



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

(Expressed in US Dollars)

Three and Nine Months Ended September 30, 2022 and 2021

Corporate Head Office

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INTERNATIONAL TOWER HILL MINES LTD.

September 30, 2022 and 2021

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PART 1

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL TOWER HILL MINES LTD.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

As at September 30, 2022 and December 31, 2021

(Expressed in US Dollars - Unaudited)

	Note	September 30, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents	1	\$ 5,472,704	\$ 7,780,671
Prepaid expenses and other		166,953	141,680
Total current assets		5,639,657	7,922,351
Property and equipment		7,465	7,465
Capitalized acquisition costs	4	55,375,124	55,375,124
Total assets		\$ 61,022,246	\$ 63,304,940
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable		\$ 22,461	\$ 259,648
Accrued liabilities	5	157,096	320,233
Total liabilities		179,557	579,881
Shareholders' equity			
Share capital, no par value; unlimited number of authorized shares; 194,908,184 and 195,313,184 shares issued and outstanding at December 31, 2021 and September 30, 2022, respectively	6	288,484,901	288,032,132
Contributed surplus	6	36,255,277	35,989,922
Accumulated other comprehensive income		1,437,139	1,828,121
Deficit		(265,334,628)	(263,125,116)
Total shareholders' equity		60,842,689	62,725,059
Total liabilities and shareholders' equity		\$ 61,022,246	\$ 63,304,940

General Information and Nature of Operations (Note 1)

Commitments (Note 8)

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, 2022 and 2021

(Expressed in US Dollars - Unaudited)

		Three Months Ended		Nine Months Ended	
	Note	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Operating expenses					
Consulting fees	6	\$ 57,691	\$ 71,205	\$ 490,456	\$ 552,870
Depreciation		-	-	-	369
Insurance		51,505	46,695	152,441	134,632
Investor relations	6	7,929	11,481	57,502	65,374
Mineral property exploration	4	95,511	1,378,786	860,549	3,043,856
Office		5,560	10,963	15,996	24,368
Other		3,555	3,712	11,357	11,796
Professional fees		72,236	71,662	181,729	168,322
Regulatory		49,946	52,229	148,631	185,235
Rent		33,917	33,684	101,522	101,328
Travel		16,070	11,385	24,227	18,373
Wages and benefits	6	223,427	215,190	608,360	641,602
Total operating expenses		(617,347)	(1,906,992)	(2,652,770)	(4,948,125)
Other income (expenses)					
Gain/(loss) on foreign exchange		315,283	249,160	410,693	(49,356)
Interest income		1,512	3,627	4,621	17,390
Other income		5,292	5,292	27,944	15,292
Total other income (expenses)		322,087	258,079	443,258	(16,674)
Net loss for the period		(295,260)	(1,648,913)	(2,209,512)	(4,964,799)
Other comprehensive income (loss)					
Exchange difference on translating foreign operations		(327,012)	(252,457)	(390,982)	51,980
Total other comprehensive income (loss) for the period		(327,012)	(252,457)	(390,982)	51,980
Comprehensive loss for the period		\$ (622,272)	\$ (1,901,370)	\$ (2,600,494)	\$ (4,912,819)
Basic and diluted loss per share		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Weighted average number of shares outstanding – basic and diluted		195,313,184	194,908,184	195,129,206	194,908,184

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, 2022 and 2021

(Expressed in US Dollars - Unaudited)

Nine-Month Period Ended September 30, 2022						
	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2021	194,908,184	\$288,032,132	\$35,989,922	\$1,828,121	\$(263,125,116)	\$62,725,059
Stock-based compensation-options	-	-	114,811	-	-	114,811
Stock-based compensation-DSUs	-	-	313,023	-	-	313,023
Exchange difference on translating foreign operations	-	-	-	(390,982)	-	(390,982)
Exercise of options	405,000	290,290	-	-	-	290,290
Reallocation from contributed surplus	-	162,479	(162,479)	-	-	-
Net loss	-	-	-	-	(2,209,512)	(2,209,512)
Balance, September 30, 2022	195,313,184	\$288,484,901	\$36,255,277	\$1,437,139	\$(265,334,628)	\$60,842,689

Three-Month Period Ended September 30, 2022						
	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, June 30, 2022	195,313,184	\$288,484,901	\$36,233,808	\$1,764,151	\$(265,039,368)	\$61,443,492
Stock-based compensation-options	-	-	21,469	-	-	21,469
Exchange difference on translating foreign operations	-	-	-	(327,012)	-	(327,012)
Net loss	-	-	-	-	(295,260)	(295,260)
Balance, September 30, 2022	195,313,184	\$288,484,901	\$36,255,277	\$1,437,139	\$(265,334,628)	\$60,842,689

Nine-Month Period Ended September 30, 2021						
	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2020	194,908,184	\$288,032,132	\$35,454,805	\$1,759,228	\$(257,144,828)	\$68,101,337
Stock-based compensation-options	-	-	137,251	-	-	137,251
Stock-based compensation-DSUs	-	-	367,850	-	-	367,850
Exchange difference on translating foreign operations	-	-	-	51,980	-	51,980
Net loss	-	-	-	-	(4,964,799)	(4,964,799)
Balance, September 30, 2021	194,908,184	\$288,032,132	\$35,959,906	\$1,811,208	\$(262,109,627)	\$63,693,619

Three-Month Period Ended September 30, 2021						
	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, June 30, 2021	194,908,184	\$288,032,132	\$35,929,885	\$2,063,665	\$(260,460,714)	\$65,564,968
Stock-based compensation-options	-	-	30,021	-	-	30,021
Exchange difference on translating foreign operations	-	-	-	(252,457)	-	(252,457)
Net loss	-	-	-	-	(1,648,913)	(1,648,913)
Balance, September 30, 2021	194,908,184	\$288,032,132	\$35,959,906	\$1,811,208	\$(262,109,627)	\$63,693,619

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, 2022 and 2021
(Expressed in US Dollars - Unaudited)

	Nine Months Ended	
	September 30, 2022	September 30, 2021
Operating Activities		
Loss for the period	\$ (2,209,512)	\$ (4,964,799)
Add items not affecting cash:		
Depreciation	-	369
Stock-based compensation-options	114,811	137,251
Stock-based compensation-DSUs	313,023	367,850
Changes in non-cash items:		
Accounts receivable	2,717	20,206
Prepaid expenses and other	(34,387)	(18,664)
Accounts payable and accrued liabilities	(395,529)	624,714
Cash used in operating activities	(2,208,877)	(3,833,073)
Financing Activities		
Issuance of shares	290,290	-
Cash provided by financing activities	290,290	-
Effect of foreign exchange on cash	(389,380)	51,980
Change in cash and cash equivalents	(2,307,967)	(3,781,093)
Cash and cash equivalents, beginning of the period	7,780,671	13,049,293
Cash and cash equivalents, end of the period	\$ 5,472,704	\$ 9,268,200

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, 2022 and 2021

(Expressed in US dollars – Unaudited)

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 2710 – 200 Granville 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, 2022, the Company has a 100% interest in its Livengood Gold Project, an exploration-stage project in Alaska, U.S.A (the “Livengood Gold Project”).

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, 2022, the Company had cash and cash equivalents of \$5,472,704 compared to \$7,780,671 at December 31, 2021. 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 considering a future strategic alliance to assist in further development, permitting and future construction costs, although there can be no assurance that any such strategic alliance will, in fact, be pursued or realized.

Despite the Company’s success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. 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, including as a result of the emergence of variant strains of the virus and ongoing vaccination efforts, 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, 2021 as filed in our

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

Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in US dollars – Unaudited)

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 September 30, 2022 and the results of its operations for the nine months then ended. Operating results for the nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

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 9, 2022, 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 nature 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.

There were no financial instruments measured at fair value.

4. MINERAL PROPERTY

The Company had the following activity related to its Livengood Gold Project:

Capitalized acquisition costs	Amount
Balance, December 31, 2021	\$ 55,375,124
Acquisition costs	-
Balance, September 30, 2022	\$ 55,375,124

The following table presents costs incurred for exploration and evaluation activities for the nine months ended September 30, 2022 and 2021:

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Three and Nine Months Ended September 30, 2022 and 2021

(Expressed in US dollars – Unaudited)

	September 30, 2022	September 30, 2021
Exploration costs:		
Aircraft	\$ 9,000	\$ 8,400
Environmental	156,412	153,963
Equipment rental	51,365	46,063
Field costs	74,030	310,095
Geological/geophysical	49,202	1,777,435
Land maintenance and tenure	449,572	672,731
Legal	78,653	62,689
Transportation and travel	(7,685)	12,480
Total expenditures for the period	\$ 860,549	\$ 3,043,856

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 LPI in December 2011. During the nine months ended September 30, 2022 and from the inception of this lease, the Company has paid \$364,462 and \$4,358,318, 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, 2022 and from the inception of this lease, the Company has paid \$50,000 and \$930,000, 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 royalty. The Company paid \$15,000 of royalties during the nine months ended September 30, 2022, for a total of \$280,000 from the inception of this lease. The Company has acquired a 40% interest in the mining

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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, 2022, for a total of \$203,000 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 all 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, 2022 and December 31, 2021.

	September 30, 2022	December 31, 2021
Accrued liabilities	\$ 118,496	\$ 202,982
Accrued salaries and benefits	38,600	117,251
Total accrued liabilities	\$ 157,096	\$ 320,233

Accrued liabilities at September 30, 2022 include accruals for general corporate costs and project costs of \$64,973 and \$53,523, respectively. Accrued liabilities at December 31, 2021 include accruals for general corporate costs and project costs of \$34,912 and \$168,070, respectively.

6. SHARE CAPITAL**Authorized**

The Company's authorized share capital consists of an unlimited number of common shares without par value. At December 31, 2021 and September 30, 2022, there were 194,908,184 and 195,313,184 shares issued and outstanding, respectively.

Share issuances

During the nine months ended September 30, 2022, the Company issued 405,000 common shares pursuant to the exercise of stock options for total proceeds of \$290,290 and transferred related contributed surplus of \$162,479 to share capital.

There were no share issuances during the nine months ended September 30, 2021.

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, May 30, 2018, and May 25, 2021 (the "Stock Option Plan"). The essential elements of the Stock Option Plan provide that the aggregate number of common shares of the Company that

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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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 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 Toronto Stock Exchange (“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 Board at the date of grant.

A summary of the options granted under the Stock Option Plan as of September 30, 2022 and December 31, 2021 is presented below:

Nine Months Ended September 30, 2022				Year Ended December 31, 2021		
	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	2,947,049	\$ 0.97		2,707,049	\$ 0.94	
Granted	240,000	0.92		240,000	1.31	
Exercised	(405,000)	0.90		-	-	
Cancelled	(495,000)	1.08		-	-	
Balance, end of the period	2,287,049	\$ 0.95	\$ 64,782	2,947,049	\$ 0.97	\$ 235,200

The weighted average remaining life of options outstanding at September 30, 2022 was 2.4 years.

Stock options outstanding as at September 30, 2022 and December 31, 2021 are as follows:

Expiry Date	September 30, 2022			December 31, 2021		
	Exercise Price (C\$)	Number of Options	Exercisable	Exercise Price (C\$)	Number of Options	Exercisable
March 25, 2022*	-	-	-	\$ 1.11	510,000	510,000
March 25, 2022*	-	-	-	\$ 0.73	270,000	270,000
March 25, 2022*	-	-	-	\$ 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	255,000	\$ 0.92	255,000	170,000
May 25, 2027	\$ 1.31	240,000	160,000	\$ 1.31	240,000	80,000
May 24, 2028	\$ 0.92	240,000	80,000	-	-	-
		2,287,049	2,047,049		2,947,049	2,702,049

* Expiry date automatically extended to March 25, 2022, the tenth business day following the end of a blackout period imposed on the holders of the stock options, pursuant to the terms of the Stock Option Plan.

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

Three and Nine Months Ended September 30, 2022 and 2021

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A summary of the non-vested options as of September 30, 2022 and changes during the nine months ended September 30, 2022 is as follows:

	Number of options	Weighted average grant-date fair value (C\$)
Non-vested options:		
Outstanding at December 31, 2021	245,000	\$0.91
Granted	240,000	0.60
Vested	(245,000)	0.78
Outstanding at September 30, 2022	240,000	\$0.73

At September 30, 2022, there was unrecognized compensation expense of C\$95,715 related to non-vested options outstanding. The cost is expected to be recognized over a weighted-average remaining period of approximately 1.1 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 and May 25, 2021. 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, 2022, in accordance with the DSU Plan, the Company granted each of the members of the Company’s Board of Directors (other than those directors nominated for election by Paulson & Co. Inc.) 90,217 deferred share units (“DSUs”) for a total of 451,085 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.

DSUs outstanding as at September 30, 2022 and December 31, 2021 are as follows:

	Nine Months Ended September 30, 2022		Year Ended December 31, 2021	
	Number of Units	Weighted Average Exercise Price (C\$)	Number of Units	Weighted Average Exercise Price (C\$)
Balance, beginning of the period	2,151,276	\$ 0.88	1,834,481	\$ 0.81
Issued	451,085	\$ 0.92	316,795	\$ 1.31
Balance, end of the period	2,602,361	\$ 0.89	2,151,276	\$ 0.88

Share-based payments

During the nine months ended September 30, 2022, there were 240,000 stock options granted under the Stock Option Plan and 451,085 DSUs granted for common shares of the Company under the DSU Plan. Share-based payment compensation for the nine months ended September 30, 2022 totaled \$427,834 (\$114,811 related to stock options and \$313,023 related to DSUs). Of the total expense for the period ended September 30, 2022, \$320,762 was included in consulting fees (\$7,739 related to stock options and \$313,023 related to DSUs), \$7,138 was included in investor relations, and \$99,934 was included in wages and benefits in the statement of operations and comprehensive loss.

During the nine months ended September 30, 2021, there were 240,000 stock options granted under the Stock Option Plan and 316,795 DSUs granted for common shares of the Company under the DSU Plan. Share-based payment compensation for the nine months ended September 30, 2021 totaled \$505,101 (\$137,251 related to stock options and \$367,850 related to DSUs). Of the total expense for the period ended September 30, 2021, \$378,645 was included in

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consulting fees (\$10,795 related to stock options and \$367,850 related to DSUs), \$8,430 was included in investor relations, and \$118,026 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:

	YTD September 30, 2022
Expected life of options	6 years
Risk-free interest rate	2.64%
Annualized volatility	76.75%
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:

	Canada	United States	Total
September 30, 2022			
Capitalized acquisition costs	\$ -	\$ 55,375,124	\$ 55,375,124
Property and equipment	7,465	-	7,465
Current assets	5,114,168	525,489	5,639,657
Total assets	\$ 5,121,633	\$ 55,900,613	\$ 61,022,246
December 31, 2021			
Capitalized acquisition costs	\$ -	\$ 55,375,124	\$ 55,375,124
Property and equipment	7,465	-	7,465
Current assets	7,439,101	483,250	7,922,351
Total assets	\$ 7,446,566	\$ 55,858,374	\$ 63,304,940
Three Months Ended	September 30, 2022	September 30, 2021	
Net gain for the period – Canada	\$ 146,351	\$ 57,698	
Net loss for the period – United States	(441,611)	(1,706,611)	
Net loss for the period	\$ (295,260)	\$ (1,648,913)	
Nine Months Ended	September 30, 2022	September 30, 2021	
Net loss for the period – Canada	\$ (550,369)	\$ (1,117,866)	
Net loss for the period – United States	(1,659,143)	(3,846,933)	
Net loss for the period	\$ (2,209,512)	\$ (4,964,799)	

8. COMMITMENTS

The following table discloses the Company's contractual obligations as of September 30, 2022, 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

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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
	2022	2023	2024	2025	2026	2027 and beyond	
Mineral Property							
Leases ⁽¹⁾	\$ -	\$ 535,577	\$ 541,272	\$ 547,038	\$ 552,876	\$ 558,787	\$ 2,735,550
Mining Claim							
Government Fees	168,760	206,215	206,215	206,215	206,215	206,215	1,199,835
Total	\$ 168,760	\$ 741,792	\$ 747,487	\$ 753,253	\$ 759,091	\$ 765,002	\$ 3,935,385

- 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.