

Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**FULL METAL MINERALS LTD.**

Three months ended August 31, 2018 and 2017

(Unaudited – prepared by management)

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

# FULL METAL MINERALS LTD.

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

|                     | As at<br>August 31, 2018 | As at<br>May 31, 2018 |
|---------------------|--------------------------|-----------------------|
| <b>Assets</b>       |                          |                       |
| Current assets:     |                          |                       |
| Cash                | \$ 6,463                 | \$ 7,419              |
| Receivables         | 3,717                    | 4,578                 |
|                     | <b>10,180</b>            | <b>11,997</b>         |
| Non-current assets: |                          |                       |
| Equipment (note 6)  | 6,878                    | 7,242                 |
| <b>Total assets</b> | <b>\$ 17,058</b>         | <b>\$ 19,239</b>      |

## Liabilities and Shareholders' Deficiency

|                                                       |                    |                  |
|-------------------------------------------------------|--------------------|------------------|
| Current liabilities:                                  |                    |                  |
| Accounts payable and accrued liabilities (note 9)     | \$ 1,113,497       | \$ 1,012,105     |
| Shareholders' deficiency:                             |                    |                  |
| Share capital (note 8)                                | 61,365,074         | 61,365,074       |
| Share-based payments reserve (note 7(d))              | 6,068,158          | 6,068,158        |
| Deficit                                               | (68,529,671)       | (68,426,098)     |
|                                                       | <b>(1,096,439)</b> | <b>(992,866)</b> |
| <b>Total liabilities and shareholders' deficiency</b> | <b>\$ 17,058</b>   | <b>\$ 19,239</b> |

Nature of operations and going concern (note 1)  
Subsequent event (note 12)

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 Loss and Comprehensive Loss  
(Unaudited – expressed in Canadian dollars)

|                                                   | Three months ended  |                    |
|---------------------------------------------------|---------------------|--------------------|
|                                                   | Aug 31, 2018        | Aug 31, 2017       |
| Expenses:                                         |                     |                    |
| Accounting and legal (note 9)                     | \$ 20,447           | \$ 19,314          |
| Amortization (note 6)                             | 364                 | 455                |
| Consulting (note 9)                               | 44,811              | 48,000             |
| Listing and filing fees                           | -                   | 2,891              |
| Office and sundry                                 | 9,833               | 9,937              |
| Property investigation (note 5)                   | 28,118              | -                  |
| <b>Loss and comprehensive loss for the period</b> | <b>\$ (103,573)</b> | <b>\$ (80,597)</b> |
| Loss per share - basic and diluted                | \$ (0.02)           | \$ (0.01)          |
| Weighted average number of shares outstanding     | 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 Shareholders' Deficiency  
(Unaudited – expressed in Canadian dollars)

|                            | Number<br>of shares | Share capital        | Share-based<br>payments<br>reserve | Deficit                | Total equity<br>(deficiency) |
|----------------------------|---------------------|----------------------|------------------------------------|------------------------|------------------------------|
| Balance at May 31, 2017    | 5,930,927           | \$ 61,365,074        | \$ 6,068,158                       | \$ (68,039,875)        | <b>(606,643)</b>             |
| Loss for the period        | -                   | -                    | -                                  | (80,597)               | <b>(80,597)</b>              |
| Balance at August 31, 2017 | <b>5,930,927</b>    | <b>61,365,074</b>    | <b>6,068,158</b>                   | <b>(68,120,472)</b>    | <b>(687,240)</b>             |
| Loss for the period        | -                   | -                    | -                                  | (305,626)              | <b>(305,626)</b>             |
| Balance at May 31, 2018    | <b>5,930,927</b>    | <b>61,365,074</b>    | <b>6,068,158</b>                   | <b>(68,426,098)</b>    | <b>(992,866)</b>             |
| Loss for the period        | -                   | -                    | -                                  | (103,573)              | <b>(103,573)</b>             |
| Balance at August 31, 2018 | <b>5,930,927</b>    | <b>\$ 61,365,074</b> | <b>\$ 6,068,158</b>                | <b>\$ (68,529,671)</b> | <b>(1,096,439)</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 |                 |
|-----------------------------------------------------|--------------------|-----------------|
|                                                     | Aug 31, 2018       | Aug 31, 2017    |
| Cash flows from operating activities:               |                    |                 |
| Loss for the year                                   | \$ (103,573)       | \$ (80,597)     |
| Items not affected by cash:                         |                    |                 |
| Amortization                                        | 364                | 455             |
| Changes in non-cash working capital:                |                    |                 |
| Accounts payable and accrued liabilities            | 101,392            | 75,245          |
| Receivables                                         | 861                | (404)           |
| Net cash provided by (used in) operating activities | <b>(956)</b>       | <b>(5,301)</b>  |
| Increase (decrease) in cash                         | <b>(956)</b>       | <b>(5,301)</b>  |
| Cash, beginning of the period                       | 7,419              | 6,582           |
| Cash, end of the period                             | <b>\$ 6,463</b>    | <b>\$ 1,281</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)

Three months ended August 31, 2018 and 2017

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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 (“TSX-V”) under the symbol FMM.

The Company 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.

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 \$1,103,317 at August 31, 2018. 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 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. The Company is currently evaluating various opportunities and seeking sources of financing. These material uncertainties may 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”).

These condensed interim financial statements were authorized for issuance by the Board of Directors on October 29, 2018.

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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 7 – the useful life of equipment.

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(i) – determination of the functional currency of the Company.

### (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:

On June 1, 2018, the Company adopted IFRS 9, Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018. 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. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. Prior periods were not restated and no material changes resulted from adopting this new standard. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

## 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, 2018 or later periods. They have not been early adopted in these condensed interim financial statements, and they are not expected to have a significant effect other than increased disclosure. 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 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.

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. Share Purchase Agreement:

On April 19, 2018, the Company entered into a share purchase agreement with Evolution Mining Ltd. ("Evolution") to purchase a 100% interest in the Puhipuhi gold project through the acquisition of Evolution's wholly-owned subsidiary, Evolution Mining NZ Pty. Ltd ("Evolution NZ"). In consideration, the Company will make the following payments:

- an initial \$50,000 cash payment upon close of the transaction;
- \$275,000 upon Evolution NZ entering into a new or amended access agreement with certain surface rights owners;
- \$250,000 upon exploration expenditures of \$2,000,000 being incurred;
- \$250,000 upon cumulative exploration expenditures of \$4,000,000 being incurred;
- \$500,000 upon completion of a National Instrument 43-101-compliant technical report containing an estimate of mineral resources of at least 500,000 ounces of gold;
- \$1,750,000 upon completion of a feasibility study; and
- \$2,500,000 upon commence of commercial production.

Other than the initial cash payment, all cash payments, may, at the option of the Company, instead be satisfied by issuing common shares of the Company based on the greater of the volume weighted average trading price of the Company's common shares for 20 consecutive business days prior to the date of issuance and the minimum price permitted by the TSX-V.

At August 31, 2018, the transaction remains subject to approval by the TSX-V.

### 5. Resource property costs:

During the three months ended August 31, 2018, the Company incurred \$28,118 in relation to due diligence on the Puhipuhi gold project (Note 5).

The Company did not incur any exploration expenditures during the year ended May 31, 2018.

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## 6. Equipment:

Details are as follows:

|                                                              | Computer<br>Equipment | Office<br>Equipment | Total      |
|--------------------------------------------------------------|-----------------------|---------------------|------------|
| Cost:                                                        |                       |                     |            |
| Balance at May 31, 2017, May 31, 2018<br>and August 31, 2018 | \$ 118,449            | \$ 101,249          | \$ 219,698 |
| Accumulated Depreciation:                                    |                       |                     |            |
| Balance at May 31, 2017                                      | \$ 118,449            | \$ 92,193           | \$ 210,642 |
| Depreciation during the year                                 | -                     | 1,814               | \$ 1,814   |
| Balance at May 31, 2018                                      | \$ 118,449            | \$ 94,007           | \$ 212,456 |
| Depreciation during the period                               | -                     | 364                 | \$ 364     |
| Balance at August 31, 2018                                   | \$ 118,449            | \$ 94,371           | \$ 212,820 |
| Carrying values:                                             |                       |                     |            |
| At May 31, 2018                                              | \$ -                  | \$ 7,242            | \$ 7,242   |
| At August 31, 2018                                           | \$ -                  | \$ 6,878            | \$ 6,878   |

## 7. Share capital:

### (a) Authorized:

Unlimited common shares without par value.

### (b) Private placements:

The Company did not complete any financings during the three months ended August 31, 2018 or the year ended May 31, 2018.

### (c) Warrants:

At August 31, 2018, the Company had nil warrants outstanding (May 31, 2018 – 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.

As at August 31, 2018, the Company had nil stock options outstanding (May 31, 2018 – 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.

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## 8. 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 cash using level 1. The carrying values of 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 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 with high-credit quality financial institutions. 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 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 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. As at August 31, 2018, the Company had nominal cash on hand denominated in US dollars.

### (b) Capital management:

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

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## 9. Related party transactions:

Key management personnel consist of directors and senior management including the President, Chief Executive Officer, and Chief Financial Officer.

During the three months ended August 31, 2018, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

|                                                                                                                                    | Three months ended<br>August 31, 2018 | Three months ended<br>August 31, 2017 |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| Consulting fees, director fees and accounting fees to key management personnel or companies controlled by key management personnel | \$ 63,554                             | \$ 66,554                             |

In addition, payments to companies with common directors and officers for rent, office, administration, and consulting costs totaled \$5,700 for the three months ended August 31, 2018 (2017 - \$4,677).

Included in accounts payable and accrued liabilities is \$934,899 (May 31, 2018 - \$862,182) 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 property acquisition and exploration. All capital assets are located in Canada.

## 11. Subsequent event:

The Company is in the process of completing a financing of up to \$1,200,000 through the issuance of common shares at a price per share of \$0.08. As at the report date, the Company has received \$140,000 related to the financing.