Financial Statements
(Expressed in Canadian dollars)

FULL METAL MINERALS LTD.

Years ended May 31, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Full Metal Minerals Ltd.

We have audited the accompanying financial statements of Full Metal Minerals Ltd., which comprise the statement of financial position as at May 31, 2016, and the statements of income (loss) and comprehensive income (loss), changes in equity (deficiency) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Full Metal Minerals Ltd. as at May 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Full Metal Minerals Ltd.'s ability to continue as a going concern.

Other Matters

The financial statements of Full Metal Minerals Ltd. for the year ended May 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on September 28, 2015.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

September 9, 2015

FULL METAL MINERALS LTD.

Statement of Financial Position
(Expressed in Canadian dollars)

		As at May 31, 2016		As at May 31, 2015
Assets				
Current assets:				
Cash	$	84,399	$	17,790
Marketable securities (note 4)		4,950		37,500
Receivables (note 6)		30,841		297,825
Prepaid expenses		-		13,610
		120,190		**366,725**
Non-current assets:				
Receivables (note 6)		-		23,913
Equipment (note 7)		18,079		23,805
Total assets	$	**138,269**	$	**414,443**
Liabilities and Shareholders' Equity (Deficiency)				
Current liabilities:				
Accounts payable and accrued liabilities	$	431,269	$	393,536
Shareholders' equity (deficiency):				
Share capital (note 8)		61,365,074		61,365,074
Share-based payments reserve (note 8(d))		6,068,158		6,068,158
Deficit		(67,726,232)		(67,412,325)
		(293,000)		**20,907**
Total liabilities and shareholders' equity (deficiency)	$	**138,269**	$	**414,443**

Nature of operations and going concern (note 1)

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

Approved on behalf of the Board:

"Michael J. Williams" Director

"Cale Moodie" Director

FULL METAL MINERALS LTD.

Statement of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Year ended	
	May 31, 2016	May 31, 2015
Expenses:		
Accounting and audit (note 10)	$ 98,831	$ 124,834
Amortization (note 7)	5,726	10,346
Consulting (note 10)	190,000	162,750
Directors fees (note 10)	-	(7,299)
Geological exploration	-	44,925
Insurance	-	2,633
Investor relations	-	16,280
Legal and corporate secretarial	18,769	34,937
Listing and filing fees	8,862	12,031
Office and sundry	26,412	1,380
Salaries and employee benefits	-	(652)
	(348,600)	**(402,165)**
Foreign exchange gain (loss)	197	(5,450)
Gain on disposal of equipment (note 7)	-	85,900
Unrealized gain on marketable securities	-	7,500
Gain on sale of marketable securities (note 4)	7,530	-
Gain on sale of resource property (note 6)	-	99,861
Gain on spinout transaction (note 5)	-	2,948,659
Accretion (note 6)	24,023	-
Recovery of accounts payable (note 6)	19,929	215,000
Tax penalty	-	(2,750)
Write-off of unrecoverable deposits and advances	(16,986)	-
Write-off of property and equipment (note 7)	-	(15,151)
Write-off of resource property costs (note 6)	-	(228,254)
	34,693	**3,105,315**
Income (loss) and comprehensive income (loss) for the year	**$ (313,907)**	**$ 2,703,150**
Earnings (loss) per share - basic and diluted	$ (0.05)	$ 0.46
Weighted average number of shares outstanding	5,930,927	5,930,927

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

FULL METAL MINERALS LTD.

Statement of Changes in Equity (Deficiency)
(Expressed in Canadian dollars)

	Number of shares (note 8)		Share capital (note 8)		Share-based payments reserve		Deficit		Total equity (deficiency)
Balance at May 31, 2014	5,930,927	$	64,271,235	$	6,068,158	$	(70,115,475)	$	**223,918**
Plan of arrangement - return to capital (note 5)	-		(2,906,161)		-		-		**(2,906,161)**
Loss for the year	-		-		-		2,703,150		**2,703,150**
Balance at May 31, 2015	**5,930,927**		**61,365,074**		**6,068,158**		**(67,412,325)**		**20,907**
Loss for the year	-		-		-		(313,907)		**(313,907)**
Balance at May 31, 2016	**5,930,927**	**$**	**61,365,074**	**$**	**6,068,158**	**$**	**(67,726,232)**	**$**	**(293,000)**

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

FULL METAL MINERALS LTD.

Statement of Cash Flows
(Expressed in Canadian dollars)

	Year ended May 31, 2016	Year ended May 31, 2015
Cash flows from operating activities:		
Loss for the year	$ (313,907)	$ 2,703,150
Items not affected by cash:		
Amortization	5,726	10,346
Accretion of receivable (note 6)	(24,023)	-
Deferred rent recoveries	-	(29,484)
Derivative (gain) expense	-	5,987
Employee compensation expense	-	(693)
Gain on disposal of property-related equipment	-	(85,900)
Gain on sale of marketable securities	(7,530)	(7,500)
Loss on sale of contract termination	-	-
Loss on sale of resource property	-	(99,861)
Gain on spinout transaction	-	(2,948,659)
Recovery of accounts payable	(19,929)	(215,000)
Write-off of unrecoverable deposits and advances	16,986	-
Write-off of property and equipment	-	15,151
Write-off of resource property	-	228,254
	(342,677)	**(424,209)**
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	57,662	(26,425)
Receivables	311,286	(3,530)
Prepaid expenses	258	4,652
Net cash used in operating activities	**26,529**	**(449,512)**
Cash flows from investing activities:		
Proceeds on sale of marketable securities	40,080	-
Proceeds on sale of resource property	-	169,580
Proceeds on sale of property-related equipment	-	85,900
Net cash provided by in investing activities	**40,080**	**255,480**
Cash flows from financing activities:		
Deferred financing costs	-	115,609
Net cash provided by financing activities	**-**	**115,609**
Increase (decrease) in cash and cash equivalents	**66,609**	**(78,423)**
Cash and cash equivalents, beginning of the year	17,790	96,213
Cash and cash equivalents, end of the year	$ **84,399**	$ **17,790**

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

1. Nature of operations and going concern:

Full Metal Minerals Ltd. (the "Company" or "FMM") was incorporated under British Columbia's Company Act on June 18, 2003. Its common shares trade on the TSX Venture Exchange under the symbol FMM.

The Company is an exploration stage company and engages principally in the acquisition, exploration and development of resource properties. The recoverability of the amounts shown for resource property costs is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, entering into agreements with others to explore and develop the resource properties, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as resource property costs represent net costs incurred to date, less amounts recovered from third parties and/or written-off, and do not necessarily represent present or future values.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. Several material uncertainties discussed below may cast substantial doubt upon the Company's ability to continue as a going concern.

The Company has a history of losses with no operating revenue other than interest income and management fees, and has a working capital deficiency of $311,079 at May 31, 2016. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. During fiscal 2015, the Company completed a plan of arrangement (note 5) that resulted in a restructuring of the Company. Furthermore, the Company has disposed of inactive assets in Alaska in order to raise cash (note 6(a)). The Company is currently evaluating various opportunities and seeking sources of financing. These conditions are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

Unless otherwise stated, amounts are expressed in Canadian dollars.

These financial statements were authorized for issuance by the Board of Directors on September 9, 2016.

(b) Consolidation:

These financial statements include the accounts of the Company, its wholly owned subsidiary, Full Metal Minerals (U.S.A.) Inc. which was incorporated, for nominal share capital, in the State of Alaska. Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

The Company dissolved its Alaskan subsidiary on December 16, 2014 as part of the CopperBank transaction disclosed in Note 5.

(c) Cash and cash equivalents:

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with maturities on the date of purchase of 90 days or less. The Company holds its cash with financial institutions of high credit worthiness. Cash and cash equivalents are measured at amortized cost.

(d) Marketable securities:

Marketable securities are carried at their market value based upon quoted market prices.

(e) Exploration and evaluation expenditures:

Exploration and evaluation expenditures are recognized in profit and loss. Costs incurred before the Company has obtained legal rights to explore areas of interest are also recognized in profit and loss. Expenditures incurred by the Company in connection with the development of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized. Acquisition costs of mineral properties, such as cash and share consideration and option payments, are capitalized on an individual prospect basis. Annual payments to maintain properties in good standing are not considered acquisition costs and accordingly are not capitalized. Amounts received for the sale of mineral properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in income. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. Subsequent recovery of the resulting carrying value depends on successful development or sale of the mineral property. If a mineral property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

2. Significant accounting policies (continued):

(e) Exploration and evaluation expenditures (continued):

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

(f) Provision for closure and reclamation:

The Company recognizes statutory, contractual, legal, or other constructive obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for changes in the discount rate of the underlying future cash flows and for unwinding of the discount. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that no provision for closure and reclamation exists for the years presented.

(g) Property and equipment:

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment and amortized based on the component's useful life.

The Company provides for amortization on its property and equipment on the following basis:

Asset	Basis	Rate
Computer equipment	declining balance	30%
Computer software	declining balance	100%
Office equipment	declining balance	20%
Vehicles	declining balance	30%

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit and loss. Residual values and estimated useful lives are reviewed at least annually.

2. Significant accounting policies (continued):

(h) Income taxes:

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share capital:

The Company records proceeds from share issuances, net of issue costs and any tax effects, as share capital. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance.

(j) Share-based payments:

The Company has a stock option plan as described in note 8(d). The cost of stock options granted to employees and directors for services received is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model. The Black-Scholes Option Pricing Model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. Expected volatility is estimated with reference to the historical volatility of the share price of the Company. These estimates involve inherent uncertainties and the application of management judgment. The costs are recognized over the vesting period of the option. The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date.

2. Significant accounting policies (continued):

(j) Share-based payments (continued):

The corresponding credit for these costs is recognized in the share-based payment reserve in shareholders' equity.

Share based compensation arrangements in which the Company receives other goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

(k) Basic and diluted loss per share:

Basic loss per share is computed by dividing the net loss for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year.

The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by assuming that the proceeds would be used to purchase common shares at the average market price during the year. For fiscal 2016, this calculation proved to be anti-dilutive.

(l) Use of estimates and judgments:

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 income and expenses during the reported years. Actual results may differ from the estimates applied in the preparation of these financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 5 – the estimates of fair values of the derivative asset, derivative liability and employee long-term benefit obligation associated with the 40 Mile property spinout transaction;
- Note 6 – the recoverability of the carrying value of mineral properties and determination of reclamation obligations, if any; and
- Note 8 – the fair value of share-based payments.

2. Significant accounting policies (continued):

(l) Use of estimates and judgments (continued):

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Note 1 – the assessment of the Company's ability to continue as a going concern; and
- Note 2(m) – determination of the functional currency of the Company and its subsidiaries.

(m) Functional currency and foreign currency translation:

The functional currency of the Company is the Canadian dollar, which is also the Company's presentation currency. Transactions of the Company denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

(o) Financial instruments:

Financial assets:

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's marketable securities are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that provide objective evidence of impairment, which are recognized in profit and loss. The Company's other financial assets consist of cash, and receivables which are classified as loans and receivables.

Transaction costs associated with FVTPL 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.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated present value of the future cash flows of the financial assets are less than their carrying values.

Financial liabilities:

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

2. Significant accounting policies (continued):

(o) Financial instruments:

Financial liabilities (continued):

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's financial liabilities consist of accounts payable and other accrued liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including embedded derivatives, are also classified as held-for-trading and recognized at fair value with changes in fair value recognized in profit and loss, unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit and loss. The Company has no financial liabilities classified as FVTPL.

(p) Impairment of non-financial assets:

At the end of each reporting period the carrying amounts of the Company's long lived assets, including resource property costs, 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. The 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 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 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 profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. 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 to an amount that 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.

(q) Accounting standards adopted in the current year:

As of June 1, 2015, there were no new or amended IFRS pronouncements applicable to the Company.

(Expressed in Canadian dollars, unless otherwise noted)

3. New standards and interpretations yet to be adopted:

Certain pronouncements were issued by the IASB or IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2015 or later periods. They have not been early adopted in these financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

IFRS 15, Revenue from Contracts with Customers, establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The change in accounting standard is unlikely to have a significant impact on the Company's financial statements.

IFRS 16, Leases, provides a single lessee accounting model for recognition, measurement, presentation and disclosure, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, substantially unchanged from IAS 17, the predecessor to IFRS 16. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The change in accounting standard is unlikely to have a significant impact on the Company's financial statements.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Marketable securities:

	Market	Cost	Unrealized gain (loss)
Common shares in public companies, received pursuant to option agreements, representing less than a 5% ownership interest:			
May 31, 2015	$ 37,500	$ 30,000	$ 7,500
May 31, 2016	4,950	4,950	Nil

During the year ended May 31, 2015, the Company received 750,000 common shares of Redstar Gold Corp. ("Redstar") in connection with the sale of the Unga-Popov property (note 6(c)(ii)). The shares of Redstar had a market value of $30,000 on the date the Unga-Popov sale was completed. The shares are classified as FVTPL financial assets and accordingly measured at fair value at year-end. During the year ended May 31, 2016, the Company sold 651,000 common shares at a cost of $32,550 for proceeds of $40,080, resulting in a gain on sale of marketable securities of $7,530. At May 31, 2016, the Company held 99,000 shares of Redstar.

5. Plan of arrangement:

On October 21, 2014, the Company completed a plan of arrangement with International Enexco Inc. ("IEC") and Choice Gold Corp. ("Choice"), pursuant to which FMM, IEC, and Choice consolidated FMM's Pyramid copper project located in Alaska with IEC's Contact copper project located in Nevada (collectively, the "Copper Projects"). In order to effect the arrangement, the Company created a new US subsidiary named FMM Spinco (USA) ("FMM Spinco") and transferred the Pyramid Copper Project which had a carrying value of $62,194 from FMM USA to FMM Spinco along with $104,141 of liabilities associated with the Pyramid project. The Company's share capital was re-organized such that FMM shareholders received one new common share of FMM and one common share of FMM Spinco in exchange for each one of their old common shares of FMM. FMM's shareholders then exchanged their common shares of FMM Spinco for two shares of Choice and one share purchase warrant of Choice. Choice was subsequently renamed CopperBank Resources Corp. ("CopperBank") and completed a 1:5 share consolidation. Ultimately under the arrangement, FMM contributed its interest in the Pyramid copper project to CopperBank and in exchange, each FMM shareholder received 0.4 of one post-consolidation common shares of CopperBank and 0.2 of one post-consolidated share purchase warrant of CopperBank.

FMM's shareholder received a total of 23,723,758 post-consolidation shares of CopperBank and 11,861,879 share purchase warrants. Each full one share purchase warrant of CopperBank was exercisable by the FMM shareholders into common shares of CopperBank for a period of five years at a price of $0.10 per common share. Subsequent to the completion of the arrangement, FMM's shareholders owned approximately 18% of CopperBank.

The total fair value of the CopperBank shares received by FMM's shareholders was $2,372,376 based on the trading price of the CopperBank shares of $0.10 per share. The fair value of the warrants of $533,784 was determined using the Black-Scholes Option Pricing Model based on an average risk-free interest rate of 1.4%, expected life of 5 years and volatility of 92.4% for a total fair value of consideration received in exchange for the Pyramid property of $2,906,160. The transaction was recorded as a spin-off transaction in accordance with IFRIC 17, *Distributions of Non-Cash Assets to Owners*, whereby the difference between the fair value of the assets distributed and the carrying amount is recognized as a gain in the statement of comprehensive income (loss). Capitalized costs associated with the Pyramid property totaled $62,194 and liabilities associated with the property totaled $104,692 resulting in a net gain of $2,948,659 on completion of the transaction.

The Company incurred a total of $120,743 in transaction costs in connection with the arrangement which was recovered from CopperBank upon closing of the arrangement and therefore had no net impact on the Company's statement of comprehensive income (loss) for the year ended May 31, 2015.

(Expressed in Canadian dollars, unless otherwise noted)

6. Resource property costs:

The Company has incurred the following exploration expenditures:

		Alaska Pyramid		Alaska General Exploration		Total
Year ended May 31, 2016	$	Nil	$	Nil	$	Nil

		Alaska Pyramid		Alaska General Exploration		Total
Year ended May 31, 2015						
Field supplies and equipment	$	-	$	110	$	**110**
General		35,671		9,471		**45,142**
Geological consulting		-		653		**653**
Transportation		(980)		-		**(980)**
Total	**$**	**34,691**	**$**	**10,234**	**$**	**44,925**

(a) Lucky Shot Property, Alaska:

In fiscal 2005, the Company entered into an option agreement with Alaska Hardrock Inc. ("AHI") to acquire a 100% interest in certain claims known as the Lucky Shot Property located in the Talkeetna Recording District, Alaska. All requirements to acquire a 100% interest were met.

The Company wrote down the property to $515,000 representing the Company's share of the estimated proceeds from the sale of the mill and related equipment (as valued by an independent third party consultant). As at May 31, 2015, $55,000 had been received towards the estimated proceeds. During the year ended May 31, 2016, the Company amended the purchase and sale agreement for the sale of the mill and related equipment to $387,500, including the $55,000 already received, to be received in one installment of $30,000 by July 3, 2015 (received) and 11 monthly installments of $27,500 beginning August 1, 2015 (received $305,000). Accordingly, the Company has recognized the fair value of remaining proceeds of $27,182 in receivables as at May 31, 2016. Additionally, the receivable was discounted at a rate of interest of 15% to a value of $308,159 to which $24,023 has been accreted during fiscal 2016. The final payment of $27,500 was received subsequent to May 31, 2016.

During the year ended May 31, 2015, the Company settled a $250,000 liability due to Pure Energy Corp. ("Pure Energy", formerly Harmony Gold Corp., a former optionee of the Lucky Shot property) for $35,000 (paid), resulting in a gain on recovery of accrued liabilities of $215,000.

(Expressed in Canadian dollars, unless otherwise noted)

6. Resource property costs (continued):

(b) Moore Creek Property, Alaska:

The Company had an option agreement with Highbury Projects Inc. ("Highbury") under which Highbury had earned a 60% interest in the Moore Creek Property. During the year ended May 31, 2015, the Company wrote off $76,413 in capitalized acquisition costs pertaining to Moore Creek as the Company no longer intended to pursue exploration activity on the property.

(c) Aleutians/Port Moller Property, Alaska:

(*i*) Aleut Agreement - Pyramid:

On October 21, 2014, the Pyramid property was amalgamated with two third parties under a plan of arrangement (Note 5).

(ii) Aleut Agreement – Unga-Popov:

During fiscal 2015, the Company sold the Unga-Popov property to Redstar under amended agreements for $175,000 and 750,000 Redstar common shares valued at $30,000 resulting in a gain on sale of $99,861.

(iii) Shumagin Agreement – Pyramid Surface Rights:

On October 21, 2014, the Pyramid property was consolidated with two third parties under a plan of arrangement (Note 5).

(*iv*) TDX Agreement – Pyramid Surface Rights:

On October 21, 2014, the Pyramid property was consolidated with two third parties under a plan of arrangement (Note 5).

7. Equipment:

Details are as follows:

	Computer Equipment	Computer Software	Office Equipment	Vehicles	Total
Cost:					
Balance at May 31, 2014	$ 118,449	$ 137,134	$ 101,249	$ 120,738	$ 477,570
Disposals during the year	-	-	-	(120,738)	$ (120,738)
Balance at May 31, 2015 and May 31, 2016	$ 118,449	$ 137,134	$ 101,249	$ -	$ 356,832
Accumulated Depreciation:					
Balance at May 31, 2014	$ 104,659	$ 137,134	$ 83,557	$ 102,918	$ 428,268
Depreciation during the year	4,139	-	3,538	2,669	$ 10,346
Disposals during the year	-	-	-	(105,587)	$ (105,587)
Balance at May 31, 2015	$ 108,798	$ 137,134	$ 87,095	$ -	$ 333,027
Depreciation during the year	2,895	-	2,831	-	$ 5,726
Balance at May 31, 2016	$ 111,693	$ 137,134	$ 89,926	$ -	$ 338,753
Carrying values:					
At May 31, 2014	$ 13,790	$ -	$ 17,692	$ 17,820	$ 49,302
At May 31, 2015	$ 9,651	$ -	$ 14,154	$ -	$ 23,805
At May 31, 2016	$ 6,756	$ -	$ 11,323	$ -	$ 18,079

7. Equipment (continued):

During the year ended May 31, 2015, the Company sold equipment from the Aleutian property in Alaska for total proceeds of $85,900. This equipment had been fully amortized at the time of sale and, therefore, a gain of $85,900 was recognized in profit and loss for the year ended May 31, 2015.

8. Share capital:

(a) Authorized:

Unlimited common shares without par value.

(b) Private placements:

The Company did not complete any financings during the years ended May 31, 2016 and 2015.

(c) Warrants:

At May 31, 2016, the Company had nil warrants outstanding (May 31, 2015 – nil).

(d) Stock options:

The Company has a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Board of Directors.

The exercise price of an option is not less than the closing price on the TSX Venture Exchange on the last trading day preceding the grant date. All new option issuances vest over 12 to 16 months.

As at May 31, 2016, the Company had nil stock options outstanding (May 31, 2015 – nil).

(e) Return of capital:

As disclosed in note 5, during the year ended May 31, 2015, the Company disposed of its Pyramid copper project in Alaska through the sale of shares in a wholly-owned US subsidiary to Choice. In return for the Pyramid copper project, FMM shareholders received consideration of two common shares in Choice for each share in the US subsidiary plus one share purchase warrant in Choice. The distribution of common shares in Choice to FMM shareholders has been accounted for as a return of capital to the Company. Accordingly, during the year ended May 31, 2015, share capital was reduced by $2,906,161 to account for the return of capital.

9. Financial instruments:

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

9. Financial instruments (continued):

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company recognizes its marketable securities at fair value. The carrying values of cash, receivables, accounts payable and accrued liabilities approximates their fair values due to their short terms to maturity.

(a) Financial risk factors and capital management:

Credit risk

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its liquid financial assets of cash and cash equivalents and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash and cash equivalents with high-credit quality financial institutions.

The credit risk in receivables is considered moderate by management as it consists primarily of amounts owing from optionees of different mineral properties. The Company mitigates this risk by requiring prepayment by certain optionees deemed as higher risk. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in note 9(b) of these financial statements. The Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company's interest bearing financial assets are comprised of cash and cash equivalents, which bear interest at fixed and variable rates. The Company is not exposed to significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's functional and presentation currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the United States dollar ("US dollar") and assets and liabilities are translated based on the foreign currency translated method described in note 2(m). The Company does not enter into any foreign exchange hedging contracts. In order to mitigate this risk, the Company maintains a portion of its cash and cash equivalents

9. Financial instruments (continued):

(a) Financial risk factors and capital management (continued):

Foreign currency risk (continued)

in US dollar denominated bank accounts. As at May 31, 2016, the Company had $2,232 cash on hand denominated in US dollars. The Company has determined that a 10% increase or decrease in the US dollar against the Canadian dollar on these instruments, as at May 31, 2016, would result in a $298 change to comprehensive loss for the year ended May 31, 2016.

(b) Capital management:

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's exploration and development of its mineral properties and support any expansion plans. The capital of the Company consists of the items included in shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its financial objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements. The Company is currently seeking to restructure operations.

10. Related party transactions:

During the year ended May 31, 2016, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Year ended May 31, 2016	Year ended May 31, 2015
Consulting fees and accounting fees to key management personnel or companies controlled by key management personnel	$ 262,216	$ 236,966
Director fees (recovery) to directors or companies controlled by a director	-	(7,299)
Share-based payments to key management personnel	-	-

In addition, payments to companies with common directors and officers for rent, office, administration, and consulting costs totaled $18,708 for the year ended May 31, 2016 (2015 - $21,420). Key management personnel consist of directors and senior management including the President, Chief Executive Officer and Vice President of Exploration, Chief Financial Officer, and Vice President.

Included in accounts payable and accrued liabilities is $372,843 (2015 - $249,918) due to directors, management, or companies controlled by them. The amounts due to related parties are unsecured, have no fixed terms of repayment, and are non-interest bearing.

(Expressed in Canadian dollars, unless otherwise noted)

11. Deferred rent recoveries:

During the year ended May 31, 2015, the Company recognized amortization of $29,484 in profit and loss as a credit against office rent expense.

12. Segmented information:

The Company's business consists of one reportable segment being mineral exploration. All capital assets are located in Canada.

13. Income taxes:

(a) The Company's effective tax rate differs from the amount obtained by applying statutory rate due to the following:

	2016	2015
Statutory tax rate	26.00%	26.00%
Income tax expense (recovery) based on statutory tax rate	$ (82,000)	$ 706,000
Non-deductible items	(231,000)	(298,000)
Difference in foreign tax rates and foreign exchange fluctuations	-	(670,000)
Change in benefit not recognized	313,000	(262,000)
Recovery of income taxes	$ -	$ -

The effective income tax rate is the rate that is estimated to be applicable when the timing differences reverse.

(b) Deferred tax assets have not been recognized as at May 31, 2016 and 2015 in respect of the following items:

	2016	2015
Non-capital loss carried forward	$ 15,899,000	$ 15,245,000
Capital loss carried forward	45,522,000	43,250,000
Share issuance costs and other	10,000	67,000
Undepreciated capital costs in excess of net book value	332,000	329,000
Mineral properties tax basis in excess of book value	2,213,000	2,744,000
Marketable securities	(7,500)	(7,500)
	$ 63,968,500	$ 61,627,500

(c) The Company has non-capital losses of approximately $15,899,000 (2015 - $15,243,000) which may be carried forward and applied against taxable income in future years. These losses, if unutilized, will expire through 2036.