

BOREAL METALS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

MARCH 31, 2020
(Unaudited)

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

**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 Boreal Metals Corp. (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 Auditing and Assurance Standards Board for a review of condensed interim financial statements by an entity's auditor.

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

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

As at March 31, 2020 and December 31, 2019

(Expressed in Canadian Dollars) – (Unaudited)

	Note	March 31, 2020	December 31, 2019
ASSETS			
Current Assets			
Cash		\$ 58,073	\$ 115,905
Receivables		41,907	39,026
Prepaid and deposits		-	833
		99,980	155,764
Reclamation bond		11,437	49,073
Exploration and evaluation assets	3	4,056,952	4,014,040
Advanced royalty payments	3	52,824	52,824
Equipment	4	51,760	56,152
TOTAL ASSETS		\$ 4,272,953	\$ 4,327,853
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	5,9	\$ 541,620	\$ 505,875
Short term loan	6	819,341	785,895
		1,360,961	1,291,770
EQUITY			
Share capital	7	9,389,334	9,389,334
Reserves	7	992,338	973,103
Deficit		(7,457,891)	(7,314,569)
Equity attributable to shareholders of the Company		2,923,781	3,047,868
Non-controlling interest	8	(11,789)	(11,785)
Total equity		2,911,992	3,036,083
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,272,953	\$ 4,327,853

Nature of operations and going concern (Note 1)

Subsequent event (Note 16)

Approved and authorized by the Board on July 13, 2020.

<u>"Patricio Varas"</u> Patricio Varas	Director	<u>"Jon Sherron"</u> Jon Sherron	Director
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The accompanying notes are an integral part of these consolidated financial statements.

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

For the Periods Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

		For the three months ended March 31,	
	Note	2020	2019 (Note 14)
OPERATING EXPENSES (RECOVERY)			
Audit and accounting fees	9	\$ (18,976)	\$ 25,294
Consulting fees		(8,222)	10,488
Depreciation	4	4,392	4,293
Finance fees	6	16,831	-
Foreign exchange		(2,440)	10,458
General and office costs		(533)	29,111
Insurance fees		12,133	2,500
Interest expense	6	16,615	-
Management fees	9	93,716	103,000
Marketing		3,022	81,907
Legal fees	9	445	15,000
Regulatory, filing and transfer agents fees		15,632	14,775
Rent	9	-	14,977
Share-based payments	7, 9	19,234	70,606
Travel expenses		(8,523)	69,524
		\$ (143,326)	\$ (451,933)
OTHER ITEMS			
Interest Income		-	724
LOSS AND COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS			
		\$ (143,326)	\$ (451,209)
Income (loss) from discontinued operations	3, 14	-	3,617
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD			
		\$ (143,326)	\$ (447,592)
Income (loss) attributable to shareholders of the Company:			
From continuing operations		(143,322)	(451,103)
From discontinued operations		-	4,535
		\$ (143,322)	\$ (446,568)
Loss attributable to non-controlling interest:			
From continuing operations		(4)	(106)
From discontinued operations		-	(918)
Non-controlling interest		\$ (4)	\$ (1,024)
		\$ (143,326)	\$ (447,592)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.01)
Weighted average number of common shares issued and outstanding		76,031,629	66,378,969

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

BOREAL METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Periods Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars) - (Unaudited)

	For the three months ended March 31,	
	2020	2019
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Loss for the year	\$ (143,326)	\$ (451,209)
Depreciation	4,392	4,293
Interest accrued on loan payable	16,615	-
Loan facility bonus fees accrued	16,831	-
Share-based payments	19,235	70,606
Impairment on exploration and evaluation assets	-	-
Changes in non-cash working capital items:		
Receivables	(2,881)	22,261
Prepaid and deposits	833	14,025
Accounts payable and accrued liabilities	3,146	(2,902)
	(85,155)	(342,926)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Reclamation bond	37,636	-
Purchase of equipment	-	-
Exploration and evaluation of assets	(10,313)	(439,227)
	27,323	(439,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	-	1,620,929
Share issue costs	-	(18,240)
Short term loan received	-	-
	-	1,602,689
Increase in cash	(57,832)	820,536
Cash from discontinued operations (Note 14)	-	23,789
Cash - beginning of year	115,905	241,820
Cash - end of year	\$ 58,073	\$ 1,086,145
Supplemental Cash Flow		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Notes 12 and 14)

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

BOREAL METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

For the Periods Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars) – (Unaudited)

	<u>Share Capital</u>		Reserves	Deficit	Total Attributable to Shareholders of the Company	Non-Controlling Interest	Total Equity
	Number	Amount \$					
Balance at December 31, 2018	58,849,895	8,044,371	510,661	(3,784,976)	4,770,056	(114)	4,769,942
Shares issued on							
Private placement	17,060,934	1,364,875	256,054	-	1,620,929	-	1,620,929
Finder's fees	120,800	5,861	5,615	-	11,476	-	11,476
Share issue costs	-	(29,716)	-	-	(29,716)	-	(29,716)
Share-based payments	-	-	70,606	-	70,606	-	70,606
Loss for the period	-	-	-	(446,568)	(446,568)	(1,024)	(447,592)
Balance at March 31, 2019	76,031,629	9,385,391	842,936	(4,231,544)	5,996,783	(1,138)	5,995,645
Balance at December 31, 2019	76,031,629	9,389,334	973,103	(7,314,569)	3,047,868	(11,785)	3,036,083
Share-based payments	-	-	19,235	-	19,235	-	19,235
Loss for the year	-	-	-	(143,322)	(143,322)	(4)	(143,326)
Balance at March 31, 2020	76,031,629	9,389,334	992,338	(7,457,891)	2,923,781	(11,789)	2,911,992

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

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

(Expressed in Canadian Dollars) – (Unaudited)

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.

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “BMX” and is listed on the Frankfurt Stock Exchange under the symbol “03E”, and effective August 2019, obtained listing and commenced trading on the OTCQB under the symbol “BORMF”.

The Company’s mineral properties are located in Sweden and Norway as further disclosed in Note 3.

Going concern

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, 2020, the Company had cash of \$58,073, working capital deficiency of \$1,260,981 and accumulated deficit of \$7,457,891. 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 cannot provide assurance that the Company will ultimately achieve profitable operations or raise additional debt and/or equity capital.

The Company is in the process of exploring 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. In addition, there is uncertainty as to the likely effects of the novel coronavirus (“COVID-19”) outbreak which may, among other things, impact the Company’s operations and ability to raise further financing (Note 15). These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

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, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The unaudited condensed interim 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 unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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 period ended December 31, 2019, 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, 2019.

BOREAL METALS CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

(Expressed in Canadian Dollars) – (Unaudited)

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Con't)**Basis of presentation and basis of consolidation (Con't)**

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

Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as follows:

Subsidiaries	Country of incorporation	% Equity interest as at	
		March 31, 2020	December 31, 2019
First Ferro Mining Ltd. ("First Ferro") ⁽¹⁾	Canada	100.0%	100.0%
Swedish Companies (Note 3) ⁽²⁾	Sweden	100.0%	100.0%
Boreal Energy Metals Corp. ("BEMC")	Canada	90.1%	90.1%
Boreal Battery Metals Scandinavia AB ("BBMSAB") ⁽³⁾	Sweden	0.0% ⁽⁴⁾	0.0% ⁽⁴⁾

⁽¹⁾ Currently dormant.

⁽²⁾ In 2017, the Company acquired EMX Exploration Scandinavia AB (now NOR Exploration AB), and Iekelvare Minerals AB (together, referred to as the "Swedish Companies"). The Swedish Companies were wholly owned subsidiaries of EMX Royalty Corp.

⁽³⁾ Wholly owned by BEMC.

⁽⁴⁾ BEMC sold 100% interest in BBMSAB on November 5, 2019 (Notes 3 and 14).

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.

Non-controlling interests

Non-controlling interest represents the portion of a subsidiary's earnings and losses and net assets that is not held by the Company. If losses in a subsidiary applicable to a non-controlling interest exceed the non-controlling interest in the subsidiary's equity, the excess is allocated to the non-controlling interest except to the extent that the majority has a binding obligation and is able to cover the losses.

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.

Exploration and evaluation assets

The Company capitalizes direct mineral property acquisition costs and exploration expenditures incurred. 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. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Con't)

Exploration and evaluation assets (Con't)

During fiscal 2018, the Company changed its accounting policy with respect to exploration and evaluation expenditures to better represent total costs incurred on its exploration and evaluation assets. 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.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Equipment

On initial recognition, equipment is valued at cost, which includes the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Any corresponding liabilities are recorded as provisions. When major components of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

Equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

Equipment is amortized over its estimated useful lives at the following rates and methods:

Container	5 years	Straight-line method
Vehicle	5 years	Straight-line method
Computer	5 years	Straight-line method

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars) – (Unaudited)

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Con't)

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.

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

(Expressed in Canadian Dollars) – (Unaudited)

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Con't)**Significant accounting judgments and estimates (Con't)**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.

Share capital

Common shares are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued using the residual value method. Warrants that are part of units are assigned a value based on residual value, if any, and included in reserves. Costs directly identifiable with share capital financing are charged against share capital.

Warrants that are issued as payment for agency or finders' fees are accounted for as share-based payments.

Financial instruments

The Company recognizes its financial instruments initially at fair value and subsequently measure them in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") and at amortized cost. The classification depends on the business model for management of the financial assets and the contractual cash flow characteristics of the financial instruments. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at FVTPL when they are not measured at amortized cost or at FVTOCI. Such assets are subsequently measured at fair value with changes recognized in profit or loss. If the financial assets that would otherwise be measured at FVTPL are not acquired or incurred principally for the purpose of selling or repurchasing them in the near term, are not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI.

Financial assets are classified at amortized cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets are classified at FVTOCI if they are held within a business model whose objectives are achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding, or if an irrevocable election was made for certain equity instruments at initial recognition. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities are originally valued at fair value and are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars) – (Unaudited)

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Con't)**Financial instruments (Con't)**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of financial instruments measured at FVTOCI, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. The Company does not have any derivative financial assets and liabilities.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the years presented.

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

On February 14, 2017, the Company acquired the Swedish Companies that were wholly-owned subsidiaries of EMX Royalty Corp. ("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.

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 brought EMX's equity ownership in Boreal to 19.9%.

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.

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EXPLORATION AND EVALUATION ASSETS (Con't)

Swedish Companies and Modum (Con't)

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 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.

On February 14, 2019, the Company was required to make its first AAR payments, as this was the second anniversary of the closing. As a result, during the year ended December 31, 2019, the Company made payments of USD\$20,000 on each of the Burfjord and Gumsberg properties. This amounts to \$52,824, which is included on the statement of financial position in the Advanced royalty payments account as at December 31, 2019.

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 valued at \$1, which brought EMX’s equity ownership in BEMC to 5.9% (Note 8). 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.

Njuggträskliden and Mjövattnet Projects

On May 18, 2018, the Company acquired the Njuggträskliden and Mjövattnet cobalt and nickel projects (“Njuggträskliden and Mjövattnet”) from EMX by BEMC. Pursuant to the terms of the agreement, the Company transferred to EMX 2,020,202 common shares of BEMC valued at a nominal value which brought EMX’s equity ownership in BEMC to 9.9% (Note 8). 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 is granted an uncapped 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 approximately USD\$37,000 (CAD\$47,112) for its acquisition costs and previous expenditures on the project.

The Company is the owner of mining licenses located in Norway known as the Burfjord licenses and in Sweden known as the Gumsberg project.

Burfjord IOCG project (Alta Region, Norway)

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

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars) – (Unaudited)

EXPLORATION AND EVALUATION ASSETS (Con't)

Tynset VMS project (Røros District, Norway)

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

On December 31, 2019, the license for Tynset VMS Project expired. An impairment of \$653,795 with respect to the Tynset VMS Project was recorded during the year ended December 31, 2019.

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.

On October 31, 2019, the license for Adak VMS Project expired. An impairment of \$422,080 with respect to the Adak VMS Project was recorded during the year ended December 31, 2019.

Modum Project (Skuterud Mine, Norway)

The Modum project is located near Oslo, Norway.

Guldgruvan Project (Los Cobalt Mine, Sweden)

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

Njuggträskliden and Mjövattnet Projects (Skellefteå, Sweden)

The Njuggträskliden and Mjövattnet projects are located in Skellefteå mining area in Northern Sweden.

On November 5, 2019, pursuant to Sections 29 and 2(e) of the Royalty Agreements specific to the Modum, Guldgruvan, and Njuggträskliden and Mjövattnet projects (collectively known as the “Battery Metals Projects”), EMX exercised its rights to acquire the Battery Metals Projects held in BBMSAB through the purchase of all of BBMSAB’s shares from BEMC for proceeds of \$1. As a result, the Royalty Agreements specific to the Battery Metals Projects were terminated and a loss of \$688,471 related to the disposal of the Battery Metals Projects is recorded (Note 14).

BOREAL METALS CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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EXPLORATION AND EVALUATION ASSETS (Con't)

In the period ended March 31, 2020, exploration costs were incurred by the Company as follows:

Acquisition costs	Adak	Gumsberg	Burfjord	Tynset	Battery Metals Projects	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2018	376,557	376,558	376,558	376,557	609,142	2,115,372
Impairment	(376,557)	-	-	(376,557)	-	(753,114)
Disposal	-	-	-	-	(609,142)	(609,142)
Balance, December 31, 2019	-	376,558	376,558	-	-	753,116
Balance, March 31, 2020	-	376,558	376,558	-	-	753,116

Exploration costs	Adak	Gumsberg	Burfjord	Tynset	Battery Metals Projects	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2018	44,234	1,474,154	694,140	190,277	46,678	2,449,483
Accommodation	-	14,548	-	-	-	14,548
Drilling	-	344,394	-	-	-	344,394
Field work	935	226,003	38,120	83	245	265,386
Exploration licenses	-	154,998	38,792	83,669	19,951	297,410
Geological	354	121,749	36,638	3,209	284	162,234
Geophysical	-	6,711	370	-	277	7,358
Geochemical	-	239	-	-	-	239
Other	-	90,364	19,704	-	-	110,068
Impairment	(45,523)	-	-	(277,238)	-	(322,761)
Disposal	-	-	-	-	(67,435)	(67,435)
Balance, December 31, 2019	-	2,433,160	827,764	-	-	3,260,924
Accommodation	-	695	-	-	-	695
Exploration licenses	-	-	41,117	-	-	41,117
Geological	-	(84)	(138)	-	-	(222)
Other	-	782	540	-	-	1,322
Incurred in 2020	-	1,393	41,519	-	-	42,912
Balance, March 31, 2020	-	2,434,553	869,283	-	-	3,303,836

Total acquisition and exploration costs	Adak	Gumsberg	Burfjord	Tynset	Battery Metals Projects	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2019	-	2,809,718	1,204,322	-	-	4,014,040
Balance, March 31, 2020	-	2,811,111	1,245,841	-	-	4,056,952

BOREAL METALS CORP.
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4. EQUIPMENT

Cost		Container		Vehicle		Computer		Total
As of December 31, 2018	\$	7,853	\$	77,000	\$	1,039	\$	85,892
Additions during the year		-		-		1,970		1,970
As at December 31, 2019	\$	7,853	\$	77,000	\$	3,009	\$	87,862
As at March 31, 2020	\$	7,853	\$	77,000	\$	3,009	\$	87,862
Accumulated depreciation								
As of December 31, 2018	\$	1,309	\$	12,833	\$	68	\$	14,210
Amortization during the year		1,570		15,400		530		17,500
As at December 31, 2019	\$	2,879	\$	28,233	\$	598	\$	31,710
Amortization during the period		393		3,850		149		4,392
As at March 31, 2020	\$	3,272	\$	32,083	\$	747	\$	36,102
Net book value								
As of December 31, 2019	\$	4,974	\$	48,767	\$	2,411	\$	56,152
As at March 31, 2020	\$	4,581	\$	44,917	\$	2,262	\$	51,760

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2020 and December 31, 2019 accounts payable and accrued liabilities consists of the following:

		March 31, 2020		December 31, 2019
Accounts payable	\$	253,101	\$	88,614
Accrued liabilities		25,700		98,020
Due to related parties (Note 9)		262,819		319,241
	\$	541,620	\$	505,875

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars) – (Unaudited)

6. SHORT TERM LOAN

On November 25, 2019, the Company received a loan of \$800,000 from an unrelated party, bearing interest at 0.65% per month, repayable on November 25, 2020, and secured by pledge of lekelvare Minerals AB's ("lekelvare") stock, guarantee by lekelvare, and an obligation to transfer Gumsberg License (or lekelvare) back to the lender if the loan is in default. The loan is used for working capital and general corporate expense and no repayment of loans to the Company's former and current president are to be made until the loan has been repaid, except for pre-approved amounts incurred to cover expenses directly tied to the Company's operations. Included in the loan balance is a loan facility bonus fee of \$40,000, less transaction costs of \$67,325. During the period ended March 31, 2020, interest expense of \$16,615 was accrued (March 31, 2019 - \$Nil) and transactions costs of \$16,831 (March 31, 2019 - \$Nil) was recognized as financing fees. Of the total loan of \$800,000, the Company received \$545,590, as \$226,985 was applied against unpaid invoices owing to the lender, and \$27,325 was removed for costs incurred by the lender, which are included in the total transaction cost of \$67,325.

As at	March 31, 2020 \$	December 31, 2019 \$
Loan Balance including accrued interest	863,138	846,524
Transaction Costs	<u>(43,797)</u>	<u>(60,629)</u>
	<u>819,341</u>	<u>785,895</u>

7. 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, 2019

- a) On February 20, 2019, the Company closed a non-brokered private placement of 17,060,934 units at \$0.095 for gross proceeds of \$1,620,929. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one additional common share at a price of \$0.15 until February 20, 2021. The fair value of shares were \$0.08 per share, leaving a residual value for the warrants of \$0.015 per warrant, for a total value of \$255,914 allocated to the 17,060,934 warrants. The securities issued under the private placement will be subject to statutory hold periods expiring four months and one day from the issue date.

In connection with the private placement, the Company paid finder's fees to certain arm's length finders of \$18,100 in cash and issued 120,800 units having the same composition as the private placement units. A value of \$1,812 was assigned to the 120,800 warrants issued with the finder's units.

Of the 17,060,934 units issued in the private placement noted above, EMX acquired 1,995,672 units for proceeds of \$189,589. Immediately prior to the acquisition, EMX had ownership of 5,530,063 common shares (representing 9.4% of the Company's outstanding common shares). Immediately following the acquisition, EMX had ownership of 7,525,735 common shares (representing 9.9% of the Company's outstanding common shares) and warrants to purchase an additional 1,995,672 common shares.

There were no shares during the period ended March 31, 2020.

BOREAL METALS CORP.

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(Expressed in Canadian Dollars) – (Unaudited)

SHARE CAPITAL (Con't)**Stock Options**

The Company has adopted a stock option plan whereby, the Company may grant stock options up to a maximum 10% of the issued common shares of the Company at any time.

A summary of stock options transactions during the period ended March 31, 2020 and the year ended December 31, 2019 are as follows:

	Weighted average exercise price	Number of options outstanding
Balance, December 31, 2018	\$ 0.20	4,925,000
Stock options cancelled	0.20	(900,000)
Balance, December 31, 2019	\$ 0.20	4,025,000
Balance, March 31, 2020	\$ 0.20	4,025,000

The following table summarizes information regarding stock options outstanding and exercisable as at March 31, 2020:

Expiry Date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average life (years)
September 14, 2028	4,025,000	2,683,340	\$ 0.20	8.46
Balance, March 31, 2020	4,025,000	2,683,340	\$ 0.20	8.46

Share-based payments for the options granted by the Company were amortized over the vesting period, of which \$19,234 was recognized in net income (loss) during the period ended March 31, 2020 (March 31, 2019 - \$70,606).

Warrants

A summary of share purchase warrants transactions during the period ended March 31, 2020 are as follows:

Expiry date	Exercise price	Weighted average remaining life (years)	December 31, 2019	Granted	Exercised	Expired	March 31, 2020
February 20, 2021	\$0.15	0.89	17,181,734	-	-	-	17,181,734
Total Outstanding and Exercisable			17,181,734	-	-	-	17,181,734
Weighted average price			\$ 0.15	-	-	-	\$ 0.15

Escrow units

In accordance with the escrow agreement dated November 21, 2017, 12,102,236 shares and 3,538,618 warrants were placed in escrow, of which 10% of the escrowed common shares and warrants were released on November 21, 2017. During the period ended 31 March, 2020, 0% of the escrowed common shares and warrants were released (year ended December 31, 2019 – 30%). As at March 31, 2020, there were 3,630,671 common shares (December 31, 2019 – 3,630,671) and 1,061,585 warrants (December 31, 2019 – 1,061,585) of the Company held in escrow.

BOREAL METALS CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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8. NON-CONTROLLING INTEREST

On February 1, 2018, the Company incorporated a new wholly owned subsidiary in Canada, BEMC. During the year ended December 31, 2018, BEMC incorporated a new wholly owned subsidiary in Sweden, BBMSAB.

On March 20, 2018, BEMC issued 2,979,798 shares valued at \$1 to EMX with respect to the acquisition of the Guldgruvan project, which represented 5.9% interest in BEMC (Note 3).

On May 18, 2018, the Company transferred 2,020,202 shares of BEMC with a nominal value to EMX with respect to the acquisition of the Njuggträskliden and Mjövattnet projects, which represented 9.9% interest in BEMC in aggregate with shares previously issued (Note 3).

As at March 31, 2020, the non-controlling interest in the Company's subsidiary, BEMC, is 9.9% (December 31, 2019 – 9.9%).

		BEMC
Balance, December 31, 2018	\$	(114)
Share of net loss		(11,671)
Balance, December 31, 2019	\$	(11,785)
Share of net loss		(4)
Balance, March 31, 2020	\$	(11,789)

9. RELATED PARTY TRANSACTIONS

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

The Company entered into the following transactions with related parties during the period ended March 31, 2020:

	For the three month period ended March 31,	
	2020	2019
Short-term benefits paid or accrued:		
Accounting fees	\$ 1,910	\$ 13,952
Management fees	78,716	103,000
Legal fees / share issuance costs	445	-
Share-based payments	13,858	54,478
Rent	-	4,000
	\$ 94,929	\$ 175,430

As of March 31, 2020, included in accounts payable is \$262,819 (December 31, 2019 – \$319,241) due to directors and officers of the Company (Note 5). These amounts are non-interest bearing with no specific terms of repayment. Included as part of the related party balances in accounts payable, is \$118,479 owing to the Company's former president.

On November 29, 2019, the Company's former president had been terminated, and he is no longer an officer or employee of the Company.

10. SEGMENT INFORMATION

The Company is engaged in one business activity, being the acquisition and exploration of base and precious metals. Geographic information is disclosed in Note 3. All equipment is held solely in the Scandinavia segment, except for computer equipment which is held in Canada.

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11. 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, 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 receivables, reclamation bond and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of the financial instruments. The Company's reclamation bond also approximated fair value. Cash is classified as financial assets measured at fair value through profit or loss and is measured at fair value using level 1 inputs of the fair value hierarchy. Reclamation bond and receivables are measured at amortized cost. Accounts payable and accrued liabilities are classified as liabilities measured at amortized cost.

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.

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Con't)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 interest rate.

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.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2020	2019
Non-cash information:		
Accounts payable settled with short-term loan (Note 6)	\$ -	\$ -
Fair value of the warrants attached to finder's units (Note 7)	\$ -	\$ 11,476
Exploration and evaluation assets included in accounts payable	\$ 66,975	\$ 203,028

13. 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 evaluation 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 during the year.

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14. DISCONTINUED OPERATIONS

On November 5, 2019, pursuant to Sections 29 and 2(e) of the Royalty Agreements specific to the Battery Metals Projects, EMX exercised its rights to acquire the Battery Metals Projects held in BBMSAB through the purchase of all of BBMSAB's shares from BEMC for proceeds of \$1. As a result, the Royalty Agreements specific to the Battery Metals Projects were terminated and a loss of \$688,471 related to the disposal of the Battery Metals Projects is recorded (Note 3).

On November 5, 2019, the disposal group comprised net assets as follows:

Proceeds	\$	1
Less net assets of BBMSAB		
Cash	\$ 7,439	
Accounts receivable	43	
Reclamation bonds	6,112	
Exploration and evaluation assets	676,577	
Accounts payable	(1,699)	
Less net assets		<u>(688,472)</u>
Loss on disposal of BBMSAB (Note 3)	\$	<u>(688,471)</u>

The results of discontinued operations, which are presented as one net amount on the consolidated statements of loss and comprehensive loss are summarized as follows:

	For the period ended 31 March, 2019
Audit and accounting fees	1,450
Consulting fees	-
Foreign exchange (recovery)	(5,067)
General and office costs	-
Legal fees (recovery)	-
Income (loss) from operating activities of discontinued operations	<u>3,617</u>
Loss on disposal of BBMSAB	-
Net income (loss) from discontinued operations	<u>3,617</u>

The net cash flows from (used in) the discontinued operations are as follows:

	For the period ended March 31, 2019
Cash flows from operating activities	45,291
Cash flows used in investing activities	(21,502)
Total cash flows from (used in) discontinued operations	<u>23,789</u>

BOREAL METALS CORP.
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DISCONTINUED OPERATIONS (Con't)

A reconciliation of the consolidated statement of loss and comprehensive loss for the period ended March 31, 2019 is as follows:

	As previously reported March 31, 2019	Effect of Discontinued Operations	Restated after reclassification March 31, 2019
OPERATING EXPENSES			
Administrative fees	\$ -	\$ -	\$ -
Audit and accounting fees	26,744	(1,450)	25,294
Consulting fees	10,488	-	10,488
Depreciation	4,293	-	4,293
Foreign exchange	5,391	5,067	10,457
General and office costs	29,111	-	29,111
Insurance fees	2,500	-	2,500
Interest expense	-	-	-
Management fees	103,000	-	103,000
Marketing	81,907	-	81,907
Legal fees	15,000	-	15,000
Regulatory, filing and transfer agent fees	14,775	-	14,775
Rent	14,977	-	14,977
Share-based payments	70,606	-	70,606
Travel expenses	69,524	-	69,524
	\$ (448,316)	\$ (3,617)	\$ (451,933)
OTHER ITEMS			
Interest Income	724	-	724
LOSS AND COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS			
	\$ (447,592)	\$ (3,617)	\$ (451,029)
Income from discontinued operations	-	3,617	3,617
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD			
	\$ (447,592)	\$ -	\$ (447,592)
Income (loss) attributable to shareholders of the Company:			
From continuing operations	(446,568)	(4,535)	(451,103)
From discontinued operations	-	4,535	4,535
	(446,568)	-	(446,568)
Loss attributable to non-controlling interest:			
From continuing operations	(1,024)	918	(106)
From discontinued operations	-	(918)	(918)
Non-controlling interest	(1,024)	-	(1,024)
	(447,592)	-	(447,592)
Basic and diluted loss per common share	\$ (0.01)	\$ -	\$ (0.01)
Weighted average number of common shares issued and outstanding	66,378,969	-	66,378,969

BOREAL METALS CORP.

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15. CONTINGENCY

In March 2020, the World Health Organization characterized the COVID-19 virus as a global pandemic. There is significant uncertainty as to the likely effects of this outbreak which may, among other things, impact the Company's supply chain of supplies and may negatively impact the capital markets, where the Company has raised equity in the past. At the current time, the Company is unable to quantify the potential impact this pandemic may have on the Company's future financial statements.

16. SUBSEQUENT EVENT

- On May 15, 2020, Karl Antonius resigned as a director of the Company.
- On June 10, 2020, the Company entered into an Option Agreement with Boliden Mineral AB ("Boliden") with respect to the Company's 100% owned Burfjord copper-gold project in Northern Norway ("Burfjord" or the "Project").

Boliden may earn a 51% interest in the Project by incurring USD\$6,000,000 on exploration and development of the Project within four years of the effective date of the Option Agreement (the "First Option"). Boliden may also exercise the first Option by paying the Company in cash within such four-year period the difference between extended if exploration and development on the Project is delayed by an event of force majeure, which includes the current Corona Virus pandemic. If the First Option is exercised, Boliden may earn an additional 29% interest in the Project, for an aggregate 80% interest (the "Second Option"), by solely funding further advancement work through the delivery of a NI 43-101 and PERC (Pan European Reserves & Resources Reporting Committee) compliant feasibility study and solely funding all annual costs to keep the Project in good standing.

EMX Royalty Corporation ("EMX"), the underlying royalty holder and technical advisor to the Company on the Project, will retain a 3% NSR royalty on the Project, which includes advance royalty payments credited toward actual royalties payable upon production. One percent of the 3% NSR may be re-purchased from EMX by February 14, 2025, provided that this right of purchase may be extended if Boliden, due to an event of force majeure, still has the right to exercise, but has not yet exercised, the First Option by February 14, 2025.

Boliden will solely fund the advance royalty payments due to EMX until the First Option is exercised, after which advance royalty payments will be paid by both the Company and Boliden in proportion to their respective proportionate interests in the Project.

The Company will be the initial operator of the Project until the First Option is exercised. Upon exercise of the First Option, the Company and Boliden will form an incorporated Joint Venture to further advance the Project, and Boliden will have the right to become the operator.