



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

**(Expressed in US Dollars)**

**Three and Nine Months Ended September 30, 2023 and 2022**

**Corporate Head Office**

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# **INTERNATIONAL TOWER HILL MINES LTD.**

**September 30, 2023 and 2022**

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

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## PART 1

### ITEM 1. FINANCIAL STATEMENTS

#### INTERNATIONAL TOWER HILL MINES LTD.

#### CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

As at September 30, 2023 and December 31, 2022

(Expressed in US Dollars - Unaudited)

|                                                                                                                                                                                         | Note | September 30,<br>2023 | December 31,<br>2022 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                                                           |      |                       |                      |
| <b>Current</b>                                                                                                                                                                          |      |                       |                      |
| Cash and cash equivalents                                                                                                                                                               | 1    | \$ 2,354,317          | \$ 4,847,429         |
| Prepaid expenses and other                                                                                                                                                              |      | 200,250               | 152,572              |
| Total current assets                                                                                                                                                                    |      | 2,554,567             | 5,000,001            |
| Property and equipment                                                                                                                                                                  |      | 7,465                 | 7,465                |
| Capitalized acquisition costs                                                                                                                                                           | 4    | 55,375,124            | 55,375,124           |
| <b>Total assets</b>                                                                                                                                                                     |      | <b>\$ 57,937,156</b>  | <b>\$ 60,382,590</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                                                                                                             |      |                       |                      |
| <b>Current liabilities</b>                                                                                                                                                              |      |                       |                      |
| Accounts payable                                                                                                                                                                        |      | \$ 9,754              | \$ 53,539            |
| Accrued liabilities                                                                                                                                                                     | 5    | 154,897               | 234,846              |
| <b>Total liabilities</b>                                                                                                                                                                |      | <b>164,651</b>        | <b>288,385</b>       |
| <b>Shareholders' equity</b>                                                                                                                                                             |      |                       |                      |
| Share capital, no par value; unlimited number of authorized shares; 195,313,184 and 195,885,531 shares issued and outstanding at December 31, 2022 and September 30, 2023, respectively | 6    | 288,815,478           | 288,484,901          |
| Contributed surplus                                                                                                                                                                     | 6    | 36,296,039            | 36,275,917           |
| Accumulated other comprehensive income                                                                                                                                                  |      | 1,509,582             | 1,500,196            |
| Deficit                                                                                                                                                                                 |      | (268,848,594)         | (266,166,809)        |
| <b>Total shareholders' equity</b>                                                                                                                                                       |      | <b>57,772,505</b>     | <b>60,094,205</b>    |
| <b>Total liabilities and shareholders' equity</b>                                                                                                                                       |      | <b>\$ 57,937,156</b>  | <b>\$ 60,382,590</b> |

General Information, Nature of Operations and Going Concern (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, 2023 and 2022

(Expressed in US Dollars - Unaudited)

|                                                                          |             | <b>Three Months Ended</b>     |                               | <b>Nine Months Ended</b>      |                               |
|--------------------------------------------------------------------------|-------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                                                          | <b>Note</b> | <b>September<br/>30, 2023</b> | <b>September<br/>30, 2022</b> | <b>September<br/>30, 2023</b> | <b>September<br/>30, 2022</b> |
| <b>Operating expenses</b>                                                |             |                               |                               |                               |                               |
| Consulting fees                                                          | 6           | \$ 131,287                    | \$ 57,691                     | \$ 507,536                    | \$ 490,456                    |
| Insurance                                                                |             | 53,533                        | 51,505                        | 156,100                       | 152,441                       |
| Investor relations                                                       | 6           | 8,737                         | 7,929                         | 43,548                        | 57,502                        |
| Mineral property exploration                                             | 4           | 105,479                       | 95,511                        | 893,122                       | 860,549                       |
| Office                                                                   |             | 13,318                        | 5,560                         | 22,205                        | 15,996                        |
| Other                                                                    |             | 3,795                         | 3,555                         | 10,818                        | 11,357                        |
| Professional fees                                                        |             | 104,196                       | 72,236                        | 232,077                       | 181,729                       |
| Regulatory                                                               |             | 71,940                        | 49,946                        | 158,116                       | 148,631                       |
| Rent                                                                     |             | 33,796                        | 33,917                        | 101,388                       | 101,522                       |
| Travel                                                                   |             | 27,616                        | 16,070                        | 41,490                        | 24,227                        |
| Wages and benefits                                                       | 6           | 227,261                       | 223,427                       | 591,677                       | 608,360                       |
| <b>Total operating expenses</b>                                          |             | <b>(780,958)</b>              | <b>(617,347)</b>              | <b>(2,758,077)</b>            | <b>(2,652,770)</b>            |
| <b>Other income (expenses)</b>                                           |             |                               |                               |                               |                               |
| Gain/(Loss) on foreign exchange                                          |             | 46,691                        | 315,283                       | (13,925)                      | 410,693                       |
| Interest income                                                          |             | 23,916                        | 1,512                         | 79,737                        | 4,621                         |
| Other income                                                             |             | -                             | 5,292                         | 10,480                        | 27,944                        |
| <b>Total other income (expenses)</b>                                     |             | <b>70,607</b>                 | <b>322,087</b>                | <b>76,292</b>                 | <b>443,258</b>                |
| <b>Net loss for the period</b>                                           |             | <b>(710,351)</b>              | <b>(295,260)</b>              | <b>(2,681,785)</b>            | <b>(2,209,512)</b>            |
| <b>Other comprehensive income (loss)</b>                                 |             |                               |                               |                               |                               |
| Exchange difference on translating foreign operations                    |             | (50,484)                      | (327,012)                     | 9,386                         | (390,982)                     |
| <b>Total other comprehensive income (loss) for the period</b>            |             | <b>(50,484)</b>               | <b>(327,012)</b>              | <b>9,386</b>                  | <b>(390,982)</b>              |
| <b>Comprehensive loss for the period</b>                                 |             | <b>\$ (760,835)</b>           | <b>\$ (622,272)</b>           | <b>\$ (2,672,399)</b>         | <b>\$ (2,600,494)</b>         |
| <b>Basic and diluted loss per share</b>                                  |             | <b>\$ (0.00)</b>              | <b>\$ (0.00)</b>              | <b>\$ (0.01)</b>              | <b>\$ (0.01)</b>              |
| <b>Weighted average number of shares outstanding – basic and diluted</b> |             |                               |                               |                               |                               |
|                                                                          |             | 195,885,531                   | 195,313,184                   | 195,524,931                   | 195,129,206                   |

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, 2023 and 2022

(Expressed in US Dollars - Unaudited)

| Nine-Month Period Ended September 30, 2023               |                     |               |                        |                                                 |                 |              |
|----------------------------------------------------------|---------------------|---------------|------------------------|-------------------------------------------------|-----------------|--------------|
|                                                          | Number of<br>shares | Share capital | Contributed<br>surplus | Accumulated<br>other<br>comprehensive<br>income | Deficit         | Total        |
| Balance, December 31, 2022                               | 195,313,184         | \$288,484,901 | \$36,275,917           | \$1,500,196                                     | \$(266,166,809) | \$60,094,205 |
| Stock-based compensation-options                         | -                   | -             | 77,556                 | -                                               | -               | 77,556       |
| Stock-based compensation-DSUs                            | -                   | -             | 323,804                | -                                               | -               | 323,804      |
| Exchange difference on<br>translating foreign operations | -                   | -             | -                      | 9,386                                           | -               | 9,386        |
| Share issuance                                           | 572,347             | 381,238       | (381,238)              | -                                               | -               | -            |
| Share issuance costs                                     | -                   | (50,661)      | -                      | -                                               | -               | (50,661)     |
| Net loss                                                 | -                   | -             | -                      | -                                               | (2,681,785)     | (2,681,785)  |
| Balance, September 30, 2023                              | 195,885,531         | \$288,815,478 | \$36,296,039           | \$1,509,582                                     | \$(268,848,594) | \$57,772,505 |

| Three-Month Period Ended September 30, 2023              |                     |               |                        |                                                 |                 |              |
|----------------------------------------------------------|---------------------|---------------|------------------------|-------------------------------------------------|-----------------|--------------|
|                                                          | Number of<br>shares | Share capital | Contributed<br>surplus | Accumulated<br>other<br>comprehensive<br>income | Deficit         | Total        |
| Balance, June 30, 2023                                   | 195,885,531         | \$288,866,139 | \$36,215,746           | \$1,560,066                                     | \$(268,138,243) | \$58,503,708 |
| Stock-based compensation-options                         | -                   | -             | 14,042                 | -                                               | -               | 14,042       |
| Stock-based compensation-DSUs                            | -                   | -             | 66,251                 | -                                               | -               | 66,251       |
| Exchange difference on<br>translating foreign operations | -                   | -             | -                      | (50,484)                                        | -               | (50,484)     |
| Share issuance costs                                     | -                   | (50,661)      | -                      | -                                               | -               | (50,661)     |
| Net loss                                                 | -                   | -             | -                      | -                                               | (710,351)       | (710,351)    |
| Balance, September 30, 2023                              | 195,885,531         | \$288,815,478 | \$36,296,039           | \$1,509,582                                     | \$(268,848,594) | \$57,772,505 |

| Nine-Month Period Ended September 30, 2022               |                     |               |                        |                                                 |                 |              |
|----------------------------------------------------------|---------------------|---------------|------------------------|-------------------------------------------------|-----------------|--------------|
|                                                          | Number of<br>shares | Share capital | Contributed<br>surplus | Accumulated<br>other<br>comprehensive<br>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<br>translating foreign operations | -                   | -             | -                      | (390,982)                                       | -               | (390,982)    |
| Exercise of options                                      | 405,000             | 290,290       | -                      | -                                               | -               | 290,290      |
| Reallocation from contributed<br>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<br>shares | Share<br>capital | Contributed<br>surplus | Accumulated<br>other<br>comprehensive<br>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-<br>options                     | -                   | -                | 21,469                 | -                                               | -               | 21,469       |
| Exchange difference on<br>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 |

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, 2023 and 2022  
(Expressed in US Dollars - Unaudited)

|                                                                             | <b>Nine Months Ended</b>      |                               |
|-----------------------------------------------------------------------------|-------------------------------|-------------------------------|
|                                                                             | <b>September 30,<br/>2023</b> | <b>September 30,<br/>2022</b> |
| <b>Operating Activities</b>                                                 |                               |                               |
| Loss for the period                                                         | \$ (2,681,785)                | \$ (2,209,512)                |
| Add items not affecting cash:                                               |                               |                               |
| Stock-based compensation-options                                            | 77,556                        | 114,811                       |
| Stock-based compensation-DSUs                                               | 323,804                       | 313,023                       |
| Changes in non-cash items:                                                  |                               |                               |
| Accounts receivable                                                         | (28,728)                      | 2,717                         |
| Prepaid expenses and other                                                  | (18,771)                      | (34,387)                      |
| Accounts payable and accrued liabilities                                    | (123,884)                     | (395,529)                     |
| <b>Cash and cash equivalents used in operating activities</b>               | <b>(2,451,808)</b>            | <b>(2,208,877)</b>            |
| <b>Financing Activities</b>                                                 |                               |                               |
| Issuance of shares                                                          | -                             | 290,290                       |
| Share issuance costs                                                        | (50,661)                      | -                             |
| <b>Cash and cash equivalents provided by (used in) financing activities</b> | <b>(50,661)</b>               | <b>290,290</b>                |
| <b>Effect of foreign exchange on cash</b>                                   | <b>9,357</b>                  | <b>(389,380)</b>              |
| <b>Change in cash and cash equivalents</b>                                  | <b>(2,493,112)</b>            | <b>(2,307,967)</b>            |
| <b>Cash and cash equivalents, beginning of the period</b>                   | <b>4,847,429</b>              | <b>7,780,671</b>              |
| <b>Cash and cash equivalents, end of the period</b>                         | <b>\$ 2,354,317</b>           | <b>\$ 5,472,704</b>           |

**Non-cash transactions:**

- Reallocation from contributed surplus from issuance of stock \$381,238 (September 30, 2022 - \$nil)
- Reallocation from contributed surplus from exercise of stock options \$nil (September 30, 2022 - \$162,479)

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, 2023 and 2022

(Expressed in US dollars – Unaudited)

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#### **1. GENERAL INFORMATION, NATURE OF OPERATIONS AND GOING CONCERN**

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, 2023, the Company has a 100% interest in its Livengood Gold 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, 2023, the Company had cash and cash equivalents of \$2,354,317 compared to \$4,847,429 at December 31, 2022. 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 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. Even if the Company is able to secure some additional equity financing, the Company may be unable to raise enough capital to continue its operations in connection with advancing all activities at the Livengood Gold Project into 2024 and beyond. As a result, there is substantial doubt about its ability to continue as a going concern. 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. Due to this uncertainty, if the Company is unable to secure sufficient additional financing, the Company may be required to reduce all discretionary activities at the Project to preserve its working capital to fund anticipated non-discretionary expenditures beyond the 2024 fiscal year.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern adjustment appropriate. Such adjustments could be material.

#### **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, 2022 as filed in our

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

Three and Nine Months Ended September 30, 2023 and 2022

(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, 2023 and the results of its operations for the nine months then ended. Operating results for the nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

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 7, 2023, the Board of Directors of the Company (the "Board") approved these condensed consolidated interim financial statements.

All currency amounts are stated in U.S. dollars unless noted otherwise. References to C\$ refer to Canadian currency.

**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:

| <b>Capitalized acquisition costs</b> | <b>Amount</b> |
|--------------------------------------|---------------|
| <b>Balance, December 31, 2022</b>    | \$ 55,375,124 |
| Acquisition costs                    | -             |
| <b>Balance, September 30, 2023</b>   | \$ 55,375,124 |

The following table presents costs incurred for exploration and evaluation activities for the nine months ended September 30, 2023 and 2022:



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

Three and Nine Months Ended September 30, 2023 and 2022

(Expressed in US dollars – Unaudited)

|                                   | September 30,<br>2023 | September 30,<br>2022 |
|-----------------------------------|-----------------------|-----------------------|
| Exploration costs:                |                       |                       |
| Aircraft                          | \$ 13,200             | \$ 9,000              |
| Environmental                     | 151,023               | 156,412               |
| Equipment rental                  | 42,835                | 51,365                |
| Field costs                       | 74,601                | 74,030                |
| Geological/geophysical            | -                     | 49,202                |
| Land maintenance and tenure       | 547,925               | 449,572               |
| Legal                             | 48,128                | 78,653                |
| Transportation and travel         | 15,410                | (7,685)               |
| Total expenditures for the period | \$ 893,122            | \$ 860,549            |

**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 an initial 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, 2023 and from the inception of this lease, the Company has paid \$455,629 and \$4,813,947, 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, 2023 and from the inception of this lease, the Company has paid \$50,000 and \$980,000, 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 has acquired a 40% interest in the mining claims subject to the lease, providing the Company with a 40% interest in the lease. The Company paid \$15,000 of royalties during the nine months

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

Three and Nine Months Ended September 30, 2023 and 2022

(Expressed in US dollars – Unaudited)

ended September 30, 2023, for a total of \$295,000 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 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, 2023, for a total of \$218,000 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 Company's accrued liabilities balances at September 30, 2023 and December 31, 2022.

|                               | <b>September 30, 2023</b> | <b>December 31, 2022</b> |
|-------------------------------|---------------------------|--------------------------|
| Accrued liabilities           | \$ 115,796                | \$ 104,198               |
| Accrued salaries and benefits | 39,101                    | 130,648                  |
| Total accrued liabilities     | \$ 154,897                | \$ 234,846               |

Accrued liabilities at September 30, 2023 include accruals for general corporate costs and project costs of \$98,835 and \$16,961, respectively. Accrued liabilities at December 31, 2022 include accruals for general corporate costs and project costs of \$46,974 and \$57,224, 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, 2022 and September 30, 2023, there were 195,313,184 and 195,885,531 shares issued and outstanding, respectively.

**Share issuances**

At the Company's 2023 Annual General Meeting of Shareholders held on May 23, 2023, Mr. Stephen Lang did not stand for re-election as director. On June 22, 2023, in accordance with the approved Deferred Share Unit Plan, the Company issued 572,347 common shares to Mr. Lang and transferred related contributed surplus of \$381,238 to share capital.

During the nine months ended September 30, 2022, the Company issued an aggregate of 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.

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**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 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, 2023 and December 31, 2022 is presented below:

|                                        | Nine Months Ended<br>September 30, 2023 |                                                |                                       | Year Ended<br>December 31, 2022 |                                                |                                       |
|----------------------------------------|-----------------------------------------|------------------------------------------------|---------------------------------------|---------------------------------|------------------------------------------------|---------------------------------------|
|                                        | Number of<br>Options                    | Weighted<br>Average<br>Exercise Price<br>(C\$) | Aggregate<br>Intrinsic Value<br>(C\$) | Number of<br>Options            | Weighted<br>Average<br>Exercise Price<br>(C\$) | Aggregate<br>Intrinsic Value<br>(C\$) |
| Balance,<br>beginning of the<br>period | 2,287,049                               | \$ 0.95                                        |                                       | 2,947,049                       | \$ 0.97                                        |                                       |
| Granted                                | 240,000                                 | 0.63                                           |                                       | 240,000                         | 0.92                                           |                                       |
| Exercised                              | -                                       | -                                              |                                       | (405,000)                       | 0.90                                           |                                       |
| Expired                                | (740,000)                               | 0.91                                           |                                       | (495,000)                       | 1.08                                           |                                       |
| Balance, end of<br>the period          | 1,787,049                               | \$ 0.92                                        | \$Nil                                 | 2,287,049                       | \$ 0.95                                        | \$ 10,400                             |

The weighted average remaining life of options outstanding at September 30, 2023 was 2.7 years.

Stock options outstanding as at September 30, 2023 and December 31, 2022 are as follows:

| Expiry Date      | September 30, 2023      |                      |             | December 31, 2022       |                      |             |
|------------------|-------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
|                  | Exercise<br>Price (C\$) | Number of<br>Options | Exercisable | Exercise<br>Price (C\$) | Number of<br>Options | Exercisable |
| March 16, 2023   | -                       | -                    | -           | \$ 1.00                 | 580,000              | 580,000     |
| March 16, 2023   | -                       | -                    | -           | \$ 0.50                 | 130,000              | 130,000     |
| June 9, 2023     | -                       | -                    | -           | \$ 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              | 255,000     |
| May 25, 2027     | \$ 1.31                 | 240,000              | 240,000     | \$ 1.31                 | 240,000              | 160,000     |
| May 24, 2028     | \$ 0.92                 | 240,000              | 160,000     | \$ 0.92                 | 240,000              | 80,000      |
| May 23, 2029     | \$ 0.63                 | 240,000              | 80,000      | -                       | -                    | -           |
|                  |                         | 1,787,049            | 1,547,049   |                         | 2,287,049            | 2,047,049   |

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A summary of the non-vested options as of September 30, 2023 and changes during the nine months ended September 30, 2023 is as follows:

|                                   | Number of<br>options | Weighted average<br>grant-date fair value<br>(C\$) |
|-----------------------------------|----------------------|----------------------------------------------------|
| Non-vested options:               |                      |                                                    |
| Outstanding at December 31, 2022  | 240,000              | \$0.73                                             |
| Granted                           | 240,000              | 0.42                                               |
| Vested                            | (240,000)            | 0.67                                               |
| Outstanding at September 30, 2023 | 240,000              | \$0.48                                             |

At September 30, 2023, there was unrecognized compensation expense of C\$65,096 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, 2023, in accordance with the DSU Plan, the Company granted each of the members of the Board as of May 23, 2023 (other than those directors nominated for election by Paulson & Co. Inc.) 131,746 deferred share units (“DSUs”) for a total of 526,984 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\$0.63 per DSU, representing C\$83,000 per director or C\$332,000 in the aggregate. On July 12, 2023, in accordance with the DSU Plan, the Company granted a new member of the Board 145,614 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\$0.57 per DSU, representing C\$83,000.

Subject to adjustment in accordance with their terms, each DSU entitles the holders to receive one common share 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 grantee until the grantee is no longer serving on the Board.

DSUs outstanding as at September 30, 2023 and December 31, 2022 are as follows:

|                                  | <b>Nine Months Ended<br/>September 30, 2023</b> |                                             | <b>Year Ended<br/>December 31, 2022</b> |                                             |
|----------------------------------|-------------------------------------------------|---------------------------------------------|-----------------------------------------|---------------------------------------------|
|                                  | Number of<br>Units                              | Weighted Average<br>Exercise Price<br>(C\$) | Number of<br>Units                      | Weighted<br>Average Exercise<br>Price (C\$) |
| Balance, beginning of the period | 2,602,361                                       | \$ 0.89                                     | 2,151,276                               | \$ 0.88                                     |
| Issued                           | 672,598                                         | 0.62                                        | 451,085                                 | \$ 0.92                                     |
| Delivered                        | (572,347)                                       | 0.87                                        | -                                       | -                                           |
| Balance, end of the period       | 2,702,612                                       | \$ 0.83                                     | 2,602,361                               | \$ 0.89                                     |

**Share-based payments**

During the nine months ended September 30, 2023, there were 240,000 stock options granted under the Stock Option Plan and 672,598 DSUs granted under the DSU Plan. Share-based payment compensation for the nine months ended September 30, 2023 totaled \$401,360 (\$77,556 related to stock options and \$323,804 related to DSUs). Of the total

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expense for the period ended September 30, 2023, \$328,651 was included in consulting fees (\$4,847 related to stock options and \$323,804 related to DSUs), \$4,847 was included in investor relations, and \$67,862 was included in wages and benefits in the statement of operations and comprehensive loss.

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 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.

**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         |
|-------------------------------------------|---------------------------|---------------------------|---------------|
| <b>September 30, 2023</b>                 |                           |                           |               |
| Capitalized acquisition costs             | \$ -                      | \$ 55,375,124             | \$ 55,375,124 |
| Property and equipment                    | 7,465                     | -                         | 7,465         |
| Current assets                            | 2,182,604                 | 371,963                   | 2,554,567     |
| Total assets                              | \$ 2,190,069              | \$ 55,747,087             | \$ 57,937,156 |
| <b>December 31, 2022</b>                  |                           |                           |               |
| Capitalized acquisition costs             | \$ -                      | \$ 55,375,124             | \$ 55,375,124 |
| Property and equipment                    | 7,465                     | -                         | 7,465         |
| Current assets                            | 4,582,892                 | 417,109                   | 5,000,001     |
| Total assets                              | \$ 4,590,357              | \$ 55,792,233             | \$ 60,382,590 |
| <b>Three Months Ended</b>                 |                           |                           |               |
|                                           | <b>September 30, 2023</b> | <b>September 30, 2022</b> |               |
| Net income/(loss) for the period – Canada | \$ (248,622)              | \$ 146,351                |               |
| Net loss for the period – United States   | (461,729)                 | (441,611)                 |               |
| Net loss for the period                   | \$ (710,351)              | \$ (295,260)              |               |
| <b>Nine Months Ended</b>                  |                           |                           |               |
|                                           | <b>September 30, 2023</b> | <b>September 30, 2022</b> |               |
| Net loss for the period – Canada          | \$ (967,523)              | \$ (550,369)              |               |
| Net loss for the period – United States   | (1,714,262)               | (1,659,143)               |               |
| Net loss for the period                   | \$ (2,681,785)            | \$ (2,209,512)            |               |

**8. COMMITMENTS**

The following table discloses the Company's contractual obligations as of September 30, 2023, 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 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:

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|                       | <b>Payments Due by Year</b> |            |            |            |            |                 | <b>Total</b> |
|-----------------------|-----------------------------|------------|------------|------------|------------|-----------------|--------------|
|                       | 2023                        | 2024       | 2025       | 2026       | 2027       | 2028 and beyond |              |
| Mineral Property      |                             |            |            |            |            |                 |              |
| Leases <sup>(1)</sup> | \$ -                        | \$ 541,324 | \$ 547,091 | \$ 552,930 | \$ 558,842 | \$ 564,828      | \$ 2,765,015 |
| Mining Claim          |                             |            |            |            |            |                 |              |
| Government Fees       | 206,215                     | 206,215    | 206,215    | 206,215    | 206,215    | 206,215         | 1,237,290    |
| Total                 | \$ 206,215                  | \$ 747,539 | \$ 753,306 | \$ 759,145 | \$ 765,057 | \$ 771,043      | \$ 4,002,305 |

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). See Note 4.