

INTERNATIONAL TOWER HILL MINES LTD.
For the quarterly period ended March 31, 2021

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020. All currency amounts are stated in U.S. dollars unless noted otherwise.

Current Business Activities

General

In response to improved gold prices and changing worldwide macroeconomic conditions that are now supportive of accelerating work on the Livengood Gold Project, on May 7, 2020, the Board directed management to prepare an updated pre-feasibility study ("PFS") for the Project.

Recent Developments

On January 12, 2021, the Company announced that the Board had approved a 2021 budget of \$5.6 million and endorsed the associated 2021 work program to advance the Livengood Gold Project. The key element of the 2021 work program is the completion of the updated PFS for the Livengood Gold Project that is planned for release in October 2021. The work program will also advance the baseline environmental data collection in critical areas of hydrology and waste rock geochemical characterization needed to support future permitting, as well as advance community engagement.

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.

Results of Operations

Summary of Quarterly Results

Description	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net income (loss)	\$ (1,137,872)	\$ (1,995,576)	\$ (1,101,763)	\$ (1,486,464)
Basic and diluted net gain (loss) per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Net income (loss)	\$ 65,085	\$ (760,035)	\$ (858,406)	\$ (1,387,054)
Basic and diluted net gain (loss) per common share	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.01)

Three Months Ended March 31, 2021 compared to Three Months Ended March 31, 2020

The Company had a net loss of \$1,137,872 for the three months ended March 31, 2021, compared to a net income of \$65,085 for the three months ended March 31, 2020.

Mineral property expenditures were \$539,754 for the three months ended March 31, 2021 compared to \$115,420 for the three months ended March 31, 2020. The increase of \$424,334 is primarily due to efforts toward an updated PFS during the three months ended March 31, 2021.

Regulatory costs were \$100,023 for the three months ended March 31, 2021 compared to \$61,173 for the three months ended March 31, 2020. The increase of \$38,850 is primarily due to increased TSX, New York Stock Exchange, and annual SEDAR fees related to the Company's increased market valuation.

Excluding share-based costs of \$2,232 and \$Nil for the three months ended March 31, 2021 and March 31, 2020, respectively, consulting costs were \$57,769 for the three months ended March 31, 2021, compared to \$40,419 for the three months ended March 31, 2020. The increase of \$17,350 is primarily due to increased investor relations support services.

Insurance costs were \$40,910 for the three months ended March 31, 2021, compared to \$31,224 for the three months ended March 31, 2020. The increase of \$9,686 is primarily due to premium increases.

Excluding share-based costs of \$15,623 and \$Nil for the three months ended March 31, 2021 and March 31, 2020, respectively, wages and benefits were \$147,627, for the three months ended March 31, 2021 compared to \$154,530 for the three months ended March 31, 2020. The decrease of \$6,903 is primarily due to a variation in timing of employee benefits.

Share-based payment charges

Share-based payment charges for the three-month periods ended March 31, 2021 and 2020 were allocated as follows:

Expense category:	March 31, 2021	March 31, 2020
Consulting	\$ 2,232	\$ -
Investor relations	1,116	-
Wages and benefits	15,623	-
Total	\$ 18,971	\$ -

Share-based payment charges were \$18,971 during the three months ended March 31, 2021 compared to \$Nil during the three months ended March 31, 2020. The increase of \$18,971 is mainly the result of the stock options for common shares of the Company issued to its employees and consultants on August 8, 2019 being fully vested upon issuance and the stock options for common shares of the Company issued to its employees and consultants on May 27, 2020 vesting over a period of two years, with only one-third being exercisable upon grant.

Other items amounted to total other expense of \$130,766 during the three-month period ended March 31, 2021, compared to total other income of \$578,511 during the three-month period ended March 31, 2020. As a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances, the Company had a foreign exchange loss of \$140,687 during the three-month period ended March 31, 2021, compared to a gain of \$541,186 during the three-month period ended March 31, 2020. The average exchange rate during the three-month period ended March 31, 2021 was C\$1 to US\$0.7899 compared to C\$1 to US\$0.7443 during the three-month period ended March 31, 2020. Interest income was \$9,921 for the three-month period ended March 31, 2021, compared to \$37,325 for the three-month period ended March 31, 2020. The decrease of \$27,404 is primarily due to short-term investment certificates being re-invested upon maturity at a lower interest rate.

Liquidity Risk and Capital Resources

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

As at March 31, 2021, the Company had cash and cash equivalents of \$11,998,038 compared to \$13,049,293 at December 31, 2020. The decrease of approximately \$1.1 million resulted mainly from the expenditures on operating activity of \$1.2 million and a positive foreign currency transaction impact of \$0.1 million.

The Company had no cash flows from financing activities during the three-month periods ended March 31, 2021 and 2020.

The Company had no cash flows from investing activities during the three-month periods ended March 31, 2021 and 2020.

As at March 31, 2021, the Company had working capital of \$11,742,899 compared to working capital of \$12,718,381 at December 31, 2020. 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 2021 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs through at least the next 12 months.

The Company will require significant additional financing to continue its operations (including general and administrative expenses) in connection with advancing activities at the Livengood Gold Project and the development of any mine that may be 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*" included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

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 the Company's contractual obligations as of March 31, 2021, including anticipated mineral property payments and work commitments. 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 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
	2021	2022	2023	2024	2025	2026 and beyond	
Mineral Property Leases ⁽¹⁾	\$ 392,688	\$ 426,972	\$ 513,715	\$ 519,136	\$ 524,625	\$ 530,183	\$ 2,907,319
Mining Claim Government Fees	132,460	132,460	132,460	132,460	132,460	132,460	794,760
Total	\$ 525,148	\$ 559,432	\$ 646,175	\$ 651,596	\$ 657,085	\$ 662,643	\$ 3,702,079

1. 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).

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Environmental Regulations

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

Certain U.S. Federal Income Tax Considerations for U.S. Holders

The Company has been a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes in recent years and expects to continue to be a PFIC in the future. Current and prospective U.S. shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in the Company's Annual Report on Form 10-K for the year ended December 31,

2020, under “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Certain U.S. Federal Income Tax Considerations for U.S. Holders.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of March 31, 2021, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2021, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed in reports filed or submitted to the Securities and Exchange Commission under the Exchange Act: (i) is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows for timely decisions regarding required disclosures.

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

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.