

METALLIC MINERALS CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JANUARY 31, 2017
(Unaudited)

NOTICE OF AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

METALLIC MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian dollars)

	January 31, 2017	July 31, 2016
ASSETS	\$	\$
Current		
Cash	1,364,008	710,009
Receivables	31,070	4,778
Prepaid expenses and deposits (Note 4)	126,020	12,000
	<u>1,521,098</u>	<u>726,787</u>
Non-Current		
Exploration and evaluation assets (Notes 3 and 5)	187,464	33,850
	<u>1,708,562</u>	<u>760,637</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	266,206	43,590
Loans payable	22,000	32,000
Flow-through share premium liability (Note 6)	106,706	-
	<u>394,912</u>	<u>75,590</u>
EQUITY		
Share capital (Note 7)	8,382,874	5,977,739
Share subscriptions (Note 7(b)(i))	-	1,022,400
Share-based payment reserve (Note 7(d))	401,749	-
Accumulated deficit	(7,470,973)	(6,315,092)
	<u>1,313,650</u>	<u>685,047</u>
	<u>1,708,562</u>	<u>760,637</u>

Approved on behalf of the Board:

"Stephen Pearce", Director

"Greg Johnson", Director

METALLIC MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JANUARY 31

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended January 31, 2017,		Six months ended January 31, 2017,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses				
Consulting fees (Note 11)	215,639	-	341,617	-
Bonuses (Note 11)	147,500	-	147,500	-
Directors' fees	40,000	-	40,000	-
Depreciation	-	405	-	824
Exploration expenditures (Notes 5 and 11)	6,550	-	24,438	-
Investor relations and corporate development	48,319	180	56,458	360
Office and administration	9,402	1,844	23,440	2,917
Professional fees	48,092	3,896	48,092	4,896
Property evaluation (Note 9)	48,854	-	58,361	-
Share-based payment expense (Notes 7(d) and 11)	262,613	-	382,501	-
Transfer agent, regulatory and filing fees	8,278	3,612	26,088	4,310
Travel and accomodation	8,102	-	13,180	-
	843,349	9,937	1,161,675	13,307
Other Items				
Other income (Note 6)	(5,794)	-	(5,794)	-
Gain on debt forgiveness	-	-	-	(1,200)
Impairment of exploration and evaluation assets	-	8,202	-	8,479
	(5,794)	8,202	(5,794)	7,279
Total loss and comprehensive loss for the period	(837,555)	(18,139)	(1,155,881)	(20,586)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.01)
Basic and diluted weighted average number of shares outstanding	36,502,577	3,181,752	35,133,758	3,181,752

METALLIC MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian dollars)

	Number of shares	Share capital \$	Share subscriptions \$	Share-based payments reserve \$	Accumulated deficit \$	Total \$
Balance, July 31, 2015	3,181,753	5,739,239	-	-	(6,196,536)	(457,297)
Net loss for the period	-	-	-	-	(20,586)	(20,586)
Balance, January 31, 2016	3,181,753	5,739,239	-	-	(6,217,122)	(477,883)
Net loss for the period	-	-	-	-	(97,970)	(97,970)
Shares issued pursuant to private placement	4,770,000	238,500	-	-	-	238,500
Subscriptions to purchase shares	-	-	1,022,400	-	-	1,022,400
Balance, July 31, 2016	7,951,753	5,977,739	1,022,400	-	(6,315,092)	685,047
Net loss for the period	-	-	-	-	(1,155,881)	(1,155,881)
Private placements, net of share issue costs (Notes 7(b) and 7(e))	28,350,000	2,372,635	-	11,830	-	2,384,465
Shares issued pursuant to exploration and evaluation asset acquisitions (Notes 3(a), 3(b) and 8)	150,000	67,500	-	-	-	67,500
Warrants issued pursuant to exploration and evaluation asset acquisitions (Notes 3(b), 7(e) and 8)	-	-	-	7,418	-	7,418
Shares issued pursuant to exercise of warrants (Note 7(e))	775,000	77,500	-	-	-	77,500
Flow-through share premium (Note 6)	-	(112,500)	-	-	-	(112,500)
Subscriptions to purchase shares (Note 7(b)(i))	-	-	(1,022,400)	-	-	(1,022,400)
Share-based payment expense (Note 7(d))	-	-	-	382,501	-	382,501
Balance, January 31, 2017	37,226,753	8,382,874	-	401,749	(7,470,973)	1,313,650

METALLIC MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended January 31,		Six months ended January 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Operating Activities				
Net loss for the period	(837,555)	(18,139)	(1,155,881)	(20,586)
Items not involving cash:				
Depreciation	-	405	-	824
Gain on debt forgiveness	-	-	-	(1,200)
Impairment of exploration and evaluation assets	-	8,202	-	8,479
Other income (Note 6)	(5,794)		(5,794)	
Share-based payment expense	262,613	-	382,501	-
	(580,736)	(9,532)	(779,174)	(12,483)
Net change in non-cash working capital (Note 8)	(28,009)	(7,840)	72,304	1,935
Cash used in operating activities	(608,745)	(17,372)	(706,870)	(10,548)
Investing Activity				
Acquisition of exploration and evaluation assets (Notes 3(a), 3(b) and 5)	(66,738)	-	(78,696)	-
Cash used in investing activity	(66,738)	-	(78,696)	-
Financing Activities				
Receipt of proceeds pursuant to private placements (Note 7(b))	330,000	-	1,407,600	-
Share issue costs (Note 7(b))	-	-	(45,535)	-
Proceeds pursuant to exercise of warrants	77,500	-	77,500	-
Advances payable	-	13,000	-	13,000
Cash provided by investing activities	407,500	13,000	1,439,565	13,000
Net increase (decrease) in cash	(267,983)	(4,372)	653,999	2,452
Cash, beginning of period	1,631,991	9,590	710,009	2,766
Cash, end of period	1,364,008	5,218	1,364,008	5,218

Supplemental cash flow information (Note 8)

METALLIC MINERALS CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Metallic Minerals Corp. (the "**Company**") is a publicly listed company on the TSX Venture Exchange, incorporated under the laws of British Columbia on May 3, 2007. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company is involved in activities that include the acquisition and exploration of mineral properties.

The Company's head office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These condensed interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$1,155,881 for the six month period ended January 31, 2017. As at January 31, 2017, the Company had an accumulated deficit of \$7,470,973 (July 31, 2016: \$6,315,092). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in these condensed interim financial statements.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2016 which include the accounting policies used in the preparation of these condensed interim financial statements.

These condensed interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these financial statements on March 29, 2017.

METALLIC MINERALS CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2017

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3. MINERAL PROPERTY ACQUISITIONS

In January 2017, the Company acquired three new properties in the Keno Hill District in Canada's Yukon Territory, which are included as part of its Keno silver project.

- a) **Silver Queen Property** – The Company entered into an option to acquire 22 claims from an arm's length private party (the "**Option Agreement**"). In consideration, the Company can acquire a 100% interest in the Silver Queen Property by making a cash payment of \$75,000 and issuing 100,000 common shares of the Company to the seller.

As at January 31, 2017, the Company had paid \$30,000 and issued the 100,000 common shares (see Note 8). The remaining \$45,000 payment is to be made on or before the date which is six months from regulatory approval.

The property is subject to a 2% Net Smelter Royalty ("**NSR**") and the Company has the option to buy back the full NSR.

- b) **Keno Summit and Gram Properties** – The Company acquired 21 claims on the Keno Hill Property and an 8.7 square kilometre ("**km²**") area on the east side of the Keno-Lighting Property from Strategic Metals Ltd. ("**Strategic**"). In consideration, the Company agreed to issue units to Strategic, in two tranches.

In January 2017 the first tranche was completed with the Company issuing 50,000 units which were comprised of one common share and one non-transferable common share purchase warrant, with each warrant entitling Strategic to acquire one common share of the Company at a price of \$0.65 for a period of two years.

Subsequent to January 31, 2017 the Company completed the acquisition by issuing 187,500 units comprised of one common share and one non-transferable common share purchase warrant, with each warrant entitling Strategic to acquire one common share of the Company at a price of \$0.65 for a period of two years.

The Keno Summit and Gram Properties are subject to a 2% NSR for precious metals and a 1% NSR for base metals and the Company has the option to buy back the full NSR.

- c) **Duncan Creek Property** - In January 2017, the Company staked 30.2 km² of new claims in the Keno Hill District, including an area called Duncan Creek. Total staking costs were \$36,254 which were capitalized as exploration and evaluation assets.

4. PREPAID EXPENSES AND DEPOSITS

	January 31, 2017	July 31, 2016
Prepaid expenses	\$ 72,000	\$ 12,000
Deposits	54,020	-
	<u>126,020</u>	<u>12,000</u>

Prepaid expenses included an amount of \$45,000 related to a one year agreement the Company executed in November 2016 with a third party that provides annual strategic and corporate advisory services.

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4. PREPAID EXPENSES AND DEPOSITS (continued)

Deposits included an amount of \$50,000 in connection with the purchase of an exploration and evaluation asset. As at January 31, 2017 the negotiations to purchase the property were still ongoing.

5. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

	Keno Project	McKay Hill	Total
	\$	\$	\$
Balance, July 31, 2016	27,850	6,000	33,850
Acquisition costs			
Option payments	40,000	-	40,000
Licensing costs	2,442	-	2,442
Shares issued	67,500	-	67,500
Staking costs	36,254	-	36,254
Warrants issued	7,418	-	7,418
	153,614	-	153,614
Balance, January 31, 2017	181,464	6,000	187,464

In previous periods, the Company kept Cobalt Hill Property expenditures in its own column. Starting with the quarter ended January 31, 2017, the Company is now including Cobalt Hill Property expenditures with those of the Keno Project.

A summary of the exploration and evaluation expenditures incurred for the six months ended January 31, 2017 is presented below:

	Keno Project	McKay Hill	Total
	\$	\$	\$
Overhead and administration	1,168	-	1,168
Camp costs	1,730	1,320	3,050
Geological consulting	12,442	-	12,442
Prospecting and mapping	3,675	-	3,675
Transportation and travel	4,103	-	4,103
	23,118	1,320	24,438

KENO SILVER PROJECT

The Company's 100% owned Keno silver project ("**Keno**") covers 112.5 km² within the Keno Hill Silver District located in Canada's Yukon Territory. Keno is a brownfields exploration project within one of the world's highest grade silver districts, which has produced over 200 million ounces ("**ozs**") of high-grade silver over the past 100 years at an average grade exceeding 1,300 grams/tonne ("**g/t**"). The Keno silver project is located near the communities of Mayo and Keno City, and has excellent existing infrastructure with highway and road access, grid power and access to existing deep sea ports.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

KENO SILVER PROJECT (continued)

The Keno silver project is made up of five main properties comprised of Keno-Lighting, Silver Queen, Keno Summit & Gram, Duncan Creek and Cobalt Hill.

a) Keno Lightning Property

The Keno-Lighting Property is the largest property and is subject to a 3% NSR with the Company having an option to buy back up to 2% of this NSR.

b) Silver Queen Property

The Silver Queen Property is subject to a 2% NSR and the Company has the option to buy back the full NSR.

c) Keno Summit and Gram Properties

The Keno Summit and Gram Properties are subject to a 2% NSR for precious metals and a 1% NSR for base metals and the Company has the option to buy back the full NSR.

d) Duncan Creek Property

The Duncan Creek Property was staked by the Company in January 2017 along with other claims totalling approximately 30.2 km². The Company owns 100% of the Duncan Creek claims and they are not subject to any underlying royalties.

e) Cobalt Hill Property

The Company has an option to acquire a 100% interest in the Cobalt Hill property ("**Cobalt Hill**") covering 4.2 km² that are contiguous with the eastern end of the Keno-Lighting property in the Keno Hill Silver District.

Metallic will earn a 100% undivided interest in Cobalt Hill under an agreement dated March 28, 2012 and amended July 26, 2016 by making a final payment of \$10,000 on or before August 31, 2017 and issuing 49,500 common shares of the Company by April 19, 2017. Cobalt Hill is subject to a 3% NSR and the Company has the option to buy back up to 1.5% of this NSR.

MCKAY HILL PROJECT

The Company owns a 100% interest in the McKay Hill property ("**McKay Hill**"), which covers 30 km² of claims located approximately 50 kms north of the Keno Hill Silver District in the Yukon Territory. McKay Hill is an historic high-grade silver and gold producer. The property is subject to a 3% NSR and the Company has the option to buy back up to 2% of this NSR.

6. FLOW-THROUGH SHARE PREMIUM LIABILITY

On issuance, the Company allocates flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

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(Unaudited)

(Expressed in Canadian dollars)

6. FLOW-THROUGH SHARE PREMIUM LIABILITY (continued)

For the six months ended January 31, 2017, the Company's flow-through share premium liability was as follows:

	\$
Balance, July 31, 2016	-
Flow-through share premium liability on the issuance of flow-through common shares	112,500
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(5,794)</u>
Balance, January 31, 2017	<u>106,706</u>

7. SHARE CAPITAL

a) Authorized

An unlimited number of no par value common shares, issuable in series

b) Share issuance details

- (i) In August 2016, the Company completed the second tranche of a private placement for gross proceeds of \$1,305,000 million pursuant to the issuance of 26,100,000 units. Each unit consisted of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at \$0.10 per share expiring July 30, 2019. The first tranche closed in July 2016 for gross proceeds of \$238,500 on the issuance of 4,770,000 Units.

In connection with this private placement, the Company paid \$2,500 in finder's fees. The Company had received \$1,022,400 of the private placement proceeds in July 2016, and consequently recorded them as share subscriptions in the statement of financial position at July 31, 2016.

- (ii) On October 31, 2016, the Company completed a brokered private placement of 2,250,000 flow-through common shares ("**FT Shares**") of the Company at a price of \$0.50 per FT Share for gross proceeds of \$1,125,000. At October 31, 2016, an amount of \$330,000 relating to 660,000 FT Shares had not yet been received and was included in the condensed interim statement of financial position as subscriptions receivable.

In connection with this private placement, the Company paid finders' fees totaling \$37,500, paid \$5,000 to cover the finder's due diligence fees related to this private placement and issued 75,000 finder warrants, with each finder warrant entitling the holder to purchase one common share of the Company at a price of \$0.60, with an expiry of October 31, 2018. The fair value of the finder warrants was \$11,830 which was recorded as share issue costs.

There were no share issuances during the six months ended January 31, 2016.

METALLIC MINERALS CORP.
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(Unaudited)

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

c) Stock options

The Company has a rolling stock option plan (the “**Plan**”) whereby the Company may grant options to directors, officers, employees and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
Balance, July 31, 2016	-	-
Granted	3,400,000	0.44
Balance, January 31, 2017	3,400,000	0.44

The following stock options were outstanding as at January 31, 2017:

Outstanding	Exercisable	Weighted average Exercise Price \$	Expiry Date	Weighted average remaining life (in years)
3,400,000	-	0.44	September 19, 2021	4.64

The stock option vesting schedule is 33.3% at each of six, twelve and eighteen months from the date of grant.

d) Share-based payment expense and reserve

The fair value at grant date of options granted during the six months ended January 31, 2017 was \$851,670, or \$0.25 per option. Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods. The share-based payment expense for the six months ended January 31, 2017 was \$382,501 and was recorded in the condensed interim statement of loss and comprehensive loss. The fair value of the stock options that vested during the six months ended January 31, 2017 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.54%
Expected stock price volatility	78%
Expected dividend yield	0.0%
Expected option life in years	4.0

METALLIC MINERALS CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, July 31, 2016	4,770,000	0.10
Issued pursuant to private placement	26,100,000	0.10
Issued as a finder's fee (Note 7(b)(ii))	75,000	0.60
Issued pursuant to mineral property acquisition (Note 3(b))	50,000	0.65
Exercised	<u>(775,000)</u>	<u>0.10</u>
Balance, January 31, 2017	<u>30,220,000</u>	<u>0.10</u>

The fair value of the 75,000 warrants issued to the finder was calculated using the following weighted average assumptions:

Risk-free interest rate	0.56%
Expected stock price volatility	80%
Expected dividend yield	0.0%
Expected option life in years	2.0

The fair value of the 50,000 warrants issued in connection with the exploration and evaluation acquisition was calculated using the following weighted average assumptions:

Risk-free interest rate	75.00%
Expected stock price volatility	80%
Expected dividend yield	0.0%
Expected option life in years	2.0

The following warrants were outstanding as at January 31, 2017:

Outstanding	Exercisable	Exercise Price \$	Expiry Date
75,000	75,000	0.60	October 31, 2018
50,000	50,000	0.65	January 17, 2019
<u>30,095,000</u>	<u>30,095,000</u>	<u>0.10</u>	July 30, 2019
<u>30,220,000</u>	<u>30,220,000</u>	<u>0.10</u>	

METALLIC MINERALS CORP.
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FOR THE SIX MONTHS ENDED JANUARY 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

8. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three and six months ended January 31 consisted of the following:

	Three months ended		Six months ended	
	January 31,		January 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Accounts receivable	(22,880)	(1,076)	(26,292)	772
Prepaid expenses	(113,020)	3,500	(114,020)	15,000
Accounts payable and accrued liabilities	107,891	(10,264)	212,616	(13,837)
	<u>(28,009)</u>	<u>(7,840)</u>	<u>72,304</u>	<u>1,935</u>

The non-cash transactions for the six months ended January 31, 2017 consisted of the Company issuing:

- 75,000 share purchase warrants as a finder's fee valued at \$11,830 pursuant to a private placement;
- 100,000 common shares of the Company valued at \$45,000 pursuant to an exploration and evaluation asset acquisition; and
- 50,000 common shares of the Company valued at \$22,500 and 50,000 share purchase warrants valued at \$7,418 pursuant to an exploration and evaluation acquisition.

9. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The fair value of the Company's financial assets and liabilities approximates the carrying amount.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash and cash equivalents. A 1% change in short-term rates would not have a material impact on net loss or comprehensive loss.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash balance, the balance of which at January 31, 2017 was \$1,364,008. Cash is held at a chartered Canadian financial institution.

c) Liquidity risk

Liquidity risk arises from the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at January 31, 2017, the Company had \$1,364,008 in cash, working capital of \$1,126,186 and no long-term debt. The Company's working capital is expected to meet its obligations for at least twelve months from the end of the reporting period. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remain material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. The Company's trade and other payables are due in the short term.

METALLIC MINERALS CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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(Unaudited)

(Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended July 31, 2016.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

11. RELATED PARTY TRANSACTIONS

The following is a summary of charges incurred by the Company with related parties and compensation paid to key management personnel. Key management personnel at the Company are the Directors and Officers of the Company.

The remuneration of key management personnel for the three and six months ended January 31 was as follows:

	Three months ended January 31,		Six months ended January 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Consulting fees	105,175	1,000	212,475	1,000
Directors' fees	40,000	-	40,000	-
Exploration expenditures	4,050	5,700	4,050	5,700
Share-based payment expense	200,066	-	309,376	-
Signing bonuses	120,000	-	120,000	-
	<u>469,291</u>	<u>6,700</u>	<u>685,901</u>	<u>6,700</u>

¹ Consulting fees consisted of fees earned by key management personnel including CEO, CFO, Executive VP, VP Exploration and Corporate Secretarial fees and fees earned by Midnight Mining Services Ltd., a private company controlled by Bill Harris, a director of the Company, which are included in consulting fees, exploration expenditures and property evaluation expenses.

² Share-based payment expense is a non-cash item that consisted of the fair value of stock options that were granted to key management personnel.

³ Signing bonuses consisted of amounts paid to the CEO, CFO, Executive VP, VP Exploration and Corporate Secretary.

Included in receivables at January 31, 2017 was an amount of \$5,000 (July 31, 2016: \$Nil) due from Gregor Hamilton, a director of the Company.

Included in deposits at January 31, 2017 was an amount of \$25,000 (July 31, 2016: \$Nil) paid to Midnight Mining Services Ltd. in connection with the purchase of an exploration and evaluation asset, as disclosed in Note 4.

Included in accounts payable and accrued liabilities at January 31, 2017 was an amount of \$119,959 (July 31, 2016: \$Nil) for CEO, CFO, Executive VP, VP Exploration and Corporate Secretarial fees.

METALLIC MINERALS CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

Included in accounts payable and accrued liabilities at January 31, 2017 was \$Nil (July 31, 2016: \$5,250) due to directors and former directors and companies controlled by former directors for various expenses, exploration and evaluation assets and geological exploration expenditures.

These transactions were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

12. COMMITMENT

As a result of the issuance of FT Shares on October 31, 2016, the Company has a commitment to incur \$1,125,000 in qualifying Canadian exploration expenditures on or before December 31, 2017. As at January 31, 2017, the Company had approximately \$1,067,000 remaining.

13. EVENTS AFTER THE REPORTING DATE

In addition to the subsequent event disclosed in Note 3(b), the following events occurred after January 31, 2017:

- a) 1,409,000 warrants with an exercise price of \$0.10 per share were exercised for proceeds of \$140,900.
- b) On March 23, 2017, the Company completed a private placement issuing 1,666,666 units at a price of \$0.45 per unit for gross proceeds of \$750,000. Each unit consisted of one FT Share of the Company and one non flow-through common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at \$0.60 per share expiring March 23, 2020. If at any time after the closing date, the closing price for the common shares trade at \$0.83 or greater for ten consecutive trading days, the Company may accelerate the expiry date of the warrants upon 30 days written notice. The securities issued pursuant to this private placement are subject to a statutory hold period of four months and one day, expiring July 24, 2017.