BOREAL METALS CORP.
(formerly European Ferro Metals Ltd.)

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

The following management's discussion and analysis ("MD&A"), prepared as of April 26, 2017 should be read together with the audited consolidated financial statements for the year ended December 31, 2016 and the audited financial statements for the year ended December 31, 2015 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to European Ferro Metals Ltd. (the "Company") is available for view on SEDAR at www.sedar.com.

Forward Looking Statements

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of our exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Description of Business

The Company was incorporated under the Business Corporations Act, British Columbia on December 31, 2013 and is considered to be in the exploration stage with respect to its mineral properties. On November 7, 2016, the Company changed its name to Boreal Metals Corp. The Company's head office address is 340 - 233 West 1st Street, North Vancouver, BC V7M 1B3.

On April 1, 2014, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "EFM". On April 12, 2016, the CSE delisted the Company for being in default of CSE requirements. As of the date of the financial statements the Company's common shares were delisted from trading on the CSE.

Significant Events

On April 30, 2016, the Company appointed Karl Antonius as President, Chief Executive Officer and director and Dennis Mee as Chief Financial Officer and director of the Company. Jon Sherron has resigned as President of the Company but remains on the Board of Directors. On February 10, 2017, Patricio Varas was appointed as chairman and as a director of the Company

On February 14, 2017, the Company closed its share purchase agreement with Eurasian Minerals Inc. ("Eurasian") and has acquired two companies at exploration stage that were wholly-owned subsidiaries of Eurasian which together represent a portfolio of four Scandinavian base and precious metal exploration projects. EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the "Swedish Companies") are now wholly-owned subsidiaries of the Company. To acquire the Swedish Companies, the Company issued 1,713,390 common shares to Eurasian.

On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at $0.05 per unit. Each unit will consist of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of $0.10 per share for a period of one year from the date of issue. As of December 31, 2016, $289,379 of share subscription was received towards this private placement.

Selected Annual Financial Information

The Company's Consolidated Financial Statements for the years ended December 31, 2016, 2015, and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following selected financial information is taken from the annual consolidated financial statements and should be read in conjunction with those statements.

	December 31, 2016	December 31, 2015	December 31, 2014
Cash	$ 196,987	$ 77	$ 2,246
Total Assets	205,918	5,084	5,782
Total Liabilities	181,551	98,555	58,586
Shareholders' equity (deficiency)	24,367	(93,471)	(52,804)
Net loss and comprehensive loss	(171,541)	(40,667)	(231,539)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.03)

Results of Operations

Year ended December 31, 2016 and 2015

During the year ended December 31, 2016, the Company incurred a net loss of $171,541, an increase of $130,874 compared to $40,667 net loss incurred during the year ended December 31, 2015.

In 2016, the Company's professional fees totaled $31,251 compared to $13,383 in 2015. The professional fees consist of legal and accounting charges.

The regulatory, filing and transfer agent's fees were $13,155 in 2016 vs $17,733 in 2015.

During the year ended December 31, 2016, the Company incurred $6,556 of general and administration expenses. In 2015, general and administrative expenses totaled $2,875.

In fiscal 2016, the Company recorded $57,421 (2016 - $Nil) in travel expenses and $63,158 (2015 - $6,676) in consulting fees for the due diligence work done on the new project acquisition (see Significant Events).

Cash flows for the year ended December 31, 2016 and 2015

At December 31, 2016, the Company had $196,987 cash, compared to $77 cash at December 31, 2015.

In the year ended December 31, 2016, the Company received $60,337 as a short-term loan from a director of the Company and collected $289,379 of share subscription for the financing closed on April 4, 2017.

In 2016, net cash used in operating activities was $152,806 compared to the net cash used in operating activities in 2015 of $36,026. The cash used in operating activities consisted of the operating expenses of the Company.

During the year ended December 31, 2016, the Company didn't use any cash in investing activities.

.

Summary of Quarterly Results

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
	$	$	$	$	$	$	$	$
Cash	196,987	76,381	5,504	14,443	77	244	889	449
Total assets	205,918	83,859	11,298	19,775	5,007	4,992	5,462	4,381
Total liabilities	181,551	173,233	119,641	119,880	98,555	75,092	71,942	67,976
Working capital (deficiency)	24,367	(89,374)	(108,343)	(100,105)	(93,471)	(70,100)	(66,480)	(63,595)
Net loss and comprehensive loss	(85,766)	(56,031)	(8,238)	(6,634)	(23,369)	(3,621)	(2,886)	(10,791)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

Three months ended December 31, 2016 and 2015

During the three months ended December 31, 2016, the Company incurred a net loss of $100,638 compared to $23,369. The increase of $77,269 is related to the Company engagement in the new acquisition. As a result, $33,433 (2015 - $6,676) of consulting fees and $46,663 (2015 - $Nil) of travel expenses were recorded in the fourth quarter of 2016. Professional and admirative fees increased by $3,592 and $4,731, respectively.

Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available or if available, will be on reasonable terms.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of minerals and metals or interests related thereto. The economics of developing and producing properties are affected by many factors including the cost of operations and the market price of the mineral resource. Depending on the market price of mineral resources, the Company may determine that it is impractical to continue commercial production.

Short-Term Loan from Related Party

Short-term loans from related party
As at December 31, 2016, the Company's director advanced to the Company an amount of $94,195 (December 31, 2015 - $33,858) by the way of short-term loans. These are an unsecured, non-interest bearing and due on demand loans.

Related Party Transactions

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Directors of the Company.

During the year ended December 31, 2016, the Company accrued $12,000 to its directors. As of December 31, 2016, $8,100 is payable to these directors.

As at December 31, 2016, the Company's director advanced to the Company an amount of $94,195 (December 31, 2015 - $33,858) by the way of short-term loans. These are an unsecured, non-interest bearing and due on demand loans.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments and Other Instruments

Financial instruments

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

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

The fair value of cash and accounts payable and accrued liabilities and short-term loan from related party approximate their carrying amounts due to the short term nature of the financial instruments. Cash is classified as financial assets fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and short-term loan from related party are classified as financial liabilities fair value through profit or loss.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is currently investigating financing opportunities so that it has sufficient liquidity to meet liabilities when due.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its project. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

<u>Currency risk</u>
The Company is exposed to financial risk related to fluctuations in foreign exchange rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian Dollar.

<u>Interest rate risk</u>
The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value.

Price risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Segment Information

The Company operates in one business segment. As at December 31, 2016, the Company does not have any exploration or mineral properties.

Proposed Transactions

On November 10, 2016, the Company entered into a Share Purchase Agreement with Eurasian Minerals Inc., to acquire all of the issued and outstanding shares of EMX Exploration Scandinavia AB.("EESAB") and Iekevare Minerals AB("Iekelvare") .

Subsequent Events

On February 10, 2017, Patricio Varas was appointed as chairman and as a director of the Company.

On February 14, 2017, the Company closed its share purchase agreement with Eurasian Minerals Inc. ("Eurasian") and has acquired two companies at exploration stage that were wholly-owned subsidiaries of Eurasian which together represent a portfolio of four Scandinavian base and precious metal exploration projects. EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the "Swedish Companies") are now wholly-owned subsidiaries of the Company. To acquire the Swedish Companies, the Company issued 1,713,390 common shares to Eurasian.

On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at $0.05 per unit. Each unit will consist of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of $0.10 per share for a period of one year from the date of issue. As of December 31, 2016, $289,379 of share subscription was received towards this private placement.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at December 31, 2016 and 2015.

Significant Accounting Policies

These consolidated financial statements, including comparatives, were prepared in accordance with the accounting policies described in the Company's annual financial statements for the year ended December 31, 2016. There have been no changes to the Company's critical accounting estimates and judgments during the year ended December 31, 2016.

Critical Accounting Estimates

The preparation of the unaudited consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts and impairment testing. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

The most significant judgments relate to the recoverability of capitalized amounts, recognition of deferred tax assets and liabilities and the determination of the economic viability of a project.

New standards not yet adopted

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Outstanding Share Data

As at December 31, 2016, the Company has 8,610,000 common shares outstanding and 26,060,000 shares as of the date of this MD&A.

On February 14, 2017, the Company issued 1,713,390 common shares to Eurasian on the acquisition of the Swedish Companies.

On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at $0.05 per unit. Each unit will consist of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of $0.10 per share for a period of one year from the date of issue.

On April 4, 2017, 3,466,610 common shares of the Company were issued to Eurasian pursuant to Eurasian's antidilution right.

As at December 31, 2016, the Company had not issued any stock options or share purchase warrants and had 6,135,000 warrants as at the date of this MD&A. 6,135,000 transferrable share purchase warrants were issued on April 4, 2017, at a price of $0.10 for a period of one year in connection to the closed non-brokered private placement.

Management's Responsibility for Financial Statements

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Risk Factors

Our exploration programs may not result in a commercial mining operation.

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Our mineral properties are without a known body of commercial ore and our proposed programs are an exploratory search for ore. We do not know whether our current exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, we will be required to acquire additional properties and write-off all of our investments in our existing properties.

We may not have sufficient funds to complete further exploration programs.

We have limited financial resources, do not generate operating revenue and must finance our exploration activity by other means. We do not know whether additional funding will be available for further exploration of our projects or to fulfill our anticipated obligations under our existing property agreements. If we fail to obtain additional financing, we will have to delay or cancel further exploration of our properties, and we could lose all of our interest in our properties.

Factors beyond our control may determine whether any mineral deposits we discover are sufficiently economic to be developed into a mine.

The determination of whether our mineral deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for precious metals; metallurgical recoveries associated with the mineralization; the proximity and capacity of natural resource markets and processing equipment; costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

Mineral exploration is highly speculative and risky; any material changes to the estimated reserves might adversely affect the profitability of the property.

In making determinations about whether to proceed to the next stage of development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of the placing of a property into production and a property's return on capital.

Mineral exploration is hazardous. We could incur liability or damages as we conduct our business due to the dangers inherent in mineral exploration.

Mining operations often encounter unpredictable risks and hazards that add expense or cause delay. These include unusual or unexpected geological formations, changes in metallurgical processing requirements; power outages, labor disruptions, flooding, explosions, rock bursts, cave-ins, landslides and inability to obtain suitable or adequate machinery, equipment or labor. We may become subject to liabilities in connection with pollution, cave-ins or hazards against which we cannot insure against or which we may elect not to insure. The payment of these liabilities could require the use of financial resources that would otherwise be spent on mining operations.

In the future we may be required to comply with government regulations affecting mineral exploration and exploitation, which could adversely affect our business, the results of our operations and our financial condition.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labor standards, occupational health and mine safety, waste disposal, toxic substances, land use and environmental protection. In order to comply, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offence under such legislation.

Land reclamation requirements for the exploration properties may be burdensome.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably reestablish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration programs.

We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.

We compete with other exploration companies, many of which have greater financial resources than us or are further along in their development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional mineral properties or personnel, we will not be able to grow at the rate we desire or at all.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A on April 25, 2016. A copy of this MD&A will be provided to anyone who requests it and can be found on Sedar at www.sedar.com.