

**BOREAL METALS CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**MARCH 31, 2018**  
(Unaudited)

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

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

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

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

**BOREAL METALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at March 31, 2018 and December 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

	Note	March 31, 2018	December 31, 2017
			(Restated – Notes 2 and 13)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$	1,665,678	\$ 3,397,728
Receivables		260,578	76,206
Prepaid		206,075	332,935
		2,132,331	3,806,869
Reclamation bond		7,650	7,650
Exploration and evaluation assets	3	3,557,654	2,305,174
Equipment	4	81,993	-
<b>TOTAL ASSETS</b>	\$	5,779,628	\$ 6,119,693
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	5,7	\$ 485,035	\$ 686,862
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	7,520,871	7,053,617
Reserves		238,847	238,847
Deficit		(2,465,125)	(1,859,633)
		5,294,593	5,432,831
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$	5,779,628	\$ 6,119,693

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

Approved and authorized by the Board on May 29, 2018.

“Karl Antonius”

Director

Karl Antonius

“Jon Sherron”

Director

Jon Sherron

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

**BOREAL METALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the Periods Ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited)

	Note	For the three months ended March 31,	
		2018	2017
			(Restated – Notes 2 and 13)
<b>OPERATING EXPENSES</b>			
Administrative fees		\$ 1,871	\$ -
Amortization		2,860	-
Audit and accounting fees		34,045	8,400
Consulting fees	7	8,668	17,498
General and administrative costs		29,986	8,550
Foreign exchange		16,608	10,449
Management fees	7	95,500	2,500
Marketing		296,593	-
Legal fees		2,789	13,088
Regulatory, filing and transfer agents fees		11,321	698
Rent	7	26,818	-
Travel expenses		78,433	8,769
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>			
		\$ (605,492)	\$ (69,952)
<b>Basic and diluted loss per common share</b>			
		\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares issued and outstanding</b>			
		52,307,518	9,476,109

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

**BOREAL METALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Periods Ended March 31, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

	For the three months ended March 31,	
	2018	2017
<b>Cash flow provided by (used in):</b>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (605,492)	\$ (69,952)
Amortization	2,860	21,367
Changes in non-cash working capital items:		
Accounts receivable	126,860	(9,565)
Prepaid	(184,372)	-
Accounts payable and accrued liabilities	(201,827)	38,231
Short-term loan	-	63,500
	<u>(861,971)</u>	<u>43,581</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(84,853)	-
Exploration and evaluation of assets	(767,656)	(257,560)
Acquisition of entities	(87,570)	51,450
	<u>(1,802,050)</u>	<u>(206,110)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued for cash	70,000	-
Share subscription	-	194,121
	<u>70,000</u>	<u>194,121</u>
Increase in cash	(1,732,050)	31,592
Cash - beginning of period	3,397,728	196,987
Cash - end of period	<u>\$ 1,665,678</u>	<u>\$ 228,579</u>
<b>Supplemental Cash Flow</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 10)

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

**BOREAL METALS CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For the Periods Ended March 31, 2017 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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	Share Capital		Share Subscription	Warrants	Deficit	Total
	Number	Amount				
<b>Balance at December 31, 2016</b>	<b>8,610,000</b>	<b>\$ 191,000</b>	<b>\$ 289,379</b>	<b>\$ -</b>	<b>\$ (456,012)</b>	<b>\$ 24,367</b>
Shares issued on acquisition of Swedish Companies	1,713,390	85,670	-	-	-	85,670
Obligations to issue shares	-	-	194,121	-	-	194,121
Loss for the period	-	-	-	-	(69,952)	(69,952)
<b>Balance at March 31, 2017</b>	<b>10,323,390</b>	<b>\$ 276,670</b>	<b>\$ 483,500</b>	<b>\$ -</b>	<b>\$ (525,964)</b>	<b>\$ 234,206</b>
<b>Balance at December 31, 2017</b>	<b>51,590,714</b>	<b>\$ 7,053,617</b>	<b>\$ -</b>	<b>\$ 238,847</b>	<b>\$ (1,859,633)</b>	<b>\$ 5,432,831</b>
Shares issued on acquisition of Modum property	1,324,181	397,254	-	-	-	397,254
warrants exercised	700,000	70,000	-	-	-	70,000
Loss for the period	-	-	-	-	(605,492)	(605,492)
<b>Balance at March 31, 2018</b>	<b>53,614,895</b>	<b>\$ 7,520,871</b>	<b>\$ -</b>	<b>\$ 238,847</b>	<b>\$ (2,465,125)</b>	<b>\$ 5,294,593</b>

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

## **BOREAL METALS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2018

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Boreal Metals Corp. (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. The Company's head office address is Suite 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.

On November 21, 2017, the Company obtained a public listing for its securities on the TSX Venture Exchange ("TSX-V") under the trading symbol "BMX" following closing of its offerings of units by way of Short Form Offering Document ("SFOD") and by way of a brokered private placement (Note 6).

In November 2017, the Company obtained listing on Frankfurt Stock exchange under the symbol 03E.

On February 14, 2017, the Company closed a share purchase agreement with EMX Royalty Corporation ("EMX") and has acquired two companies with exploration stage assets in Scandinavia. The companies were wholly-owned subsidiaries of EMX which together held a portfolio of four base and precious metal exploration projects, two in Sweden and two in Norway. EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the "Swedish Companies") are now wholly-owned subsidiaries of the Company (Note 3).

On February 15, 2018, the Company amended the share purchase agreement with EMX and has acquired the Modum Project ("Modum") with exploration stage assets in Scandinavia (Note 3).

On March 20, 2018, the Company completed the acquisition of the Guldgruvan cobalt project ("Guldgruvan") from EMX by Boreal Energy Metals Corp. ("BEMC"), a newly created and wholly owned subsidiary of Boreal, through its wholly owned subsidiary Boreal Battery Metals Scandinavia AB ("BBMSAB")(Note 3).

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At March 31, 2018, the Company had cash of \$1,665,678, working capital of \$1,647,296 and accumulated deficit of \$2,465,125. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management estimates it has sufficient funds for operations for the ensuing year.

The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

#### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of presentation and basis of consolidation**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted.

**BOREAL METALS CORP.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiary, First Ferro Mining Ltd. ("First Ferro", currently dormant), Swedish Companies, BEMC, and BBMSAB (Note 3). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS.

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017, with the exception of the change in accounting policy for exploration and evaluation assets as discussed below.

The Company's interim results are not necessarily indicative of its results for a full year.

**Foreign currency transactions**

The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the year, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

**Significant accounting judgments and estimates**

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments, recognition of deferred income tax amounts, provision for restoration, rehabilitation and environmental costs and recoverability of exploration and evaluation assets.

**Valuation of share-based compensation**

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

**Income taxes**

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

#### Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

#### Functional and reporting currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

#### Acquisition method accounting

In the acquisition of the Swedish Companies, significant judgement was required to determine if that transaction represented a business combination or an asset purchase. More specifically, management concluded that the Swedish Companies did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs.

#### **Accounting standards issued but not yet effective and change in accounting policy.**

The Company has not yet adopted the following revised or new IFRS that have been issued but were not yet effective as at December 31, 2017:

IFRS 16, Leases is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the years beginning on or after January 1, 2019.

The Company expects the only impact that this new accounting standard will have on the financial statements will be additional note disclosure.

#### Exploration and evaluation assets - Change in accounting policy.

The Company charged to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves and a decision to develop has been made. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves and a decision to develop the property. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement.

During fiscal 2018, the Company changed its accounting policy with respect to exploration and evaluation expenditures. In prior years the Company's policy was to charge to operations exploration expenditures as incurred.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Company has elected to change this accounting policy to now capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets, effective with the presentation of these financial statements, on a retrospective basis (Note 13).

**3. EXPLORATION AND EVALUATION ASSETS**Swedish Companies

On February 14, 2017, the Company acquired two companies that were wholly-owned subsidiaries of EMX which together represent a portfolio of four Scandinavian base and precious metal (zinc-lead-copper-silver-gold) exploration projects including Gumsberg and Adak exploration assets in Sweden and the Tynset and Burfjord assets in Norway.

To acquire the Swedish Companies, the Company issued 1,713,390 of its common shares to EMX which represented a 19.9% equity ownership in the Company and had the continuing obligation to issue additional shares to maintain 19.9% interest, at no additional cost to EMX, until the Company has raised CDN\$5,000,000 in equity (raised on November 21, 2017); thereafter, EMX has the right to participate pro-rata in future financings at its own cost to maintain its 19.9% interest. During 2017, a total of 7,492,592 common shares valued at \$1,290,997 of the Company were issued to EMX due to above obligation (Note 6).

On February 15, 2018, the Company amended the share purchase agreement with EMX and included the acquisition of the Modum Project ("Modum"). Pursuant to the terms of the agreement, the Company issued to EMX 1,324,181 common shares valued at \$397,254, which brings EMX's equity ownership in Boreal to 19.9% (Note 6).

EMX has also been granted a 3% net smelter return ("NSR") royalty on each of the Properties, of which a 1% NSR royalty may be purchased by the Company on or before the fifth anniversary of the closing date in 0.5% increments for a total of (a) USD\$2,500,000, or (b) at the purchaser's option, USD\$2,000,000 plus shares of the Company equal in value to USD\$500,000.

EMX will receive annual advance royalty ("AAR") payments of USD\$20,000 for each of the Properties commencing on the second anniversary of the closing, with each AAR payment increasing by USD\$5,000 per year until reaching USD\$60,000 per year, except that the Company may forgo AAR payments on two of the four Properties in years two and three. Once reaching USD\$60,000, AAR payments will be adjusted each year according to the Consumer Price Index (as published by the U.S. Department of Labor, Bureau of Labor Statistics). EMX Royalty will receive a 0.5% NSR royalty on any new mineral exploration projects generated by the Company in Sweden or Norway, excluding projects acquired from a third party containing a mineral resource or reserve or an existing mining operation. EMX had the right to nominate one seat on the Board of Directors of the Company which has been filled by Eric Jensen.

Guldgruvan Project

On March 20, 2018, the Company completed the acquisition of the Guldgruvan cobalt project ("Guldgruvan") from EMX by BEMC.

Pursuant to the terms of the agreement, the Company issued to EMX 2,979,798 common shares of BEMC, which brings EMX's equity ownership in BEMC to 5.9%. BEMC will have the continuing obligation to issue additional shares of BEMC to EMX to maintain its 5.9% interest in BEMC, at no additional cost to EMX, until BEMC has raised \$3,000,000 in equity. Thereafter, EMX will have the right to participate pro-rata in future financings at its own cost to maintain its 5.9% interest in BEMC.

In addition:

EMX is granted an uncapped 3% NSR royalty on the project, of which a 1% NSR royalty may be purchased by BEMC on or before the fifth anniversary of the closing date in 0.5% increments for a total of USD\$2,500,000 in cash and common shares of BEMC.

EMX will receive AAR payments of USD\$20,000, commencing on the second anniversary of the closing, with each AAR payment increasing by USD\$5,000 per year until reaching USD\$60,000 per year.

EMX will also be reimbursed for its acquisition costs and previous expenditures on the project.

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Management qualifies this transaction as an acquisition of net assets. The fair value of the consideration allocated to property acquired is \$87,570.

		Swedish Properties
Balance as of December 31, 2016	\$	-
Scandinavian Properties acquisition costs		215,233
Shares issued as anti-dilutive right		1,290,997
Balance as of December 31, 2017		1,506,230
Modum project acquisition costs		397,254
Guldgruvan project acquisition costs		87,570
Balance as of March 31, 2018	\$	1,991,054

The Company is the owner of mining licenses located in Norway known as the Tynset licenses and Burfjord licenses; furthermore, it owns licenses in Sweden known as the Gumsberg and the Adak VMS Projects. In addition, the Company through BEMC, is the owner of mining license located in Norway known as the Modum and in Sweden known as Guldgruvan Projects.

*Tynset VMS project (Roros District, Norway)*

The Tynset project is comprised of certain exploration licenses in the Roros Mining District of central Norway.

*Burfjord IOCG project (Alta Region, Norway)*

The Burfjord project is comprised of certain exploration licenses near Kåfjord, Norway.

*Gumsberg VMS Project (Bergslagen District, Sweden)*

The Gumsberg project consists of certain exploration licenses in the Bergslagen Mining District of southern Sweden.

*Adak VMS Project (Skelleftea District, Sweden)*

Adak exploration license is located in Skellefteå Mining District in north Sweden.

*Modum Project (Skuterud Mine, Norway)*

The 13,115 Ha Modum project is located approximately 75 kilometres west of Oslo, Norway.

*Guldgruvan Project (Los Cobalt Mine, Sweden)*

The 2,400 Ha Guldgruvan Project is located near the town of Los, Sweden.

Exploration costs were incurred by the Company as follows:

Exploration expenses	Adak	Gumsberg	Burfjord	Tynset	Modum	Guldgruvan	Total
Accommodation	\$ -	\$ 6,016	\$ 17,921	\$ -	\$ -	\$ -	\$ 23,937
Drilling	-	169,176	-	-	-	-	169,176
Field work	326	104,816	144,233	5,611	-	-	254,985
Exploration licenses	-	33,132	6,340	3,676	-	-	43,149
Geological	30,498	150,046	88,499	12,854	-	-	281,898
Geophysical	4,800	12,600	7,800	600	-	-	25,800
Total as of December 31, 2017	35,624	475,786	264,793	22,741	-	-	798,944
Accommodation	-	2,749	-	-	-	-	2,749
Drilling	-	339,912	-	-	-	-	339,912
Exploration equipment	-	22,315	-	2,904	-	-	25,219
Field work	-	89,233	717	12,609	-	-	102,559
Exploration licenses	-	17,798	26,284	81,174	-	-	125,256
Geological	55	120,946	12,643	54	213	910	134,820
Geophysical	-	28,066	-	-	-	-	28,066
Other	-	8,994	80	-	-	-	9,074
Incurred in 2018	55	630,014	39,723	96,741	213	910	767,656

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Total exploration costs as of							
March 31, 2018	\$ 35,679	\$ 1,105,800	\$ 304,516	\$ 119,482	\$ 213	\$ 910	\$ 1,566,600

**4. EQUIPMENT**

Cost		Container		Vehicle		Total
As of December 31, 2017	\$	-	\$	-	\$	-
Additions during the period		7,853		77,000		84,853
As at March 31, 2018	\$	7,853	\$	77,000	\$	84,853
Accumulated depreciation						
As of December 31, 2017	\$	-	\$	-	\$	-
Amortization during the period		265		2,595		2,828
As at March 31, 2018	\$	265	\$	2,595	\$	2,828
Net book value						
As of December 31, 2017	\$	-	\$	-	\$	-
As at March 31, 2018	\$	7,588	\$	74,405	\$	81,993

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As at March 31, 2018 and December 31, 2017 accounts payable and accrued liabilities consists of the following:

		March 31, 2018		December 31, 2017
Accounts payable	\$	331,828	\$	574,826
Accrued liabilities		87,571		20,000
Due to related parties		102,936		92,036
	\$	522,335	\$	686,862

**6. SHARE CAPITAL****Authorized share capital**

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

**Issued share capital**

*During the year ended December 31, 2017*

- On February 14, 2017, the Company issued 1,713,390 common shares to EMX on the acquisition of the Swedish Companies. The shares were valued at \$85,670 (Note 3).
- During the year ended December 31, 2017, a total of 7,492,492 shares were issued to EMX at no additional cost due to the Company's obligation to maintain EMX's 19.9% equity ownership in the Company (Note 3). These shares were recorded at a value of \$1,290,997.
- On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at \$0.05 for proceeds of \$613,500, of which \$289,379 was received in fiscal 2016. Each unit consisted of one common share and one-half of one transferable share purchase warrant with each whole warrant exercisable into one additional common share at a price of \$0.10 for a period of one year.

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- d) On August 14, 2017, the Company closed a private placement of 5,527,500 units at a price of \$0.20. Each unit consisted 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 \$0.40 for a period of two years from the date of issue. The warrants are subject to an acceleration provision.

The Company paid finder's fees of \$18,500 in cash, issued 44,000 common shares as finder's fees at value of \$8,800 and 136,500 finder's warrants to certain finders valued at \$9,839. The finder's warrants have the same terms as private placement warrants except they are non-transferable.

- e) On November 21, 2017, the Company closed a SFOD by way of brokered private placement. The SFOD consisted of 6,666,666 units of the Company at a price of \$0.30 for gross proceeds of \$2,000,000. Each unit consisted of one common share and one-half of share purchase warrant, with each whole warrant exercisable at a price of \$0.50 for a period of 24 months from the closing date of the SFOD.

On November 21, 2017, the Company also closed a brokered private placement of 8,000,000 units at a price of \$0.30 per unit for gross proceeds of \$2,400,000. Each unit consisted of one common share and one warrant, having the same terms as the SFOD warrants.

A cash commission of \$319,500 was paid and 1,065,000 non-transferable broker warrants valued at \$172,630 were issued to the agent. Each agent's warrant will be exercisable for one common share at a price of \$0.30 until May 21, 2019.

The agent also received 600,000 units as a corporate finance fee with 400,000 units having the same composition as the SFOD units and 200,000 broker's units. A value of \$56,378 was assigned to 400,000 brokers' warrants issued in connection to corporate finance units.

- f) On November 21, 2017, the Company closed a non-brokered private placement for proceeds of \$200,000. The Company issued 666,666 units at a price of \$0.30, with each unit consisting of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.50 until November 21, 2019.

*During the period ended March 31, 2018*

- g) On February 14, 2018, the Company issued 1,324,181 common shares to EMX on the acquisition of the Modum project. The shares were valued at \$397,254 (Note 3).
- h) The Company issued 700,000 common shares on the exercise of warrants for proceeds of \$70,000.

**Options**

As at March 31, 2018, there were no stock options outstanding.

**Warrants**

A summary of share purchase warrants transactions during the period ended March 31, 2018 are as follows:

Expiry date	Exercise price	WARC life (years)	December 31, 2017	Granted	Exercised	Expired/ Cancelled	March 31, 2018
April 4, 2018*	\$0.10	0.01	6,135,000	-	700,000	-	5,435,000
May 21, 2019	\$0.30	1.14	1,065,000	-	-	-	1,065,000
August 14, 2019	\$0.40	1.37	2,400,250	-	-	-	2,400,250
November 21, 2019	\$0.50	1.64	12,399,999	-	-	-	12,399,999
November 21, 2019	\$0.40	1.64	500,000	-	-	-	500,000
<b>TOTAL</b>			<b>22,500,249</b>	<b>-</b>	<b>700,000</b>	<b>-</b>	<b>21,800,249</b>
Weighted average price			\$ 0.37	\$ -	\$ 0.10	\$ -	\$ 0.38

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\* Subsequently, 5,235,000 of these warrants were exercised and 200,000 expired.

The fair value of the brokers warrants issued was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2017
Risk-free interest rate	1.41%
Annualized volatility	100%
Expected dividend yield	Nil
Expected warrants life in years	1.67 years

**Escrow units**

12,102,236 shares and 3,538,618 warrants were placed in escrow in accordance with the escrow agreement dated November 21, 2017. 10% of the escrowed common shares and warrants were released on November 21, 2017, upon the completion of the SFOD. As at December 31, 2017, there were 10,892,12 common shares and 3,184,756 warrants of the Company held in escrow.

**7. RELATED PARTY TRANSACTIONS**

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

The Company entered into the following transactions with related parties during the period ended March 31, 2018:

	For the period ended March 31,	
	2018	2017
Short-term benefits paid or accrued:		
Accounting fees	\$ 19,044	\$ -
Management fees	107,160	5,500
Rent	6,000	-
	\$ 132,204	\$ 5,500

As of March 31, 2018, included in accounts payable is \$102,936 (December 31, 2017 - \$132,934) due to directors and officers and \$4,175 (December 31, 2017 – \$2,125) prepaid to an officer of the Company.

**8. SEGMENT INFORMATION**

The Company is engaged in one business activity, being the acquisition and exploration of mineral properties. Geographic information is disclosed in Note 3. All non-current assets are held solely in the Scandinavia segment.

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****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,

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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, receivables, reclamation bond and accounts payable and accrued liabilities 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 at fair value using level 1 inputs of the fair value hierarchy. Reclamation bond is classified as held to maturity. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities is classified as other financial liabilities.

**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 and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables are due from government agencies.

*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 considers 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.

Currency risk

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.

Interest rate risk

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.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	2018	2017
<b>Non-cash information:</b>		
Shares issued on property acquisition	\$ 397,254	-

**11. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**12. SUBSEQUENT EVENTS**

- a) On May 18, 2018, the Company's subsidiary BEMC closed an agreement with EMX and acquired the Mjövattnet and Njuggträskliden cobalt and nickel projects.

Pursuant to the terms of the agreement, the BEMC issued to EMX 2,020,202 common shares of BEMC, that represents a 4% equity ownership in BEMC. That increased EMX's share equity ownership in BEMC to 9.9%; BEMC will have the continuing obligation to issue additional shares of BEMC to EMX to maintain its 9.9% interest in BEMC, at no additional cost to EMX, until BEMC has raised \$3,000,000 in equity. Thereafter, EMX will have the right to participate pro-rata in future financings at its own cost to maintain its 9.9% interest in BEMC.

In addition:

- EMX will be granted 3% NSR royalty on each project, of which a 1% NSR royalty may be purchased by BEMC on or before the fifth anniversary of the closing date in 0.5% increments for a total of USD\$2,500,000 in cash and common shares of BEMC.
- EMX will receive AAR payments of USD\$20,000 for each project, commencing on the second anniversary of the closing, with each AAR payment increasing by USD\$5,000 per year until reaching USD\$60,000 per year.
- EMX will also be reimbursed 312,000 Swedish Krona (approximately USD\$37,000) for its acquisition costs and previous expenditures on the projects.

- b) The Company issued 5,235,000 common shares on the exercise of warrants for proceeds of \$523,500.

**13. CHANGE IN ACCOUNTING POLICY**



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The Company has adopted a new accounting policy with respect to exploration and evaluation assets and expenditures. In prior years the Company's policy was to charge to operations exploration expenditures as incurred. The Company has elected to change this accounting policy to now capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets effective with the presentation of these financial statements, on a retrospective basis.

The accounting policies in Note 2 have been applied in preparing the financial statements for the period ended March 31, 2018 and the comparative information for the year ended December 31, 2017.

An explanation of how the transition from the amounts previously reported has affected the Company's financial position, financial performance, and cash flows is set out below.

**Consolidated Statements of Financial Position – as at December 31, 2017**

	Note	As previously reported December 31, 2017	Effect of policy change	Restated under new policy December 31, 2017
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash		\$ 3,397,728	\$ -	\$ 3,397,728
Prepaid		332,935	-	332,935
Receivable		76,206	-	76,206
		3,806,869		3,806,869
Reclamation Bond		7,650	-	7,650
Exploration and evaluation assets	13a	1,506,230	798,944	2,305,174
<b>TOTAL ASSETS</b>		<b>\$ 5,320,749</b>	<b>\$ 798,944</b>	<b>\$ 6,119,693</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities		\$ 686,862	\$ -	\$ 686,862
<b>SHAREHOLDERS' DEFICIENCY</b>				
Share capital		7,053,617	-	7,053,617
Warrants		238,847	-	238,847
Deficit	13a	(2,658,577)	798,944	(1,859,633)
		4,633,887	798,944	5,432,831
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 5,320,749</b>	<b>\$ 798,944</b>	<b>\$ 6,119,693</b>

**Consolidated Statements of Loss and Comprehensive Loss - For the Three Months Ended March 31, 2017**

	Note	As previously reported March 31, 2017	Effect of policy change	Restated under new policy March 31, 2017
<b>OPERATING EXPENSES</b>				
Audit and accounting fees		\$ 8,400	\$ -	\$ 8,400
Consulting fees		17,498	-	17,498
Exploration expenses	13b	111,178	(111,178)	-
General and administrative costs		8,550	-	8,550
Foreign exchange		10,449	-	10,449
Management fees		2,500	-	2,500

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Legal fees	13,088	-	13,088
Regulatory, filing and transfer agents fees	698	-	698
Travel expenses	8,769	-	8,769
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (181,130)</b>	<b>\$ (111,178)</b>	<b>\$ (69,952)</b>
Basic and diluted loss per common share	\$ (0.02)	\$	(0.01)
Weighted average number of common shares issued and outstanding	9,476,109		9,476,109

An explanation of how the transition from the amounts previously reported has affected the Company's financial position and financial performance is set out below.

- (a) Consolidated Statements of Financial Position – as at December 31, 2017
- (i) Exploration and evaluation assets increased by \$798,944 representing exploration expenditures previously charged to deficit.
  - (ii) The new balance of \$2,305,174 represents the total costs of the exploration and evaluation asset.
- (b) Consolidated Statements of Loss and Comprehensive Loss – for the three months ended March 31, 2017
- (i) Exploration expenses decreased to \$Nil based on net exploration expense incurred in the first quarter of 2017, with an offsetting entry to exploration and evaluation assets.

The change in the accounting policy had no effect on the Company's statement of changes in shareholders' equity, other than the changes to deficit, as already shown and described above. Accordingly, no separate statement of changes in shareholders' equity is shown.

The changes to the statement of cash flow for the three months ended March 31, 2017 are summarized as follows:

- (a) Net cash received from operating activities increased to \$43,581 based on allocation of net exploration expenditures to investing activities of \$111,178 from the loss for the year.
- (b) Net cash used in investing activities increased by a corresponding amount as described above in note (a)

As there was no impact to the fiscal 2016 year as a result of the policy change, no opening balance sheet as of January 1, 2017 has been presented.