

Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**FULL METAL MINERALS LTD.**

Nine months ended February 28, 2017 and February 29, 2016

(Unaudited – prepared by management)

**NOTICE TO SHAREHOLDERS OF**  
**Full Metal Minerals Ltd.**

Responsibility for Financial Statements:

The accompanying unaudited condensed consolidated interim financial statements for the nine months ended February 28, 2017 and February 29, 2016 of Full Metal Minerals Ltd. have been prepared by management in accordance with International Financial Reporting Standards consistently applied. The most significant of these accounting principles have been set out in these unaudited financial statements. Statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

# FULL METAL MINERALS LTD.

Condensed Interim Statement of Financial Position  
(Unaudited – expressed in Canadian dollars)

	As at Feb 28, 2017	As at May 31, 2016
<b>Assets</b>		
Current assets:		
Cash	\$ 18,415	\$ 84,399
Marketable securities (note 4)	-	4,950
Receivables (note 5)	4,142	30,841
	<b>22,557</b>	<b>120,190</b>
Non-current assets:		
Equipment (note 6)	14,858	18,079
<b>Total assets</b>	<b>\$ 37,415</b>	<b>\$ 138,269</b>

## Liabilities and Shareholders' Deficiency

Current liabilities:		
Accounts payable and accrued liabilities	\$ 571,471	\$ 431,269
Shareholders' deficiency:		
Share capital (note 7)	61,365,074	61,365,074
Share-based payments reserve (note 7(d))	6,068,158	6,068,158
Deficit	(67,967,288)	(67,726,232)
	<b>(534,056)</b>	<b>(293,000)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 37,415</b>	<b>\$ 138,269</b>

Nature of operations and going concern (note 1)

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

Approved on behalf of the Board:

“Michael J. Williams” Director

“Cale Moodie” Director

# FULL METAL MINERALS LTD.

Condensed Interim Statement of Income (Loss) and Comprehensive Income (Loss)  
(Unaudited – expressed in Canadian dollars)

	Three months ended		Nine months ended	
	Feb 28, 2017	Feb 29, 2016	Feb 28, 2017	Feb 29, 2016
<b>Expenses:</b>				
Accounting and audit (note 9)	\$ 18,929	\$ 25,730	\$ 66,371	\$ 71,715
Amortization (note 6)	1,073	1,431	3,221	4,295
Consulting (note 9)	48,000	45,000	146,500	137,000
Directors fees (note 9)	-	4,000	-	5,000
Legal and corporate secretarial	3,750	(977)	11,631	15,019
Listing and filing fees	5,588	5,200	8,379	8,671
Office and sundry	921	9,039	13,574	21,063
	<b>(78,261)</b>	<b>(89,423)</b>	<b>(249,676)</b>	<b>(262,763)</b>
Foreign exchange gain (loss)	-	2,721	-	289
Unrealized gain on marketable securities (Note 4)	-	22,500	7,920	-
Gain on sale of marketable securities (note 4)	-	-	381	-
Accretion (note 5)	-	6,817	319	22,445
	-	<b>32,038</b>	<b>8,620</b>	<b>22,734</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (78,261)</b>	<b>\$ (57,385)</b>	<b>\$ (241,056)</b>	<b>\$ (240,029)</b>
Earnings (loss) per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.04)
Weighted average number of shares outstanding	5,930,927	5,930,927	5,930,927	5,930,927

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

# FULL METAL MINERALS LTD.

Condensed Interim Statement of Changes in Equity (Deficiency)  
(Unaudited – expressed in Canadian dollars)

	Number of shares (note 7)	Share capital (note 7)	Share-based payments reserve	Deficit	Total equity (deficiency)
Balance at May 31, 2015	5,930,927	\$ 61,365,074	\$ 6,068,158	\$ (67,412,325)	<b>20,907</b>
Loss for the period	-	-	-	(240,029)	<b>(240,029)</b>
Balance at February 29, 2016	<b>5,930,927</b>	<b>61,365,074</b>	<b>6,068,158</b>	<b>(67,652,354)</b>	<b>(219,122)</b>
Loss for the period	-	-	-	(73,878)	<b>(73,878)</b>
Balance at May 31, 2016	<b>5,930,927</b>	<b>61,365,074</b>	<b>6,068,158</b>	<b>(67,726,232)</b>	<b>(293,000)</b>
Loss for the period	-	-	-	(241,056)	<b>(241,056)</b>
Balance at February 28, 2017	<b>5,930,927</b>	<b>\$ 61,365,074</b>	<b>\$ 6,068,158</b>	<b>\$ (67,967,288)</b>	<b>(534,056)</b>

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

# FULL METAL MINERALS LTD.

Condensed Interim Statement of Cash Flows  
(Unaudited – expressed in Canadian dollars)

	Three months ended		Nine months ended	
	Feb 28, 2017	Feb 29, 2016	Feb 28, 2017	Feb 29, 2016
Cash flows from operating activities:				
Loss for the period	\$ (78,261)	\$ (57,385)	\$ (241,056)	\$ (240,029)
Items not affected by cash:				
Amortization	1,073	1,431	3,221	4,295
Accretion of receivable (note 5)	-	-	(319)	-
Unrealized (gain) loss on marketable securities	-	(22,500)	(7,920)	-
Gain on sale of marketable securities	-	-	(381)	-
	<b>(77,188)</b>	<b>(78,454)</b>	<b>(246,455)</b>	<b>(235,734)</b>
Changes in non-cash working capital:				
Accounts payable and accrued liabilities	63,212	20,053	140,202	42,268
Receivables	35	(6,984)	(482)	(16,925)
Prepaid expenses	-	-	-	259
Net cash used in operating activities	<b>(13,941)</b>	<b>(65,385)</b>	<b>(106,735)</b>	<b>(210,132)</b>
Cash flows from investing activities:				
Proceeds on sale of marketable securities	-	-	13,251	-
Proceeds on sale of property-related equipment	-	110,000	27,500	250,000
Net cash provided by in investing activities	-	<b>110,000</b>	<b>40,751</b>	<b>250,000</b>
Increase (decrease) in cash and cash equivalents	<b>(13,941)</b>	<b>44,615</b>	<b>(65,984)</b>	<b>39,868</b>
Cash and cash equivalents, beginning of the period	32,356	13,043	84,399	17,790
Cash and cash equivalents, end of the period	<b>\$ 18,415</b>	<b>\$ 57,658</b>	<b>\$ 18,415</b>	<b>\$ 57,658</b>

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

# FULL METAL MINERALS LTD.

Notes to condensed interim financial statements  
(Unaudited – expressed in Canadian dollars, unless otherwise noted)

Nine months ended February 28, 2017 and February 29, 2016

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## 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 condensed interim 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 \$548,914 at February 28, 2017. 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 2016, the Company disposed of inactive assets in Alaska in order to raise cash (note 5). 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 condensed interim 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 condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed interim financial statements were authorized for issuance by the Board of Directors on April 21, 2017.

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## 2. Significant accounting policies (continued):

### (b) Use of estimates and judgments:

The preparation of condensed interim 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 condensed interim 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 condensed interim 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 condensed interim financial statements is included in the following notes:

- Note 5 – 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.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim 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(c) – determination of the functional currency of the Company and its subsidiaries.

### (c) 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.

### (d) Accounting standards adopted in the current period:

As of June 1, 2016, there were no new or amended IFRS pronouncements applicable to the Company.

## 3. New standards and interpretations yet to be adopted:

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's annual audited consolidated financial statements for the year ended May 31, 2016.

Certain pronouncements were issued by the IASB or IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2016 or later periods. They have not been early adopted in these condensed interim 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:

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### 3. New standards and interpretations yet to be adopted (continued):

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 condensed interim 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 condensed interim 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, 2016	\$ 4,950	\$ 4,950	\$ Nil
February 28, 2017	Nil	Nil	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. 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. During the period ended February 28, 2017, the Company sold the remaining 99,000 shares of Redstar for proceeds of \$13,251, recognizing a gain of \$381.

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Notes to condensed interim financial statements  
(Unaudited – expressed in Canadian dollars, unless otherwise noted)

Nine months ended February 28, 2017 and February 29, 2016

## 5. Resource property costs:

The Company has not incurred any exploration expenditures during the nine months ended February 28, 2017 and November 30, 2015.

### *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). Accordingly, the Company 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 was accreted during fiscal 2016. The final payment of \$27,500 was received during the period ended February 28, 2017, for which the Company recognized accretion of \$319.

## 6. Equipment:

Details are as follows:

	Computer Equipment	Computer Software	Office Equipment	Vehicles	Total
Cost:					
Balance at May 31, 2015, May 31, 2016 and February 28, 2017	\$ 118,449	\$ 137,134	\$ 101,249	\$ -	\$ 356,832
Accumulated Depreciation:					
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
Depreciation during the period	1,520	-	1,701	-	3,221
Balance at February 28, 2017	\$ 113,213	\$ 137,134	\$ 91,627	\$ -	\$ 341,974
Carrying values:					
At May 31, 2015	\$ 9,651	\$ -	\$ 14,154	\$ -	\$ 23,805
At May 31, 2016	\$ 6,756	\$ -	\$ 11,323	\$ -	\$ 18,079
At February 28, 2017	\$ 5,236	\$ -	\$ 9,622	\$ -	\$ 14,858

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Notes to condensed interim financial statements  
(Unaudited – expressed in Canadian dollars, unless otherwise noted)

Nine months ended February 28, 2017 and February 29, 2016

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## 7. Share capital:

(a) Authorized:

Unlimited common shares without par value.

(b) Private placements:

The Company did not complete any financings during the period ended February 28, 2017 or the year ended May 31, 2016.

(c) Warrants:

At February 28, 2017, the Company had nil warrants outstanding (May 31, 2016 – 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 February 28, 2017, the Company had nil stock options outstanding (May 31, 2016 – nil).

## 8. 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.

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.

# FULL METAL MINERALS LTD.

Notes to condensed interim financial statements  
(Unaudited – expressed in Canadian dollars, unless otherwise noted)

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## 8. Financial instruments (continued):

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

#### *Credit risk (continued)*

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 8(b) of these condensed interim 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(c). 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 in US dollar denominated bank accounts. As at February 28, 2017, the Company had \$2,233 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 February 28, 2017, would result in a \$297 change to comprehensive loss for the period ended February 28, 2017.

### (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).

# FULL METAL MINERALS LTD.

Notes to condensed interim financial statements  
(Unaudited – expressed in Canadian dollars, unless otherwise noted)

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## 8. Financial instruments (continued):

### (b) Capital management (continued):

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.

## 9. Related party transactions:

During the period ended February 28, 2017, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Nine months ended February 28, 2017	Nine months ended February 29, 2016
Consulting fees and accounting fees to key management personnel or companies controlled by key management personnel	\$ 190,662	\$ 190,662
Director fees to directors or companies controlled by a director	11,500	5,000

In addition, payments to companies with common directors and officers for rent, office, administration, and consulting costs totaled \$14,319 for the period ended February 28, 2017 (2015 - \$14,031). Key management personnel consist of directors and senior management including the President, Chief Executive Officer, and Chief Financial Officer.

Included in accounts payable and accrued liabilities is \$497,068 (May 31, 2016 - \$372,843) 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.

## 10. Segmented information:

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