

BOREAL METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

September 30, 2017
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM 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 September 30, 2017 and December 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Note	September 30, 2017	December 31, 2016
ASSETS			
Current Assets			
Cash	\$	280,847	\$ 196,987
Accounts receivable		31,764	8,931
Prepaid		100,000	-
		412,611	205,918
Exploration and evaluation assets	3,9	568,757	-
TOTAL ASSETS	\$	981,368	\$ 205,918
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	4 \$	145,947	\$ 87,356
Short-term loan from related party	5,7	64,123	94,195
Short-term loan	5	-	-
		210,070	181,551
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	1,991,709	191,000
Share subscription		-	289,379
Reserves		123,180	-
Deficit		(1,343,591)	(456,012)
		771,298	24,367
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	\$	981,368	\$ 205,918

Nature of operation and going concern (Note 1)

Subsequent events (Note 13)

Approved and authorized by the Board on November 27, 2017.

"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 September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Note	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2017	2016	2017	2016
EXPENSES					
Consulting and management fees	7	\$ 26,843	\$ 29,725	\$ 79,061	\$ 29,725
Exploration expenses	3	83,050	-	245,553	-
General and administrative costs		26,296	1,597	52,757	1,799
Marketing		160,150	-	160,150	-
Professional fees		72,477	11,530	156,664	19,757
Regulatory, filing and transfer agents fees	7	1,453	2,421	7,181	8,864
Rent		7,716	-	7,716	-
Travel expenses		145,839	10,758	178,497	10,758
NET LOSS FOR THE PERIOD		(523,824)	(56,031)	(887,579)	(70,903)
OTHER COMPREHENSIVE LOSS					
Foreign currency gain(loss) on transactions with subsidiaries		(4,912)	-	(15,805)	-
TOTAL COMPREHENSIVE LOSS		\$ (528,736)	\$ (56,031)	\$ (903,384)	\$ (70,903)
Basic and diluted loss per common share		\$ (0.02)	\$ (0.00)	\$ (0.04)	\$ (0.00)
Weighted average number of common shares issued and outstanding		28,946,579	8,610,000	21,385,219	8,610,000

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 Period Ended September 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited)

	For the Nine Months Ended September 30,	
	2017	2016
Cash flow provided by (used in):		
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ (887,579)	\$ (70,903)
Changes in non-cash working capital items:		
Accounts receivable	(22,833)	(2,471)
Prepaid	(100,000)	-
Accounts payable and accrued liabilities	(70,972)	57,735
Short-term loan from related party	(30,072)	(8,057)
	<u>(1,111,456)</u>	<u>(23,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	1,519,001	-
Share issued costs	(18,500)	-
Short-term loan	-	25,000
Share subscription	(289,379)	75,000
	<u>1,211,121</u>	<u>100,000</u>
Exchange differences on translation of foreign operations	(15,805)	-
Increase in cash	83,860	76,304
Cash - beginning of period	196,987	77
Cash - end of period	<u>\$ 280,847</u>	<u>\$ 76,381</u>
Supplemental cash flow		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 11)

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 September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Share Capital		Share Subscription	Reserves			Deficit	Total
		Number	Amount		Warrants	Foreign Currency Transactions			
Balance at December 31, 2015		8,610,000	\$ 191,000	\$ -	\$ -	\$ -	\$ (284,471)	\$ (93,471)	
Share subscription		-	-	75,000	-	-	-	75,000	
Net loss for the period		-	-	-	-	-	(70,903)	(70,903)	
Balance September 30, 2016		8,610,000	\$ 191,000	\$ 75,000	\$ -	\$ -	\$ (355,374)	\$ (89,374)	
Balance at December 31, 2016		8,610,000	\$ 191,000	\$ 289,379	\$ -	\$ -	\$ (456,012)	\$ 24,367	
Shares issued on acquisition of Swedish Companies	6,9	1,713,390	85,670	-	-	-	-	85,670	
Shares issued on private placements	6	16,841,500	1,394,097	(289,379)	133,702	-	-	1,238,420	
Shares issued as per acquisition agreement	6,9	4,367,582	353,525	-	-	-	-	353,525	
Share issued costs	6	-	(32,583)	-	5,283	-	-	(27,300)	
Currency translation adjustment		-	-	-	-	(15,805)	-	(15,805)	
Net loss for the period		-	-	-	-	-	(887,579)	(887,579)	
Balance September 30, 2017		31,532,472	\$ 1,991,709	\$ -	\$ 138,985	\$ (15,805)	\$ (1,343,591)	\$ 771,298	

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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. On November 7, 2016, the Company changed its name to Boreal Metals Corp. The Company’s head office address is 340 - 233 West 1st Street, North Vancouver, British Columbia, Canada, 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 (the “Exchange”) under the trading symbol “BMX” following closing of its offerings of units by way of Short Form Offering Document in accordance with Exchange policies (the “SFOD Offering”) and by way of brokered private placement (Note 13).

On February 14, 2017, the Company closed a share purchase agreement with EMX Royalty Corporation (“EMX Royalty”), (formerly “Eurasian Minerals Inc.”) and has acquired two companies with exploration stage assets in Scandinavia. The companies were wholly-owned subsidiaries of EMX Royalty 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 9).

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 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 September 30, 2017, the Company had cash of \$280,847, working capital of \$202,541 and accumulated deficit of \$1,343,591, all of which casts significant doubt about the Company’s ability to continue as a going concern. 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.

The 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, functional currency 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.

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.

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The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiary, First Ferro Mining Ltd. ("First Ferro", currently dormant), and newly acquired EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the "Swedish Companies") (Note 9). 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, 2016, 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, 2016.

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

Mineral properties

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. 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. 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.

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.

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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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 and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

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

Economic recoverability and probability of future economic benefits of mineral properties

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.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Accounting standards issued but not yet effective

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, 2016:

- IFRS 9, Financial Instruments (effective date January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.
- 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 is currently assessing the impact that these new accounting standards will have on the financial statements.

3. EXPLORATION AND EVALUATION ASSETS

On February 14, 2017, the Company closed its share purchase agreement with EMX Royalty Corporation (“EMX Royalty”), (formerly “Eurasian Minerals Inc.”) and has acquired two companies with exploration stage assets in Scandinavia. The companies were wholly-owned subsidiaries of EMX Royalty which together domiciled 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 9).

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		Swedish Properties
Balance as of December 31, 2016	\$	-
Property acquisition costs		215,233
Shares issued as anti-dilutive right		353,524
Balance as of September 30, 2017	\$	568,757

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 (the "Properties").

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 (Sweden)

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

In the period ended September 30, 2017, the total of \$245,553 exploration costs were incurred by the Company as follows:

Exploration expenses	Adak	Gumsberg	Burfjord	Tynset	Total
Administrative expense	\$ 84	\$ 3,301	\$ 3,327	\$ 319	\$ 7,031
Field work	-	6,122	38,180	-	44,302
Exploration licenses	-	33,132	2,664	-	35,796
Geological	22,437	49,797	55,419	12,181	139,834
Geophysical	4,790	5,400	7,800	600	18,590
Total exploration costs incurred as of September 31, 2017	\$ 27,311	\$ 97,752	\$ 107,390	\$ 13,099	\$ 245,553

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at September 30, 2017 and December 31, 2016 accounts payable and accrued liabilities consists of the followings:

	September 30, 2017		December 31, 2016	
Accounts payable	\$	145,947	\$	82,806
Accrued liabilities		-		4,550
	\$	145,947	\$	87,356

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5. SHORT-TERM LOANS

Short-term loan from related party

As at September 30, 2017, the Company's director advanced to the Company a total amount of \$64,123 (December 31, 2016 - \$94,195) by the way of short-term loans. These loans are unsecured, non-interest bearing and due on demand.

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

As of September 30, 2017, there were 26,060,000 common shares issued and outstanding. As of December 31, 2016 there were 8,610,000 common shares issued and outstanding.

During the period ended September 30, 2017

On February 14, 2017, the Company issued 1,713,390 common shares to EMX Royalty on the acquisition of the Swedish Companies. The shares were fair valued at \$85,670 (Note 9).

On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at \$0.05 per unit for proceeds of \$613,500. Each unit consists of one common share and one-half of one transferable share purchase warrant, exercisable into one additional common share at a price of \$0.10 per share for a period of one year. A fair value of \$53,823 was assigned to these warrants.

On August 14, 2017, the Company closed a private placement of 4,527,500 units at \$0.20 per unit. Each unit consists 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 per share for a period of two years from the date of issue. The warrants are subject to an acceleration provision, whereby any time after four months from the date of issuance and before the expiry date, if the closing price of the common shares of the Company is \$0.75 or above for 10 consecutive trading days, the Company may provide notice to the holder (the "Acceleration Notice") that the warrants will expire on the date which is 30 days from the date of the Acceleration Notice. A fair value of \$79,879 was assigned to these warrants.

In connection with the August 14, 2017 private placement, the issuance of an additional 1,000,000 units on the same terms closed into escrow, subject to release and issuance upon the Company's listing on the Exchange, which became effective November 21, 2017.

The Company paid finder's fees of \$18,500 in cash, issued 44,000 common shares as finder's fees at a deemed price of \$0.20 per common share and 136,500 finder's warrants to certain finders. The finder's warrants have the same terms as private placement warrants except they are non-transferable. A fair value of \$5,283 was assigned to 136,500 brokers' warrants.

As of September 30, 2017, a total of 4,367,582 shares were issued to EMX Royalty at no additional cost due to the Company's obligation to maintain EMX Royalty 19.9% equity ownership in the Company, until \$5,000,000 in equity has been raised (Note 9). These shares were recorded at a fair market value of \$353,525.

During the year ended December 31, 2016

No shares were issued in the year ended December 31, 2016.

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As at September 30, 2017 and December 31, 2016, there were no stock options outstanding.

Warrants

A summary of the changes in the Company's share purchase warrants during the period ended September 30, 2017 are as follows:

Expiry date	Exercise price	WARC life (years)	December 31, 2016	Granted	Exercised	Expired/Cancelled	September 30, 2017
April 4, 2018	\$0.10	0.51	-	6,135,000	-	-	6,135,000
August 14, 2019	\$0.40	1.87	-	2,400,250	-	-	2,400,250
TOTAL			-	8,535,250	-	-	8,535,250
Weighted average price			\$ -	\$ 0.18	\$ -	\$ -	\$ 0.18

The fair value of the warrants issued was determined on the date of issuance based upon the average of the pro-rata method and the Black-Scholes Option Pricing Model using the following assumptions:

	2017
Risk-free interest rate	0.74 – 1.24%
Annualized volatility	100%
Expected dividend yield	Nil
Expected warrants life in years	1-2 years

Reserves

Foreign currency translation reserve records exchange differences arising from translation of the Company's subsidiaries results and financial position from its functional currency into the presentation currency.

7. RELATED PARTY TRANSACTIONS

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

During the period ended September 30, 2017, the Company accrued a total of \$67,000 (2016 - \$4,000) of consulting and management fees to its directors and officers. As of September 30, 2017, \$7,075 (December 31, 2016 - \$8,100) is payable to these directors.

During the period ended September 30, 2017, the Company accrued a total of \$6,500 (2016 - \$Nil) in rent expenses to an officers of the Company.

As at September 30, 2017, the Company's director advanced to the Company an amount of \$64,123 (December 31, 2016 - \$94,195) by the way of short-term loans. These are unsecured, non-interest bearing and due on demand loan.

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

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8. SEGMENT INFORMATION

The Company is engaged in one business activity, being the acquisition, exploration and development of base and precious metal. The two geographical segments are Canada and Scandinavia. All non-current assets are held solely in the Scandinavia segment.

Summarized financial information on the geographic segments the Company operates in are as follows:

For the period ended September 30, 2017	Canada	Scandinavia	Consolidated
Exploration and evaluation assets	\$ -	\$ 568,757	\$ 568,757
Exploration expense	170,519	35,780	206,299
Loss for the period	763,613	123,965	887,578

9. ACQUISITION OF THE SWEDISH COMPANIES

February 14, 2017, the Company has closed its share purchase agreement via a share exchange transaction with EMX Royalty and acquired two companies that were wholly-owned subsidiaries of RMX Royalty 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. EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the “Swedish Companies”) are now wholly-owned subsidiaries of the Company.

To acquire the Swedish Companies, the Company issued 1,713,390 of its common shares to EMX Royalty which represents a 19.9% equity ownership in the Company at the present time and will have the continuing obligation to issue additional shares to maintain 19.9% interest, at no additional cost to EMX Royalty, until the Company has raised CDN\$5,000,000 in equity(subsequently raised); thereafter, EMX Royalty will have the right to participate pro-rata in future financings at its own cost to maintain its 19.9% interest. On April 4, 3,466,610 shares and August 14, 2017, 900,972 shares, were issued to EMX Royalty due to above obligation (Note 6). Subsequently, another 3,124,910 shares were issued to EMX Royalty due to above obligations (Note 13).

EMX Royalty has also been granted a 3% net smelter return (“NSR”) royalty on each of the Properties, of which a 1% NSR 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 Royalty 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 Royalty has the right to one seat on the Board of Directors of the Company.

Management has determined that this transaction does not qualify as a business combination. Accordingly, it was accounted for as an acquisition of assets. The fair value of the purchased assets was measured using the fair value of the issued common shares of the Company on the transaction date.

The following table summarizes the fair value of Swedish companies’ identifiable assets and liabilities acquired at the date of acquisition:

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Net assets and liabilities acquired:	
Cash	\$ 51,450
Accounts receivable	777
Properties acquisition costs	215,233
Trade and other payables	(181,790)
Total	\$ 85,670
Consideration paid:	
Share capital	\$ 85,670

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

Risk management

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

Credit risk

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

Liquidity risk

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

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its project. The ability of the Company to arrange additional financing in the

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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.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	For the nine months ended September 30,	
	2017	2016
Non-cash information:		
Fair value of warrants issued	133,702	-
Fair value of broker's shares	8,800	-
Fair value of broker's warrants	5,283	-
Shares issued on property acquisition	85,670	-
Shares issued as anti-dilutive right	353,525	-

12. 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.

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

13. SUBSEQUENT EVENTS

On November 21, 2017, the Company obtained a public listing for its securities on the TSX Venture Exchange following closing of its offerings of units by way of Short Form Offering Document in accordance with Exchange policies and by way of brokered private placement (the "Private Placement"). The financings were conducted by PI Financial Corp. (the "Agent").

The SFOD consists of to 6,666,666 units of the Company at a price of \$0.30 per unit for gross proceeds of \$2,000,000. Each unit consists 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.

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, concurrently with the SFOD. Each private placement's unit consists of one common share and one warrant, having the same terms as the SFOD warrants.

A cash commission equal to 8% of the gross proceeds of the financings was paid to the Agent. In addition, the Agent was issued non-transferable broker warrants equal to 8% of the number of units issued pursuant to the financings. 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 as the private placement units.

All securities issued in connection with the brokered private placement, the Agent's commission are subject to a four-month hold period, expiring March 22, 2018.

On November 21, 2017, 3,124,910 shares were issued to EMX Royalty at no additional cost due to the Company's obligation to maintain EMX Royalty 19.9% equity ownership in the Company, until \$5,000,000 in equity has been raised (Note 9).

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 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant exercisable into one common share at a price of \$0.50 until November 21, 2019. The securities issued in connection with the non-brokered private placement are subject to a four-month hold period, expiring March 22, 2018.