,852)	-	(11,852)
Exchange difference on translating foreign operations	-	-	-	(132,867)	-	(132,867)
Net loss	-	-	-	-	(4,941,721)	(4,941,721)
Balance, June 30, 2014	98,068,638	\$ 236,401,096	\$ 33,061,018	\$ 2,876,562	\$ (223,346,781)	\$ 48,991,895

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

INTERNATIONAL TOWER HILL MINES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2014 and 2013

(Expressed in US Dollars - Unaudited)

	Six Months Ended	
	June 30, 2014	June 30, 2013
Operating Activities		
Loss for the period	\$ (4,941,721)	\$ (4,705,332)
Add items not affecting cash:		
Depreciation	7,894	10,916
Stock based compensation	907,154	2,749,881
Unrealized (gain) loss on derivative liability	700,000	(5,700,000)
Impairment of available-for-sale securities	-	298,769
Changes in non-cash items:		
Accounts receivable	6,016	298,134
Prepaid expenses	(142,192)	(66,380)
Advance to contractors	-	68,000
Accounts payable and accrued liabilities	(1,038,448)	(2,006,680)
Cash used in operating activities	(4,501,297)	(9,052,692)
Financing Activities		
Cash provided by financing activities	-	-
Investing Activities		
Change in restricted cash	30,477	-
Capitalized acquisition costs	(30,477)	-
Cash used in investing activities	-	-
Effect of foreign exchange on cash	(166,397)	(1,243,527)
Decrease in cash and cash equivalents	(4,667,694)	(10,296,219)
Cash and cash equivalents, beginning of the period	13,925,601	30,170,905
Cash and cash equivalents, end of the period	\$ 9,257,907	\$ 19,874,686

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

INTERNATIONAL TOWER HILL MINES LTD.
(An Exploration Stage Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Six Months Ended June 30, 2014 and 2013
(Expressed in US dollars – Unaudited)

1. GENERAL INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

International Tower Hill Mines Ltd. (“ITH” or the “Company”) is incorporated under the laws of British Columbia, Canada. The Company’s head office address is 2300-1177 West Hastings Street, Vancouver, British Columbia, Canada. International Tower Hill Mines Ltd. consists of ITH and its wholly owned subsidiaries Tower Hill Mines, Inc. (“TH Alaska”) (an Alaska corporation), Tower Hill Mines (US) LLC (“TH US”) (a Colorado limited liability company), Livengood Placers, Inc. (“LPI”) (a Nevada corporation), and 813034 Alberta Ltd. (an Alberta corporation). The Company is in the business of acquiring, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At June 30, 2014, the Company was in the exploration stage and controls a 100% interest in its Livengood Gold Project in Alaska, U.S.A.

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

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 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, 2014 and the results of its operations for the six months then ended. Operating results for the six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. The 2013 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP.

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

Basis of consolidation

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

Recently adopted accounting pronouncements

In June 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements (“ASU 2014-10”). ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 are effective for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods. Early adoption of this standard is permitted and the Company has adopted the provisions of ASU 2014-10 with these condensed consolidated interim financial statements. The adoption of ASU 2014-10 impacts the presentation of the statements of operations and comprehensive income and the statements of cash flows as these statements no longer contain financial information from the inception of the Company to the date of the financial statements.

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, 2014		
	Level 1	Level 2
Financial assets:		
Marketable securities	\$ 42,620	\$ -
Total	\$ 42,620	\$ -
Financial liabilities:		
Derivative liability (note 6)	\$ -	\$ 15,500,000
Total	\$ -	\$ 15,500,000

Fair value as at December 31, 2013		
	Level 1	Level 2
Financial assets:		
Marketable securities	\$ 55,002	\$ -
Total	\$ 55,002	\$ -
Financial liabilities:		
Derivative liability (note 6)	\$ -	\$ 14,800,000
Total	\$ -	\$ 14,800,000

4. CAPITALIZED ACQUISITION COSTS

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

Capitalized acquisition costs	Amount
Balance, December 31, 2013	\$ 55,173,564
Acquisition costs	30,477
Balance, June 30, 2014	\$ 55,204,041

The following table presents costs incurred for exploration and evaluation activities for the six months ended June 30, 2014 and June 30, 2013:

	June 30, 2014	June 30, 2013
Exploration costs:		
Aircraft services	\$ 4,440	\$ 4,760
Assay	5,405	10,324
Drilling	59,362	(28,714)
Environmental	585,058	1,369,461
Equipment rental	30,573	284,825
Field costs	112,657	550,101
Geological/geophysical	3,775	2,522,245
Land maintenance & tenure	409,070	380,051
Legal	161,716	117,793
Surveying and mapping	11,796	-
Transportation and travel	16,261	36,253
Total expenditures for the period	\$ 1,400,113	\$ 5,247,099

Livengood Gold Project Property

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

Details of the leases are as follows:

- a) a lease of the Alaska Mental Health Trust mineral rights having a term beginning July 1, 2004 and extending 19 years until June 30, 2023, subject to further extensions beyond June 30, 2023 by either commercial production or payment of an advance minimum royalty equal to 125% of the amount paid in year 19 and diligent pursuit of development. The lease requires minimum work expenditures and advance minimum royalties 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. As of June 30, 2014 the Company has paid \$1,648,923 from the inception of this lease.

- 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. As of June 30, 2014, the Company has paid \$530,000 from the inception of this lease.
- c) a lease of patented lode claims having an initial term of ten years commencing January 18, 2007, and continuing for so long thereafter as advance minimum royalties are paid. The lease requires an advance minimum royalty of \$20,000 on or before each anniversary date through January 18, 2017 and \$25,000 on or before each subsequent anniversary (all of which minimum royalties are recoverable from production royalties). An NSR production royalty of 3% is payable to the lessors. The Company may purchase all interests of the lessors in the leased property (including the production royalty) for \$1,000,000 (less all minimum and production royalties paid to the date of purchase), of which \$500,000 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. As of June 30, 2014, the Company has paid \$115,000 from the inception of this lease.
- 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. As of June 30, 2014, the Company has paid \$83,000 from the inception of this lease.

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, 2014 and December 31, 2013.

	June 30, 2014	December 31, 2013
Accrued liabilities	\$ 248,303	\$ 540,486
Accrued severance	18,834	719,375
Accrued salaries and benefits	81,299	191,366
Total accrued liabilities	\$ 348,436	\$ 1,451,227

Accrued liabilities at June 30, 2014 include accruals for general corporate costs and project costs of \$86,575 and \$161,728, respectively. Accrued liabilities at December 31, 2013 include accruals for general corporate costs and project costs of \$115,020 and \$425,466, respectively.

6. DERIVATIVE LIABILITY

During 2011, the Company acquired certain mining claims and related rights in the vicinity of the Livengood Gold Project located near Fairbanks, Alaska. The aggregate consideration was \$13,500,000 in cash plus an additional contingent payment based on the five-year average daily gold price ("Average Gold Price") from the date of the acquisition. The contingent payment will equal \$23,148 for every dollar that the Average Gold Price exceeds \$720 per troy ounce. If the Average Gold Price is less than \$720, there will be no additional contingent payment.

At initial recognition on December 13, 2011 the derivative liability was valued at \$23,100,000. The key assumption used in the valuation of the derivative is the estimate of the future Average Gold Price. The estimate of the future Average Gold Price was determined using a forward curve on future gold prices as published by the CME Group. The CME Group represents the merger of the Chicago Mercantile Exchange (CME), the Chicago Board of Trade (CBOT), the New York Mercantile Exchange (NYMEX) and its commodity exchange division, Commodity Exchange, Inc. (COMEX). Using this forward curve, the Company estimated an Average Gold Price based on actual gold prices to June 30, 2014 and projected gold prices from June 30, 2014 to the end of the five year period in December 2016 of \$1,391 per ounce of gold.

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

	Total	Average Gold Price (\$/oz.)
Derivative value at December 31, 2013	\$ 14,800,000	\$ 1,360
Unrealized loss for the period	700,000	
Derivative value at June 30, 2014	\$ 15,500,000	\$ 1,391

7. SHARE CAPITAL

Authorized

500,000,000 common shares without par value. At June 30, 2014 and December 31, 2013 there were 98,068,638 shares issued and outstanding.

Share issuances

There were no share issuances during the six months ended June 30, 2014.

Stock options

The Company has adopted an incentive stock option plan (the "2006 Plan"). The essential elements of the 2006 Plan provide that the aggregate number of common shares of the Company's capital stock that may be

made issuable pursuant to options granted under the 2006 Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the 2006 Plan will have a maximum term of ten years. The exercise price of options granted under the 2006 Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under applicable stock exchange policies), or such other price as may be agreed to by the Company and accepted by the Toronto Stock Exchange. Options granted under the 2006 Plan vest immediately, unless otherwise determined by the directors at the date of grant.

During the six months ended June 30, 2014, the Company granted incentive stock options to certain officers, employees and consultants of the Company to purchase a total of 2,480,000 common shares in the capital stock of the Company. The options will vest as to one-third on the grant date, one-third on the first anniversary and one-third on the second anniversary. The following table presents the options granted by the Company during the six months ended June 30, 2014:

Options Granted During the Six Months Ended June 30, 2014			
Grant Date	Expiry Date	Number of Options	Exercise Price (C\$)
February 25, 2014	February 25, 2022	1,360,000	\$1.11
February 25, 2014	February 25, 2022	690,000	\$0.73
March 10, 2014	March 10, 2022	430,000	\$1.11

A summary of the status of the stock option plan as of June 30, 2014, and December 31, 2013 and changes is presented below:

	Six Months Ended June 30, 2014		Year Ended December 31, 2013	
	Number of Options	Weighted Average Exercise Price (C\$)	Number of Options	Weighted Average Exercise Price (C\$)
Balance, beginning of the period	5,493,000	\$ 3.57	8,570,000	\$ 4.73
Granted	2,480,000	\$ 1.00	613,000	\$ 2.18
Expired	-	\$ -	(1,040,000)	\$ 7.78
Forfeited	(600,000)	\$ 3.17	(1,550,000)	\$ 3.27
Cancelled	(1,519,000)	\$ 2.97	(1,100,000)	\$ 8.27
Balance, end of the period	5,854,000	\$ 2.68	5,493,000	\$ 3.57

The weighted average remaining life of options outstanding at June 30, 2014 was 5.0 years.

Stock options outstanding are as follows:

Expiry Date	June 30, 2014			December 31, 2013		
	Exercise Price (C\$)	Number of Options	Exercisable	Exercise Price (C\$)	Number of Options	Exercisable
August 23, 2016	\$ 8.07	600,000	600,000	\$ 8.07	600,000	600,000
January 9, 2017	\$ 4.60	30,000	30,000	\$ 4.60	30,000	20,000
August 24, 2017	\$ 3.17	2,275,000	1,516,658	\$ 3.17	3,350,000	2,233,322
September 19, 2017	-	-	-	\$ 2.91	1,000,000	666,666
March 14, 2018	\$ 2.18	469,000	312,660	\$ 2.18	513,000	170,995
February 25, 2022	\$ 1.11	1,360,000	453,333	-	-	-
February 25, 2022	\$ 0.73	690,000	230,000	-	-	-
March 10, 2022	\$ 1.11	430,000	143,333	-	-	-
		5,854,000	3,285,984		5,493,000	3,690,983

A summary of the non-vested options as of June 30, 2014 and changes during the six months ended June 30, 2014 is as follows:

Non-vested options:	Number of options	Weighted average grant-date fair value (C\$)
Outstanding at December 31, 2013	1,802,017	\$ 1.38
Granted	2,480,000	\$ 0.49
Forfeited	(200,001)	\$ 1.61
Vested	(1,514,000)	\$ 0.84
Outstanding at June 30, 2014	2,568,016	\$ 0.82

At June 30, 2014 there was unrecognized compensation expense of C\$727,469 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 1.1 years.

Share-based payments

During the six month period ended June 30, 2014, the Company granted 2,480,000 stock options with a fair value of C\$1,224,537, calculated using the Black-Scholes option pricing model. Share-based payment charges for the six months ended June 30, 2014 totaled \$907,154.

During the six month period ended June 30, 2013, the Company granted 613,000 stock options with a fair value of C\$304,585, calculated using the Black-Scholes option pricing model. Share-based payment charges for the six months ended June 30, 2013 totaled \$2,749,881.

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

	June 30, 2014	December 31, 2013
Expected life of options	6 years	4 years
Risk-free interest rate	1.83%	1.29%
Annualized volatility	81.02%	59.48%
Dividend rate	0.00%	0.00%
Exercise price (C\$)	\$1.00	\$2.18

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

8. SEGMENT AND GEOGRAPHIC INFORMATION

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

	Canada	United States	Total
June 30, 2014			
Capitalized acquisition costs	\$ -	\$ 55,204,041	\$ 55,204,041
Property and equipment	11,231	48,787	60,018
Current assets	8,998,077	683,953	9,682,030
Total assets	\$ 9,009,308	\$ 55,936,781	\$ 64,946,089
December 31, 2013			
Capitalized acquisition costs	\$ -	\$ 55,173,564	\$ 55,173,564
Restricted cash	-	30,477	30,477
Property and equipment	11,994	55,919	67,913
Current assets	13,289,752	903,171	14,192,923
Total assets	\$ 13,301,746	\$ 56,163,131	\$ 69,464,877
Three months ended			
		June 30, 2014	June 30, 2013
Net loss for the period – Canada		\$ (768,653)	\$ (1,283,253)
Net income (loss) for the period - United States		(662,749)	641,203
Net loss for the period		\$ (1,431,402)	\$ (642,050)
Six months ended			
		June 30, 2014	June 30, 2013
Net loss for the period – Canada		\$ (1,437,704)	\$ (2,939,381)
Net loss for the period - United States		(3,504,017)	(1,765,951)
Net loss for the period		\$ (4,941,721)	\$ (4,705,332)

9. COMMITMENTS

The following table discloses, as of June 30, 2014, the Company's contractual obligations including anticipated mineral property payments and work commitments and committed office and equipment lease obligations. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or unwilling to make 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 no other lease purchase or royalty buyout options:

	Payments Due by Year						Total
	2014	2015	2016	2017	2018	2019 and beyond	
Livengood Property Purchase ⁽¹⁾	\$ -	\$ -	\$ 15,500,000	\$ -	\$ -	\$ -	\$ 15,500,000
Mineral Property Leases ⁽²⁾	-	412,398	417,309	422,294	432,353	437,488	2,121,842
Mining Claim Government Fees	89,110	90,370	90,370	90,370	90,370	90,370	540,960
Office and Equipment Lease Obligations	114,856	78,597	-	-	-	-	193,453
Total	\$ 203,966	\$ 581,365	\$ 16,007,679	\$ 512,664	\$ 522,723	\$ 527,858	\$ 18,356,255

1. The amount payable in December 2016 of \$15,500,000 represents the fair value of the Company's derivative liability as at June 30, 2014 and will be revalued at each subsequent reporting period. See note 6.
2. Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the work which will actually be carried out by the Company. Does not include potential royalties that may be payable (other than annual minimum royalty payments). See note 4.