

INTERNATIONAL BETHLEHEM MINING CORP.

**Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)**

**For the three month period ended March 31, 2016
(Expressed in Canadian Dollars)**

Contact Information:

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INTERNATIONAL BETHLEHEM MINING CORP.

Dated May 24, 2016

Management's Comments on Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of International Bethlehem Mining Corp. for the three months ended March 31, 2016 and 2015 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the three month period ended March 31, 2016.

INTERNATIONAL BETHLEHEM MINING CORP.**Interim Consolidated Statements of Financial Position**

(Unaudited – Expressed in Canadian Dollars)

As at March 31, 2016 and December 31, 2015

	March 31, 2016	December 31, 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 5,864	\$ 10,584
Receivables (Note 10(c))	273,505	269,008
Marketable securities (Note 4)	35,000	43,750
Prepaid expenses (Note 6)	16,633	12,733
	331,002	336,075
Reclamation deposits (Note 5)	45,000	45,000
Exploration and evaluation assets (Note 5)	71,273	71,273
	\$ 447,275	\$ 452,348

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 504,362	\$ 484,452
Loans payable (Note 6)	30,000	5,000
	534,362	489,452
Shareholders' equity (deficiency)		
Capital stock (Note 7)	13,819,531	13,819,531
Reserves	1,400,806	1,400,806
Deficit	(15,307,424)	(15,257,441)
	(87,087)	(37,104)
	\$ 447,275	\$ 452,348

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 10)

On behalf of the Board:*“Douglas L. Mason”*

Director

“Sead Hamzagic”

Director

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

INTERNATIONAL BETHLEHEM MINING CORP.**Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited – Expressed in Canadian Dollars)

Three months ended March 31,

	2016	2015
EXPENSES		
Bank charges and interest	\$ 754	\$ 521
Consulting fees	17,500	16,250
Insurance	1,944	4,087
Investor relations	1,155	-
Legal and audit	12,223	19,186
Office and miscellaneous	3,093	3,397
Rent	5,768	8,540
Transfer agent and regulatory fees	1,005	4,338
Wages and benefits	6,444	6,927
	<u>(49,886)</u>	<u>(63,246)</u>
Interest income	54	71
Loss on sale of marketable securities	(2,790)	(86,185)
Change in fair value of marketable securities	2,639	75,865
	<u>(97)</u>	<u>(10,249)</u>
Net loss and comprehensive loss for the period	\$ (49,983)	\$ (73,495)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	11,350,951	11,350,951

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

INTERNATIONAL BETHLEHEM MINING CORP.**Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**

(Unaudited – Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share-based Payment Reserve	Warrant Reserve	Deficit	Total Shareholders' Equity
Authorized Share Capital:						
Unlimited number of common shares without par value						
Issued:						
Balance, December 31, 2014	11,350,951*	\$ 13,819,531	\$ 1,358,006	\$ 42,800	\$ (14,790,840)	\$ 429,497
Net loss for the period	-	-	-	-	(73,495)	(73,495)
Balance, March 31, 2015	11,350,951*	13,819,531	1,358,006	42,800	(14,864,335)	356,002
Net loss for the period	-	-	-	-	(393,106)	(393,106)
Balance, December 31, 2015	11,350,951*	13,819,531	1,358,006	42,800	(15,257,441)	(37,104)
Net loss for the period	-	-	-	-	(49,983)	(49,983)
Balance, March 31, 2016	11,350,951*	\$ 13,819,531	\$ 1,358,006	\$ 42,800	\$ (15,307,424)	\$ (87,087)

* During the year ended December 31, 2015, the Company consolidated its share capital on a 4 old common shares for 1 new common share basis. All common shares, stock options, warrants and dollar value per share and option amounts are stated on a post consolidated basis unless otherwise stated.

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

INTERNATIONAL BETHLEHEM MINING CORP.**Interim Consolidated Statements of Cash Flows**

(Unaudited – Expressed in Canadian Dollars)

Three months ended March 31,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (49,983)	\$ (73,495)
Loss on sale of marketable securities	2,790	86,185
Change in fair value of marketable securities	(2,639)	(75,865)
	<u>(49,832)</u>	<u>(63,175)</u>
Changes in non-cash working capital items		
Receivables	(4,497)	(1,056)
Prepaid expenses	(3,900)	(3,400)
Accounts payable and accrued liabilities	19,910	41,097
Net cash flows used in operating activities	<u>(38,319)</u>	<u>(26,534)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of marketable securities	8,599	36,350
Net cash flows provided by investing activities	<u>8,599</u>	<u>36,350</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	25,000	-
Net cash flows used in financing activities	<u>25,000</u>	<u>-</u>
Change in cash and equivalents during the period	(4,720)	9,816
Cash and equivalents, beginning of period	10,584	8,154
Cash and equivalents, end of period	\$ 5,864	\$ 17,970
Cash paid for interest	\$ 505	\$ 256
Cash paid for income taxes	\$ -	\$ -

Supplemental Cash Flow Information (Note 11)

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

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

International Bethlehem Mining Corp. (the “Company”) was incorporated April 5, 1995 under the laws of the Province of British Columbia. The Company is engaged in the exploration of mineral resource properties, primarily in Canada.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding so that its capital resources will be sufficient to carry its operations through the next twelve months and intends to continue the exploration programs on its mineral properties. However, there are several conditions that cast significant doubt on the Company’s ability to continue as a going concern, including that the Company has incurred significant operating losses over the past several fiscal years (2015 - \$466,601; 2014 - \$349,858), is currently unable to self-finance operations, has a working capital deficit of \$203,360 (December 31, 2015 - \$153,377), has a deficit of \$15,307,424 (December 31, 2015 - \$15,257,441), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration, evaluation and development of its mineral property projects. The recoverability of amounts shown for resource properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. These material uncertainties may cast significant doubt on to the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

The business of mining, exploration and evaluation involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for mineral properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

2. BASIS OF PREPARATION

Statement of compliance

These interim consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these financial statements are based on IFRS issued and effective as of March 31, 2016. The Board of Directors approved the financial statements for issue on May 24, 2016.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

Critical accounting estimates:

a) Recoverability of asset carrying values

The Company assesses its exploration and evaluation assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period. The assessment of any impairment of property and equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows, the useful lives of assets and their related salvage values.

b) Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. These estimates will impact the amount of share-based payments recognized.

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

2. BASIS OF PREPARATION (Continued)

Use of estimates and judgements (Continued)

c) Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a list of significant accounting policies used by the Company.

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Bethlehem Resources (Nevada) Corp. All significant intercompany transactions and balances have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents includes highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the periods presented, the Company does not have any cash equivalents.

(c) Financial instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity dates. They are initially recognized at fair value and subsequently carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

Financial assets (Continued)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statements of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income, within equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statements of loss and comprehensive loss.

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs upon obtaining the legal right to explore relating to the acquisition of, exploration for and evaluation of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to an exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs are reclassified as mining assets and will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment at each financial position reporting date. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(e) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment (Continued)

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants where the fair value of the common shares is based on the market value on the date of the issuance of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against common share component.

Flow-through units

The Company will from time to time issue flow-through units to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through unit agreements, these units transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through unit into i) capital stock, ii) a flow-through share premium, equal to the estimated premium if any, which is recognized as a liability, and iii) warrants, if any, using the residual value method. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as a deferred income tax recovery and the resulting deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received, but not yet expended at the end of the Company's period, is disclosed separately as flow-through share liability.

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Share-based payment transactions

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged either to operations or exploration and evaluation assets, with the offset credit to share-based payment reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from contributed surplus are transferred to capital stock.

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

(h) Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income taxes (Continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Provision for site reclamation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of an exploration and evaluation asset. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that are created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. As at March 31, 2016, the Company does not have any significant restoration obligations.

(k) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(l) New and amended accounting pronouncements

Effective for annual periods beginning on or after January 1, 2018

IFRS 9 *Financial Instruments*

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has a tentative adoption date of periods beginning on or after January 1, 2018 for this standard.

INTERNATIONAL BETHLEHEM MINING CORP.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

4. MARKETABLE SECURITIES

	March 31, 2016	December 31, 2015
Magnum Goldcorp Inc. 1,000,000 common shares (December 31, 2015 - 1,250,000 common shares)	35,000	43,750

5. EXPLORATION AND EVALUATION ASSETS

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of the exploration and development on a mineral property, the potential for production on the property may be diminished or negated.

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

The Company has entered into agreements to acquire, explore and develop certain mineral properties located in certain regions of Canada. Numerous aboriginal groups are claiming inextinguishable aboriginal title to the lands and resources in these regions, which may include one or more of the mineral claims beneficially owned by the Company. The extent to which any successful aboriginal claim would materially affect the ability of the Company to exploit its mineral properties is not determinable at this time.

Reclamation deposits

As at March 31, 2016, the Company has refundable deposits of \$45,000 (December 31, 2015 - \$45,000) with the British Columbia Ministry of Mines relating to the Company's Ground Hog Basin, Cottonbelt and LH properties.

INTERNATIONAL BETHLEHEM MINING CORP.**Notes to the Interim Consolidated Financial Statements**

(Unaudited – Expressed in Canadian Dollars)

March 31, 2016

5. EXPLORATION AND EVALUATION ASSETS (Continued)**The Company's expenditures on mineral properties are as follows:**

	Goldstream Property	LH and Willa Properties	Ground Hog Basin	Eva Kitto Property	Total
Balance, December 31, 2014	\$ 12,964	\$ -	\$ 58,309	\$ 263,938	\$ 335,211
Expenditures for the year:					
Staking and lease costs	-	1,030	-	-	1,030
Option proceeds	-	(50,000)	-	-	(50,000)
Impairment of exploration and evaluation assets	-	-	-	(263,938)	(263,938)
Excess option proceeds over expenditures	-	48,970	-	-	48,970
Balance, December 31, 2015 and March 31, 2016	\$ 12,964	\$ -	\$ 58,309	\$ -	\$ 71,273

Goldstream Property

The Company owns certain mineral claims in the Revelstoke Mining Division, British Columbia (referred to as the "Goldstream Property"). During the year ended December 31, 2009, the Ground Hog Basin Property was considered to be part of the Goldstream Property. During the year ended December 31, 2010, the Company segregated the mineral claims associated with the Ground Hog Basin Property from the Goldstream Property prior to the disposal of its subsidiary, Bethlehem Resources (1996) Corporation ("BRC").

Ground Hog Basin Property

The Company owns certain mineral claims in the Revelstoke Mining Division, British Columbia (referred to as the "Ground Hog Basin Property"). During the year ended December 31, 2009, the Ground Hog Basin Property was considered to be part of the Goldstream Property. During the year ended December 31, 2010, the Company segregated the mineral claims associated with the Ground Hog Basin Property from the Goldstream Property prior to the disposal of its subsidiary, Bethlehem Resources (1996) Corporation ("BRC").

LH and Willa Properties

The Company acquired 19 Crown-granted mineral claims near Silvertown in the Slocan Mining Division, British Columbia (the "LH Property"). The vendors retained a 1% net smelter return ("NSR") royalty. Once royalties of \$350,000 have been paid, the NSR royalty will reduce to 0.5%. The Company had the option to purchase the entire NSR royalty at any time up until December 31, 2015 from the vendors for \$1,200,000, which option was not exercised by the Company. The Company also acquired 4 mineral claims near Silvertown in the Slocan Mining Division, British Columbia (the "Willa Property"). The vendors retained a 1% net smelter return royalty. Once royalties of \$500,000 have been paid, the NSR royalty will reduce to 0.5%. The Company had the option to purchase the entire NSR royalty at any time up until July 15, 2015 from the vendors for \$3,000,000, which option was not exercised by the Company. The LH Property and the Willa Property are adjacent properties, and subsequent to the above acquisitions, the Company also staked an additional 3 mineral claims adjacent thereto.

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5. EXPLORATION AND EVALUATION ASSETS (Continued)

LH and Willa Properties (Continued)

The Company entered into an option agreement, dated September 6, 2012 (the "Option Agreement") with Magnum Goldcorp Inc., formerly Magnum Capital Corp. ("Magnum"), pursuant to which the Company granted Magnum an option to acquire a 51% interest in the Company's "LH" and "Willa" gold exploration properties (collectively, the "Property"). The Company agreed to grant Magnum an option to acquire a 51% interest in the Property, and in return, Magnum agreed to pay the Company \$100,000 (paid) following the date on which the TSX Venture Exchange accepted the Option Agreement, which occurred on November 12, 2013 (the "Effective Date"). Additionally, Magnum was required to incur expenditures on the Property totalling \$500,000 (\$250,000 by the first anniversary of the Effective Date (completed) and an additional \$250,000 by the second anniversary of the Effective Date (completed)). As well, Magnum was required to issue 3,000,000 shares to the Company (1,000,000 shares by the first anniversary of the Effective Date (received); an additional 1,000,000 shares by the second anniversary of the Effective Date (received); and an additional 1,000,000 shares upon the Property receiving a bankable feasibility report on or before 10 years after the Option has been earned in). As a condition to Magnum performing its obligations under the Option Agreement, the Company agreed to incur between \$100,000 to \$150,000 in exploration expenditures on the Property (completed).

On March 5, 2015, Magnum announced that it has entered into a purchase agreement (the "Purchase Agreement") dated for reference February 24, 2015, with the Company and Cobra Venture Corporation ("Cobra"), pursuant to which Magnum has agreed to sell and Cobra has agreed to purchase one half (25.5%) of Magnum's 51% option interest in the Property. Pursuant to the terms of the Purchase Agreement, Cobra has purchased a 25.5% interest in the Property for \$300,000, and in connection therewith, Magnum was required to spend \$200,000 on exploration expenditures on the Property (completed). As of November 13, 2015, Magnum provided the Company and Cobra with documentation confirming that Magnum had completed its exploration expenditure obligations. Accordingly at that time, Cobra acquired a 25.5% interest in the Property and a joint venture was formed with the following interests: the Company (49%); Magnum (25.5%); and Cobra (25.5%).

On March 10, 2016, the Company, Magnum Goldcorp Inc. ("Magnum") and Cobra Venture Corporation ("Cobra") (collectively, the "Parties") announced that they had entered into an asset purchase agreement dated March 1, 2016 (the "LH Property Agreement"), with respect to the acquisitions by Magnum of all of the interest of each of the Company and Cobra in the LH Property (the "LH Property Transaction"). Under the LH Property Agreement, Magnum will issue 17,120,000 common shares in its capital to Cobra and 32,897,255 common shares in its capital to the Company (collectively, the "Magnum Shares") at closing as consideration for their respective interests in the LH Property. The LH Property Transaction is considered to be a reviewable transaction with respect to each of Magnum and the Company for the purposes of the policies of the TSX Venture Exchange (the "Exchange"), and accordingly, is subject to approval by the shareholders of each of Magnum and the Company (which shareholder approvals were received on April 7, 2016) and approval by the Exchange. Magnum has certain directors in common with each of Cobra and the Company, which directors are considered to be non-arm's length parties within the policies of the Exchange for the purposes of the LH Property Transaction, and accordingly, those directors have abstained from voting on board resolutions passed by the respective Parties approving the LH Property Transaction. The Company intends to distribute 17,026,427 of the Magnum Shares it receives under the terms of the LH Property Agreement to its shareholders on a pro rata basis, which will result in Company shareholders receiving approximately 1.5 Magnum Shares for each share of Company held. The Company intends to retain the remaining 15,870,828 Magnum Shares to assist the Company in meeting its ongoing commitments and obligations and to enable the Company to participate, as a shareholder of Magnum, in the potential future value of the LH Property project. The return of capital of the Company is subject to approval by its shareholders (which shareholder approval was received on April 7, 2016). The Company and Magnum have certain directors in common.

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5. EXPLORATION AND EVALUATION ASSETS (Continued)

Eva Kitto Property

The Company entered into an option agreement dated November 3, 2008, as amended (the "Option Agreement") with Rainy Mountain Royalty Corp. ("Rainy Mountain") whereby the Company was granted an option to earn an initial 30% interest in the "Eva Kitto" property, located in the Thunder Bay Mining Division of Ontario, by paying Rainy Mountain \$20,000 (paid) and spending an aggregate of \$500,000 in exploration expenditures (\$100,000 by December 31, 2008 (completed); \$90,000 by June 30, 2010 (completed); and \$310,000 by June 30, 2011 (not yet completed)). Under the Option Agreement, the Company could increase its interest in the property up to 51%, 60% and 75% by incurring exploration expenditures of an additional \$1,000,000 by November 3, 2011, \$1,000,000 by November 3, 2012 and by bringing the property into commercial production, respectively. The property is subject to an aggregate NSR royalty of 3.5%, of which 2% can be purchased at any time for \$2,000,000. By amending agreement, dated November 15, 2010, the Company and Rainy Mountain acknowledged and agreed that, as a result of exploration expenditures completed, the Company had earned a 15% interest in the Eva Kitto property and that Rainy Mountain retained an 85% interest in the property. By amending agreement dated April 2, 2012, the Company and Rainy Mountain further revised the Option Agreement to allow the Company to resume its earlier option and to increase its interest in the Eva Kitto property. As a result, the Company contributed the sum of \$75,000 towards the exploration program completed on the property by Rainy Mountain in 2012, and in so doing, the Company has earned a 50% interest in the property and a 50/50 joint venture has been formed between the parties. During the year ended December 31, 2015, the Company recorded an impairment charge of \$263,938 related to the Eva Kitto Property due to inactivity. Rainy Mountain and the Company have certain directors in common.

6. RELATED PARTY TRANSACTIONS

- (a) As at March 31, 2016, accounts payable and accrued liabilities include \$469,785 (December 31, 2015 - \$429,246) owing to companies with certain directors in common and companies controlled by certain directors.
- (b) Included in prepaid expenses at March 31, 2016 is \$12,300 (December 31, 2015 - \$12,300) as a security deposit paid to Waterfront Communications Inc. (a company with certain directors in common), to cover shared payroll and expense recoveries.
- (c) The Company entered into a loan agreement, dated April 25, 2014, pursuant to which the lender agreed to loan the Company up to \$75,000 for working capital purposes. The loan agreement was provided by a company controlled by a director and each loan advance is for a term of one year with interest at a rate of 1% per month (12% per annum). Under the loan, there has been 2 loan advances; 1) \$5,000 on June 13, 2014 (the due date on this advance was extended to November 17, 2016) and 2) \$25,000 on February 26, 2016. No loan bonus shares were issued in connection with these loans.

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6. RELATED PARTY TRANSACTIONS (Continued)

- (d) The Company paid or accrued the following amounts to directors, companies and/or limited partnerships controlled by directors and/or companies with certain directors in common:

	March 31, 2016	March 31, 2015
Consulting fees	\$ 16,000	\$ 15,500
Interest expense	\$ 437	\$ 148
Legal fees	\$ 7,500	\$ 7,500
Rent (net of recoveries)	\$ 5,768	\$ 8,540

Key management compensation includes the following:

	March 31, 2016	March 31, 2015
Consulting and legal fees	\$ 23,500	\$ 23,000

- (e) The Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative and geological payroll costs in the amount of \$6,149 (2015 - \$6,927) and shared expenses in the amount of \$4,376 (2015 - \$4,647).

7. CAPITAL STOCK**Issuance of shares**

No shares were issued during the period ended March 31, 2016 or 2015.

During the year ended December 31, 2015, the Company consolidated its common share capital on a 4 old common shares for 1 new common share basis. All common shares, stock options, warrants and dollar value per share are stated on a post consolidated basis unless otherwise stated.

8. STOCK OPTIONS AND WARRANTS**Stock options**

Options to purchase common shares have been granted to directors, officers, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the terms of the Company's rolling stock option plan, dated May 28, 2005, the maximum number of common shares issuable shall not exceed 10% of the issued and outstanding shares of the Company at the time the stock options are granted. Vesting of stock options is at the discretion of the Board of Directors at the time the options are granted.

INTERNATIONAL BETHLEHEM MINING CORP.**Notes to the Interim Consolidated Financial Statements**

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8. STOCK OPTIONS AND WARRANTS (Continued)**Stock options (Continued)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable,		
December 31, 2014, 2015 and March 31, 2016	291,250	\$ 0.40

The following incentive stock options were outstanding:

		March 31, 2016	December 31, 2015
Expiry Date	Exercise Price	Number of Options	Number of Options
May 6, 2016*	\$ 0.40	141,250	141,250
September 8, 2016	\$ 0.40	131,250	131,250
July 24, 2017	\$ 0.40	18,750	18,750
Outstanding and exercisable		291,250	291,250

* Expired subsequent to the period ended March 31, 2016

Warrants

There are no share purchase warrants outstanding

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes as at December 31, 2015 is as follows:

	2015
Loss before tax	\$ (466,601)
Expected income tax (recovery)	(121,000)
Permanent differences	8,000
Change in statutory, foreign tax, foreign exchange rates and other	(1,000)
Adjustment to prior years provision versus tax returns and expiry of non-capital losses	195,000
Change in unrecognized deductible temporary differences	(76,000)
Total income tax expense (recovery)	\$ -

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9. INCOME TAXES (Continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	Expiry Dates	2015
Temporary Differences		
Exploration and evaluation assets	No expiry date	\$ 4,346,000
Investment tax credit	2027 to 2034	87,000
Marketable securities	No expiry date	13,000
Allowable capital losses	No expiry date	64,000
Non-capital losses available for future period	2016 to 2035	6,036,000

10. COMMITMENTS AND CONTINGENCIES

- (a) The Company entered into 3 five-year term renewable agreements, as amended, with companies controlled by 3 directors of the Company for the provision of consulting and/or legal services at a cost of \$2,500 per month under each of the three agreements with an aggregate cost of \$7,500 per month (\$90,000 per annum). If any of such agreements are terminated without cause or if there is a change in control of the Company, the Company was required to pay an amount equal to five times the annual fee payable under the agreements. Effective May 1, 2015, the compensation payable on termination was changed, and accordingly, if any of such agreements are terminated without cause, or if there is a change in control of the Company, the Company is required to pay \$150,000 to such contracted party so affected.
- (b) The Company entered into three agreements with certain directors/officers for services rendered in such capacities. Effective May 1, 2015, the compensation payable on termination was reduced, and accordingly, if such agreements are terminated without consent of the director/officer or the director/officer resigns within 120 days following a change in control, the Company must pay \$50,000 (previously \$100,000) to such director/officer and allow any unvested stock options to vest.
- (c) The Company was reassessed for certain prior years' taxation filings (principally from 2003 and 2004) by the Canada Revenue Agency ("CRA") pertaining to the renunciation of its flow-through expenditures. Also, individual investors in certain flow-through shares may be impacted by the reassessments. The Company has been assessed taxes of \$339,195 and interest and penalties of approximately \$242,000 as of December 31, 2015, and CRA is currently withholding approximately \$280,000 (December 31, 2015 - \$269,000) of the Company's GST and METC refunds (included in receivables) as an offset against the balance. On April 15, 2015, the Company received a Notice of Confirmation from CRA which indicated that CRA had disallowed the Notices of Objection previously filed by the Company. The Company does not believe that the issues raised by the Company in its Notices of Objection were properly addressed by CRA and the Company filed an Appeal to the Tax Court of Canada, consequently no accrual has been made.

11. SUPPLEMENTAL CASH FLOW INFORMATION

There were no non-cash financing or investing transactions during the period ended March 31, 2016.

During the year ended December 31, 2015, the Company recorded the following items:

- Marketable securities with a fair value of \$50,000 were received under an option agreement (Note 5)

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12. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration, and all assets of the Company are located in Canada.

13. CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

To fund future operations and exploration activities the Company will need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended March 31, 2016. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and cash equivalents and marketable securities as fair value through profit or loss; receivables, as loans and receivables; and accounts payable and accrued liabilities and loans payable, as other financial liabilities.

The carrying values of receivables, accounts payable and accrued liabilities, and loans payable approximate their fair values due to the short-term maturity of these financial instruments.

INTERNATIONAL BETHLEHEM MINING CORP.**Notes to the Interim Consolidated Financial Statements**

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14. FINANCIAL INSTRUMENTS (Continued)

The Company's measurement of fair value of financial instruments as at March 31, 2016 and December 31, 2015 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
March 31, 2016				
Cash and cash equivalents	\$ 5,864	\$ 5,864	\$ -	\$ -
Marketable securities	\$ 35,000	\$ 35,000	\$ -	\$ -
December 31, 2015				
Cash and cash equivalents	\$ 10,584	\$ 10,584	\$ -	\$ -
Marketable securities	\$ 43,750	\$ 43,750	\$ -	\$ -

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables.

Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions. Receivables are due primarily from CRA (Note 10(c)).

Credit risk with respect to receivables has been assessed as low from management, as the Company believes that if successful in its appeal of the reassessments received from the CRA (Note 10(c)) the amounts held by CRA will be refunded.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2016, the Company had accounts payable and accrued liabilities of \$504,362 (December 31, 2015 - \$484,452) and a loan in the amount of \$30,000 (December 31, 2015 - \$5,000). Based on the current funds held as at March 31, 2016, the Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

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14. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents consist of cash held in bank accounts and guaranteed investment certificates that earns interest at the prime lending rate minus 1.95% to 2%. Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Given the balance of the guaranteed investment certificate, any fluctuations in the interest rate would lead to an immaterial change in the consolidated statements of comprehensive loss.

(i) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices.

15. SUBSEQUENT EVENTS

LH Property Transaction

On April 27, 2016, the Company, Magnum Goldcorp Inc. ("Magnum") and Cobra Venture Corporation ("Cobra") (collectively the "Parties") announced that all conditions to closing of the acquisition by Magnum of all of the interest of each of the Company and Cobra in the LH Property (the "LH Property Transaction") were met and that the Parties closed the LH Property Transaction on April 26, 2016 (the "Closing Date"). Magnum now owns 100% of the LH Property. On the Closing Date, Magnum issued 32,897,255 common shares in its capital to the Company (valued at \$1,480,376) (the "Magnum Shares") as consideration for its interest in the LH Property. A portion of the Magnum Shares received by the Company were distributed to its shareholders on a pro rata basis as a return of capital (the "Return of Capital") on the IBC Distribution Date (defined below) pursuant to the TSX Venture Exchange's due bill trading policy (the "Due Bill Policy").

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15. SUBSEQUENT EVENTS (Continued)

LH Property Transaction (Continued)

Pursuant to the Due Bill Policy, the Company announced that:

- the record date (the “IBC Record Date”) to determine shareholders of the Company entitled to receive Magnum Shares was May 4, 2016;
- the due bill trading date was May 2, 2016 (two days prior to the IBC Record Date);
- the payment or distribution date (the “IBC Distribution Date”) was May 10, 2016;
- the ex-distribution date was May 11, 2016 (the trading day immediately following the IBC Distribution Date); and
- the due bill redemption date was May 13, 2016 (the second trading day following the ex-distribution date)

The Company distributed 17,026,427 of the Magnum Shares it received (valued at \$1,106,718) to its shareholders of record as of the IBC Record Date such that for each common share of the Company held, a shareholder of the Company received approximately 1.5 Magnum Shares. No fractional Magnum Shares were issued, and accordingly, Magnum Shares issued to the Company’s shareholders were rounded down to the nearest whole number. The Magnum Shares are subject to a statutory hold period expiring September 10, 2016.