

INTERNATIONAL TOWER HILL MINES LTD  
Form 10-Q  
August 11, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2017**

**OR**  
**.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from    to**

**Commission file number: 001-33638**

**INTERNATIONAL TOWER HILL MINES LTD.**

(Exact Name of Registrant as Specified in its Charter)

**British Columbia, Canada**

(State or other jurisdiction of incorporation or organization)

**N/A**

(I.R.S. Employer Identification No.)



As of August 7, 2017, the registrant had 162,392,996 Common Shares outstanding.

Table of Contents

	<b>Page</b>
<b>Part I</b>	
	<b><u>FINANCIAL INFORMATION</u></b>
Item 1	<u>Financial Statements</u> 4
Item 2	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> 16
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 23
Item 4	<u>Controls and Procedures</u> 23
<b>Part II</b>	
	<b><u>OTHER INFORMATION</u></b>
Item 1	<u>Legal Proceedings</u> 24
Item 1A	<u>Risk Factors</u> 24
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 24
Item 3	<u>Defaults Upon Senior Securities</u> 24
Item 4	<u>Mine Safety Disclosures</u> 24
Item 5	<u>Other Information</u> 24
Item 6	<u>Exhibits</u> 25
<b><u>SIGNATURES</u></b>	26

**CAUTIONARY NOTE TO U.S. INVESTORS REGARDING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES AND PROVEN AND PROBABLE RESERVES**

International Tower Hill Mines Ltd. (“we”, “us”, “our,” “ITH” or the “Company”) is a mineral exploration company engaged in the acquisition and exploration of mineral properties. As used in this Quarterly Report on Form 10-Q, the terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101—Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”)—CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the United States Securities and Exchange Commission (“SEC”) Industry Guide 7 (“SEC Industry Guide 7”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority. In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves.

“Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this report and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The term “mineralized material” as used in this Quarterly Report on Form 10-Q, although permissible under SEC Industry Guide 7, does not indicate “reserves” by SEC Industry Guide 7 standards. We cannot be certain that any part of the mineralized material will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves”. Investors are cautioned not to assume that all or any part of the mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.

**CAUTIONARY NOTE TO ALL INVESTORS CONCERNING ECONOMIC ASSESSMENTS THAT INCLUDE INFERRED RESOURCES**

The Company currently holds or has the right to acquire interests in an advanced stage exploration project in Alaska referred to as the Livengood Gold Project (the “Livengood Gold Project” or the “Project”). Mineral resources that are not mineral reserves have no demonstrated economic viability. The preliminary assessments on the Project are preliminary in nature and include “inferred mineral resources” that have a great amount of uncertainty as to their existence, and are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies. There is no certainty that such inferred mineral resources at the Project will ever be realized. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

## FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements or information within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning anticipated results and developments in the operations of the Company in future periods, planned exploration activities, the adequacy of the Company's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" (or the negative and grammatical variations of any of these terms) occur or be achieved. These forward looking statements may include, but are not limited to, statements concerning:

- the Company's future cash requirements, the Company's ability to meet its financial obligations as they come due, and the Company's ability to be able to raise the necessary funds to continue operations on acceptable terms, if at all;
- the potential to improve the block model or production schedule at the Livengood Gold Project;
- the potential for opportunities to improve recovery or further reduce costs at the Livengood Gold Project;
- the Company's ability to potentially include the results of the optimization process in a new or updated feasibility study or any future financial analysis of the Project, and the estimated cost of such optimization process;
- the Company's ability to carry forward and incorporate into future engineering studies of the Project updated mine design, production schedule, and recovery concepts identified during the optimization process;
- the potential for the Company to carry out an engineering phase that will evaluate and optimize the Project configuration and capital and operating expenses, including determining the optimum scale for the Project;
- the Company's strategies and objectives, both generally and specifically in respect of the Livengood Gold Project;
- the Company's belief that there are no known environmental issues that are anticipated to materially impact the Company's ability to conduct mining operations at the Project;
- the potential for the expansion of the estimated resources at the Livengood Gold Project;
- the potential for a production decision concerning, and any production at, the Livengood Gold Project;
- the sequence of decisions regarding the timing and costs of development programs with respect to, and the issuance of the necessary permits and authorizations required for, the Livengood Gold Project;
- the Company's estimates of the quality and quantity of the resources at the Livengood Gold Project;
- the timing and cost of any future exploration programs at the Livengood Gold Project, and the timing of the receipt of results therefrom; and
- future general business and economic conditions, including changes in the price of gold and the overall sentiment of the markets for public equity.

Such forward-looking statements reflect the Company's current views with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- the demand for, and level and volatility of the price of, gold;

conditions in the financial markets generally, the overall sentiment of the markets for public equity, interest rates and currency rates;

· general business and economic conditions;

· government regulation and proposed legislation (and changes thereto or interpretations thereof);

· defects in title to claims, or the ability to obtain surface rights, either of which could affect the Company's property rights and claims;

· the Company's ability to secure the necessary services and supplies on favorable terms in connection with its programs at the Livengood Gold Project and other activities;

· the Company's ability to attract and retain key staff, particularly in connection with the permitting and development of any mine at the Livengood Gold Project;

· the accuracy of the Company's resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;

· the timing of the ability to commence and complete planned work programs at the Livengood Gold Project;

· the timing of the receipt of and the terms of the consents, permits and authorizations necessary to carry out

· exploration and development programs at the Livengood Gold Project and the Company's ability to comply with such terms on a safe and cost-effective basis;



- the ongoing relations of the Company with the lessors of its property interests and applicable regulatory agencies;
- the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties and whether such characteristics are reflective of the deposit as a whole; and
- the continued development of and potential construction of any mine at the Livengood Gold Project property not requiring consents, approvals, authorizations or permits that are materially different from those identified by the Company.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including without limitation those discussed in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended December 31, 2016, which are incorporated herein by reference, as well as other factors described elsewhere in this report and the Company's other reports filed with the SEC.

The Company's forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the beliefs, expectations and opinions of management as of the date of this report. The Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

**PART 1****ITEM 1. FINANCIAL STATEMENTS****INTERNATIONAL TOWER HILL MINES LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**

As at June 30, 2017 and December 31, 2016

(Expressed in US Dollars - Unaudited)

	Note	June 30, 2017	December 31, 2016
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$4,521,972	\$22,466,493
Prepaid expenses and other		350,079	206,221
Total current assets		4,872,051	22,672,714
Property and equipment		22,803	24,800
Capitalized acquisition costs	4	55,204,041	55,204,041
Total assets		\$60,098,895	\$77,901,555
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable		\$22,950	\$179,496
Accrued liabilities	5	244,308	210,182
Derivative liability	6	-	14,694,169
Total liabilities		267,258	15,083,847
Shareholders' equity			
Share capital, no par value; authorized 500,000,000 shares; 162,186,972 shares issued and outstanding at December 31, 2016 and June 30, 2017	7	265,524,796	265,569,796

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Contributed surplus	7	34,092,428	34,079,301
Obligation to issue shares	7	99,492	-
Accumulated other comprehensive income		1,596,152	1,344,219
Deficit		(241,481,231)	(238,175,608)
Total shareholders' equity		59,831,637	62,817,708
Total liabilities and shareholders' equity		\$60,098,895	\$77,901,555

General Information and Nature of Operations (Note 1)

Commitments (Note 9)

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

**INTERNATIONAL TOWER HILL MINES LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

For the Three and Six Months Ended June 30, 2017 and 2016

(Expressed in US Dollars - Unaudited)

	Three Months Ended		Six Months Ended		
	Note	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating expenses					
Consulting fees		\$74,080	\$63,497	\$146,775	\$136,687
Depreciation		998	1,325	1,997	2,640
Insurance		68,738	69,457	134,733	131,206
Investor relations		34,751	28,429	63,248	49,387
Mineral property exploration	4	668,389	1,179,662	1,379,505	1,976,167
Office		13,008	12,622	21,149	20,459
Other		5,411	5,545	9,948	10,021
Professional fees		64,899	49,116	115,118	91,950
Regulatory		17,397	21,236	74,696	57,974
Rent		35,445	35,374	70,794	70,735
Travel		16,278	19,435	47,731	38,648
Wages and benefits		579,570	521,925	1,035,984	1,092,163
Total operating expenses		(1,578,964 )	(2,007,623 )	(3,101,678 )	(3,678,037 )
Other income (expenses)					
Loss/(gain) on foreign exchange		(78,001 )	2,098	(244,125 )	(121,764 )
Interest income		7,119	5,335	17,980	12,155
Unrealized loss on derivative	6	-	(100,000 )	-	(800,000 )
Other income		22,200	31,340	22,200	31,340
Total other income (expenses)		(48,682 )	(61,227 )	(203,945 )	(878,269 )
Net loss for the period		(1,627,646 )	(2,068,850 )	(3,305,623 )	(4,556,306 )
Other comprehensive income (loss)					
Unrealized gain/(loss) on marketable securities		(6,349 )	11,224	(4,385 )	10,751
Exchange difference on translating foreign operations		91,303	(3,225 )	256,318	296,258
Total other comprehensive income (loss) for the period		84,954	7,999	251,933	307,009
Comprehensive loss for the period		\$(1,542,692 )	\$(2,060,851 )	\$(3,053,690 )	\$(4,249,297 )
Basic and diluted loss per share		\$(0.01 )	\$(0.02 )	\$(0.02 )	\$(0.04 )

Weighted average number of shares outstanding – basic and diluted	162,186,972	116,313,638	162,186,972	116,313,618
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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**INTERNATIONAL TOWER HILL MINES LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the Six Months Ended June 30, 2017 and 2016

(Expressed in US Dollars - Unaudited)

	Number of shares	Share capital	Contributed surplus	Obligation to issue shares	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2015	116,313,638	\$243,692,185	\$33,979,717	-	\$816,435	\$(230,984,980)	\$47,503,357
Stock-based compensation	-	-	76,295	-	-	-	76,295
Unrealized gain on available-for-sale securities	-	-	-	-	10,751	-	10,751
Exchange difference on translating foreign operations	-	-	-	-	296,258	-	296,258
Net loss	-	-	-	-	-	(4,556,306 )	(4,556,306 )
Balance, June 30, 2016	116,313,638	243,692,185	34,056,012	-	1,123,444	(235,541,286)	43,330,355
Private placement	45,833,334	22,000,000	-	-	-	-	22,000,000
Share issuance costs	-	(146,735 )	-	-	-	-	(146,735 )
Stock-based compensation	-	-	32,231	-	-	-	32,231
Unrealized loss on available-for-sale securities	-	-	-	-	(21,545 )	-	(21,545 )
Exchange difference on translating foreign operations	-	-	-	-	242,320	-	242,320
Exercise of options	40,000	15,404	-	-	-	-	15,404

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Reallocation from contributed surplus	-	8,942	(8,942 )	-	-	-	-
Net loss	-	-	-	-	-	(2,634,322 )	(2,634,322 )
Balance, December 31, 2016	162,186,972	265,569,796	34,079,301	-	1,344,219	(238,175,608)	62,817,708
Share issuance costs	-	(45,000 )	-	-	-	-	(45,000 )
Stock-based compensation	-	-	13,127	-	-	-	13,127
Obligation to issue shares	-	-	-	99,492	-	-	99,492
Unrealized loss on available-for-sale securities	-	-	-	-	(4,385 )	-	(4,385 )
Exchange difference on translating foreign operations	-	-	-	-	256,318	-	-