



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

**(Expressed in US Dollars)**

**Three and Nine Months Ended September 30, 2020 and 2019**

**Corporate Head Office**

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

**September 30, 2020 and 2019**

### **INDEX**

### **Page**

#### **Unaudited Condensed Consolidated Interim Financial Statements**

Condensed Consolidated Interim Balance Sheets	3
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	4
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7-14

## PART 1

### ITEM 1. FINANCIAL STATEMENTS

**INTERNATIONAL TOWER HILL MINES LTD.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**  
 As at September 30, 2020 and December 31, 2019  
 (Expressed in US Dollars - Unaudited)

	Note	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 13,768,843	\$ 6,937,621
Prepaid expenses and other		158,765	238,554
<b>Total current assets</b>		<b>13,927,608</b>	<b>7,176,175</b>
Property and equipment		14,106	15,434
Capitalized acquisition costs	4	55,375,124	55,375,124
<b>Total assets</b>		<b>\$ 69,316,838</b>	<b>\$ 62,566,733</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 335,360	\$ 18,433
Accrued liabilities	5	468,755	317,324
<b>Total liabilities</b>		<b>804,115</b>	<b>335,757</b>
<b>Shareholders' equity</b>			
Share capital, no par value; authorized 500,000,000 shares; 187,573,671 and 194,104,944 shares issued and outstanding at December 31, 2019 and September 30, 2020, respectively	6	287,050,971	278,213,801
Contributed surplus		35,435,959	35,069,274
Accumulated other comprehensive income		1,175,045	1,574,011
Deficit		(255,149,252)	(252,626,110)
<b>Total shareholders' equity</b>		<b>68,512,723</b>	<b>62,230,976</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 69,316,838</b>	<b>\$ 62,566,733</b>

General Information and Nature of Operations (Note 1)  
 Commitments (Note 8)  
 Subsequent Event (Note 9)

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

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

For the Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in US Dollars - Unaudited)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Operating expenses</b>					
Consulting fees	6	\$ 42,175	\$ 353,478	\$ 423,170	\$ 440,986
Depreciation		443	579	1,328	1,737
Insurance		37,913	31,378	104,799	92,007
Investor relations	6	7,193	1,723	49,241	35,923
Mineral property exploration	4	718,541	179,692	1,370,564	1,342,230
Office		4,976	7,059	18,703	18,092
Other		3,905	3,685	12,987	11,266
Professional fees		74,029	54,720	163,189	146,837
Regulatory		59,065	52,118	139,321	136,551
Rent		33,943	33,937	101,815	101,801
Travel		14,425	17,264	20,186	25,359
Wages and benefits	6	190,665	257,279	575,398	589,807
<b>Total operating expenses</b>		<b>(1,187,273)</b>	<b>(992,912)</b>	<b>(2,980,701)</b>	<b>(2,942,596)</b>
<b>Other income (expenses)</b>					
(Loss)/gain on foreign exchange		73,542	82,426	389,633	(280,820)
Interest income		11,968	44,880	62,634	126,113
Other income		-	7,200	5,292	30,931
<b>Total other income (expenses)</b>		<b>85,510</b>	<b>134,506</b>	<b>457,559</b>	<b>(123,776)</b>
<b>Net loss for the period</b>		<b>(1,101,763)</b>	<b>(858,406)</b>	<b>(2,523,142)</b>	<b>(3,066,372)</b>
<b>Other comprehensive income (loss)</b>					
Exchange difference on translating foreign operations		(76,284)	(101,570)	(398,966)	265,149
<b>Total other comprehensive income (loss) for the period</b>		<b>(76,284)</b>	<b>(101,570)</b>	<b>(398,966)</b>	<b>265,149</b>
<b>Comprehensive loss for the period</b>		<b>\$ (1,178,047)</b>	<b>\$ (959,976)</b>	<b>\$ (2,922,108)</b>	<b>\$ (2,801,223)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>189,497,956</b>	<b>187,573,671</b>	<b>188,219,781</b>	<b>187,287,838</b>

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, 2020 and 2019

(Expressed in US Dollars - Unaudited)

<b>Nine-Month Period Ended September 30, 2020</b>						
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total</b>
Balance, December 31, 2019	187,573,671	\$278,213,801	\$35,069,274	\$1,574,011	\$(252,626,110)	\$62,230,976
Stock-based compensation-options	-	-	72,068	-	-	72,068
Stock-based compensation-DSUs	-	-	294,617	-	-	294,617
Exchange difference on translating foreign operations	-	-	-	(398,966)	-	(398,966)
Share issuance	6,531,273	9,164,024	-	-	-	9,164,024
Share issuance costs	-	(326,854)	-	-	-	(326,854)
Net loss	-	-	-	-	(2,523,142)	(2,523,142)
<b>Balance, September 30, 2020</b>	<b>194,104,944</b>	<b>\$287,050,971</b>	<b>\$35,435,959</b>	<b>\$1,175,045</b>	<b>\$(255,149,252)</b>	<b>\$68,512,723</b>

<b>Three-Month Period Ended September 30, 2020</b>						
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Accumulated other comprehensive income</b>	<b>Deficit</b>	<b>Total</b>
Balance, June 30, 2020	187,573,671	\$278,213,801	\$35,417,526	\$1,251,329	\$(254,047,489)	\$60,835,167
Stock-based compensation-options	-	-	18,433	-	-	18,433
Exchange difference on translating foreign operations	-	-	-	(76,284)	-	(76,284)
Share issuance	6,531,273	9,164,024	-	-	-	9,164,024
Share issuance costs	-	(326,854)	-	-	-	(326,854)
Net loss	-	-	-	-	(1,101,763)	(1,101,763)
<b>Balance, September 30, 2020</b>	<b>194,104,944</b>	<b>\$287,050,971</b>	<b>\$35,435,959</b>	<b>\$1,175,045</b>	<b>\$(255,149,252)</b>	<b>\$68,512,723</b>

<b>Nine-Month Period Ended September 30, 2019</b>						
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</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)
<b>Balance, September 30, 2019</b>	<b>187,573,671</b>	<b>\$278,213,801</b>	<b>\$35,069,274</b>	<b>\$1,428,049</b>	<b>\$(251,866,075)</b>	<b>\$62,845,049</b>

<b>Three-Month Period Ended September 30, 2019</b>						
	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed surplus</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)
<b>Balance, September 30, 2019</b>	<b>187,573,671</b>	<b>\$278,213,801</b>	<b>\$35,069,274</b>	<b>\$1,428,049</b>	<b>\$(251,866,075)</b>	<b>\$62,845,049</b>

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, 2020 and 2019  
(Expressed in US Dollars - Unaudited)

	<b>Nine Months Ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>
<b>Operating Activities</b>		
Loss for the period	\$ (2,523,142)	\$ (3,066,372)
Add items not affecting cash:		
Depreciation	1,328	1,737
Stock-based compensation-option	72,068	89,140
Stock-based compensation-DSU	294,617	316,717
Changes in non-cash items:		
Accounts receivable	93,448	13,553
Prepaid expenses and other	(18,705)	(9,750)
Accounts payable and accrued liabilities	341,619	(269,642)
<b>Cash used in operating activities</b>	<b>(1,738,767)</b>	<b>(2,924,617)</b>
<b>Financing Activities</b>		
Issuance of common shares	9,164,024	64,254
Share issuance costs	(198,464)	-
<b>Cash provided by financing activities</b>	<b>8,965,560</b>	<b>64,254</b>
<b>Investing Activities</b>		
Capitalized acquisition costs	-	(101,692)
<b>Cash used in investing financing activities</b>	<b>-</b>	<b>(101,692)</b>
<b>Effect of foreign exchange on cash</b>	<b>(395,571)</b>	<b>261,924</b>
<b>Change in cash and cash equivalents</b>	<b>6,831,222</b>	<b>(2,700,131)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>6,937,621</b>	<b>10,228,964</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 13,768,843</b>	<b>\$ 7,528,833</b>
<b>Supplementary Disclosures:</b>		
<b>Non-cash investing and financing transactions</b>		
Share issuance costs in accounts payable	119,916	-
Share issuance costs in accrued liabilities	8,474	-

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, 2020 and 2019

(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, 2020, 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, 2020, the Company had cash and cash equivalents of \$13,768,843 compared to \$6,937,621 at December 31, 2019. 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 make a decision to build a mine at the Livengood Gold Project and, if so, that it 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.

#### **COVID-19 Pandemic**

In March 2020, the World Health Organization declared the novel coronavirus 2019 (“COVID-19”) a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its ultimate effects on the Company’s business, results of operations or ability to raise funds at this time, as of the date of this Quarterly Report on Form 10-Q, the COVID-19 pandemic has not had any material adverse effects on the Company.

#### **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, 2019 as filed in our Annual Report on Form 10-K. In the opinion of the Company’s management, these financial statements reflect all

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

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in US dollars – Unaudited)

adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company’s financial position at September 30, 2020 and the results of its operations for the nine months then ended. Operating results for the nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020.

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

On November 5, 2020, 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, 2019</b>	\$ 55,375,124
Acquisition costs	-
<b>Balance, September 30, 2020</b>	\$ 55,375,124

The following table presents costs incurred for exploration and evaluation activities for the nine months ended September 30, 2020 and 2019:



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

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in US dollars – Unaudited)

	September 30, 2020	September 30, 2019
Exploration costs:		
Aircraft services	\$ -	\$ 4,350
Environmental	135,782	131,160
Equipment rental	39,675	57,876
Field costs	57,529	63,375
Geological/geophysical	523,768	496,763
Land maintenance and tenure	521,416	534,773
Legal	84,535	47,725
Transportation and travel	7,859	6,208
Total expenditures for the period	\$ 1,370,564	\$ 1,342,230

**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, 2020 and from the inception of this lease, the Company has paid \$344,553 and \$3,651,168, 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 for the duration of the lease (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, 2020 and from the inception of this lease, the Company has paid \$50,000 and \$830,000, 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 is payable by way of the 3% NSR production

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

Three and Nine Months Ended September 30, 2020 and 2019

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royalty. The Company paid \$15,000 of royalties during the nine months ended September 30, 2020, for a total of \$250,000 from the inception of this lease. The Company has acquired a 40% interest in the mining claims subject to the lease, providing the Company with a 40% interest in the 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 for the duration of the lease (all of which minimum royalties are recoverable from production royalties). The Company is required to pay the lessor the additional sum of \$250,000 upon making a positive production decision, of which \$125,000 is payable within 120 days of the decision and \$125,000 is payable 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. The Company paid \$15,000 of royalties during the nine months ended September 30, 2020, for a total of \$173,000 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 September 30, 2020 and December 31, 2019.

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Accrued liabilities	\$ 439,683	\$ 278,644
Accrued salaries and benefits	29,072	38,680
<b>Total accrued liabilities</b>	<b>\$ 468,755</b>	<b>\$ 317,324</b>

Accrued liabilities at September 30, 2020 include accruals for general corporate costs and project costs of \$93,466 and \$346,217, respectively. Accrued liabilities at December 31, 2019 include accruals for general corporate costs and project costs of \$57,114 and \$221,530, respectively.

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

The Company's authorized share capital consists of 500,000,000 common shares without par value. At December 31, 2019 and September 30, 2020, there were 187,573,671 and 194,104,944 shares issued and outstanding, respectively.

**Share issuances**

On August 31, 2020, the Company entered into an At Market Issuance Sales Agreement (the "sales agreement") with B. Riley Securities, Inc. ("B. Riley"), pursuant to which the Company was entitled, at its discretion and from time-to-time during the term of the sales agreement, to sell through B. Riley such number of common shares of the Company as would result in aggregate gross proceeds to the Company of up to \$10.3 million (the "Offering"). No offers or sales of common shares were made in Canada through the facilities of the Toronto Stock Exchange ("TSX") or other trading markets.

As of September 30, 2020, the Company had issued an aggregate of 6,531,273 common shares under the sales agreement at an average price of \$1.40 for gross proceeds of \$9.2 million.

**INTERNATIONAL TOWER HILL MINES LTD.**

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

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in US dollars – Unaudited)

**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 “Stock Option Plan”). The essential elements of the Stock Option Plan provide that the aggregate number of common shares of the Company that may be issued pursuant to options granted under the Stock Option Plan and any other share-based compensation arrangements 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 Stock Option Plan will have a maximum term of ten years. The exercise price of options granted under the Stock Option Plan shall be fixed in compliance with the applicable provisions of the TSX Company Manual in force at the time of grant and, in any event, shall not be less than the closing price of the Company’s common shares on the TSX on the trading day immediately preceding the day on which the option is granted, or such other price as may be agreed to by the Company and accepted by the TSX. Options granted under the Stock Option Plan vest immediately, unless otherwise determined by the directors at the date of grant.

A summary of the options granted under the Stock Option Plan as of September 30, 2020 and December 31, 2019 is presented below:

	Nine Months Ended September 30, 2020			Year Ended December 31, 2019		
	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	2,452,049	\$ 0.94		3,655,991	\$ 0.98	
Granted	255,000	0.92		187,232	0.85	
Exercised	-	-		(121,174)	0.70	
Cancelled	-	-		(1,270,000)	1.06	
Balance, end of the period	2,707,049	\$ 0.94	\$ 2,124,839	2,452,049	\$ 0.94	\$ 59,734

The weighted average remaining life of options outstanding at September 30, 2020 was 2.9 years.

Stock options outstanding are as follows:

Expiry Date	September 30, 2020			December 31, 2019		
	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	510,000	510,000
February 25, 2022	\$ 0.73	270,000	270,000	\$ 0.73	270,000	270,000
March 10, 2022	\$ 1.11	120,000	120,000	\$ 1.11	120,000	120,000
March 16, 2023	\$ 1.00	580,000	580,000	\$ 1.00	580,000	580,000
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	374,817	374,817
February 1, 2025	\$ 1.35	250,000	250,000	\$ 1.35	250,000	250,000
August 8, 2025	\$ 0.85	187,232	187,232	\$ 0.85	187,232	187,232
May 27, 2026	\$ 0.92	255,000	85,000	-	-	-
		2,707,049	2,537,049		2,452,049	2,452,049

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

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in US dollars – Unaudited)

A summary of the non-vested options as of September 30, 2020 and changes during the nine months ended September 30, 2020 is as follows:

Non-vested options:	Number of options	Weighted average grant-date fair value (C\$)
Outstanding at December 31, 2019	-	\$ -
Granted	255,000	\$0.76
Vested	(85,000)	\$0.76
Outstanding at September 30, 2020	170,000	\$0.76

At September 30, 2020, there was unrecognized compensation expense of C\$95,981 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 1.2 years.

**Deferred Share Unit Incentive Plan**

On April 4, 2017, the Company adopted a Deferred Share Unit Plan (the “DSU Plan”). The DSU Plan was approved by the Company’s shareholders on May 24, 2017 and reapproved by the Company’s shareholders on May 27, 2020. The maximum aggregate number of common shares that may be issued under the DSU Plan and the Stock Option Plan is 10% of the number of issued and outstanding common shares (on a non-diluted basis).

During the nine months ended September 30, 2020, the Company granted each of the members of the Board (other than those directors nominated for election by Paulson 90,217 deferred share units (“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\$0.92 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 holder until the holder is no longer serving on the Board.

DSUs outstanding are as follows:

	Nine Months Ended September 30, 2020		Year Ended December 31, 2019	
	Number of Units	Weighted Average Exercise Price (C\$)	Number of Units	Weighted Average Exercise Price (C\$)
Balance, beginning of the period	1,383,396	\$ 0.77	1,356,975	\$ 0.72
Issued	451,085	\$ 0.92	488,235	\$ 0.85
Delivered	-	-	(461,814)	\$ 0.71
Balance, end of the period	1,834,481	\$ 0.81	1,383,396	\$ 0.77

**Share-based payments**

During the nine-month period ended September 30, 2020, there were 255,000 stock options granted under the Stock Option Plan and 451,085 DSUs granted under the DSU Plan. Share-based payment compensation for the nine months ended September 30, 2020 totaled \$366,685 (\$72,068 related to stock options and \$294,617 related to DSUs). Of the total expense for the period ended September 30, 2020, \$303,096 was included in consulting fees (\$8,479 related to stock options and \$294,617 related to DSUs), \$4,239 was included in investor relations, and \$59,350 was included in wages and benefits in the statement of operations and comprehensive loss.

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

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

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in US dollars – Unaudited)

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.

The following weighted average assumptions were used for the Black Scholes valuation model for stock options granted during the period:

	<b>YTD September 30, 2020</b>
Expected life of options	6 years
Risk-free interest rate	0.40%
Annualized volatility	80.92%
Dividend rate	0.00%
Exercise price (C\$)	\$0.92

**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:

	<b>Canada</b>	<b>United States</b>	<b>Total</b>
<b>September 30, 2020</b>			
Capitalized acquisition costs	\$ -	\$ 55,375,124	\$ 55,375,124
Property and equipment	7,870	6,236	14,106
Current assets	13,518,707	408,901	13,927,608
<b>Total assets</b>	<b>\$ 13,526,577</b>	<b>\$ 55,790,261</b>	<b>\$ 69,316,838</b>
<b>December 31, 2019</b>			
Capitalized acquisition costs	\$ -	\$ 55,375,124	\$ 55,375,124
Property and equipment	7,979	7,455	15,434
Current assets	6,652,289	523,886	7,176,175
<b>Total assets</b>	<b>\$ 6,660,268</b>	<b>\$ 55,906,465</b>	<b>\$ 62,566,733</b>

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
<b>Three months ended</b>		
Net loss for the period – Canada	\$ (118,528)	\$ (422,405)
Net loss for the period – United States	(983,235)	(436,001)
Net loss for the period	\$ (1,101,763)	\$ (858,406)
<b>Nine months ended</b>		
Net loss for the period – Canada	\$ (406,149)	\$ (1,023,909)
Net loss for the period – United States	(2,116,993)	(2,042,463)
Net loss for the period	\$ (2,523,142)	\$ (3,066,372)

**8. COMMITMENTS**

The following table discloses the Company's contractual obligations as of September 30, 2020, including anticipated mineral property payments. Under the terms of the Company's mineral property purchase agreements, mineral leases and unpatented mineral claims, 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

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

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in US dollars – Unaudited)

any such expenditure, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but does not exercise any lease purchase or royalty buyout options:

	Payments Due by Year						Total
	2020	2021	2022	2023	2024	2025 and beyond	
Mineral Property							
Leases <sup>(1)</sup>	\$ -	\$ 428,951	\$ 434,185	\$ 439,498	\$ 444,890	\$ 450,363	\$ 2,197,887
Mining Claim							
Government Fees	92,035	132,460	132,460	132,460	132,460	132,460	754,335
<b>Total</b>	<b>\$ 92,035</b>	<b>\$ 561,411</b>	<b>\$ 566,645</b>	<b>\$ 571,958</b>	<b>\$ 577,350</b>	<b>\$ 582,823</b>	<b>\$ 2,952,222</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.

**9. SUBSEQUENT EVENT**

As further described in Note 6, on August 31, 2020, the Company entered into a sales agreement with B. Riley, pursuant to which the Company was entitled, at its discretion and from time-to-time during the term of the sales agreement, to sell through B. Riley such number of common shares of the Company as would result in aggregate gross proceeds to the Company of up to \$10.3 million. Subsequent to September 30, 2020, the Company issued an additional 803,240 common shares at an average price of \$1.40 for gross proceeds of \$1.1 million pursuant to the sales agreement described in Note 6. As of October 16, 2020, the Company had raised the full \$10.3 million available under the sales agreement. The Company issued a total of 7,334,513 common shares at an average price of \$1.40, for gross proceeds of \$10.3 million.