

**BOREAL METALS CORP.**

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

## **Boreal Metals Corp.**

Management's Discussion and Analysis  
September 30, 2018

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The following management's discussion and analysis ("MD&A"), prepared as of November 29, 2018 should be read together with unaudited interim consolidated financial statements for the period ended September 30, 2018 and the audited consolidated financial statements for the year ended December 31, 2017 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to Boreal Metals Corp. (the "Company") is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

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

### **Description of Business**

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

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

On November 25, 2017, the Company obtained listing on Frankfurt Stock Exchange under the symbol 03E.

On February 15, 2018, the Company amended the share purchase agreement with EMX and completed the acquisition of the Modum cobalt project ("Modum") which has exploration licenses in Norway.

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

On May 18, 2018, the Company completed the acquisition of the Njuggträskliden and Mjövattnet cobalt and nickel projects ("Njuggträskliden and Mjövattnet") in Sweden from EMX through BEMC's subsidiary, BBMSAB.

Boreal is a mineral exploration company focused on the discovery of zinc, copper, silver, gold, cobalt and nickel deposits in exceptional, historical mining project areas spanning Sweden and Norway. The Company aims to discover new economic mineral deposits in known mining districts that have seen little or no modern exploration techniques.

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### Significant Events

On February 15, 2018, the Company completed the acquisition of the Modum project from EMX. Pursuant to the terms of the agreement, the Company issued to EMX 1,324,181 common shares at a deemed price of \$0.26, which brought EMX's equity ownership in Boreal to 19.9% at that time. EMX will have the right to participate pro-rata in future financings at its own cost to maintain its 19.9% interest in Boreal.

On March 20, 2018, the Company completed the acquisition of the Guldgruvan project from EMX by BEMC. Pursuant to the terms of the agreement, the Company issued to EMX 2,979,798 common shares, which brought EMX's equity ownership in BEMC to 5.9%.

On May 18, 2018, the Company completed the acquisition of the Njuggträskliden and Mjövattnet projects from EMX by BEMC. Pursuant to the terms of the agreement, the Company transferred 2,020,020 common shares to EMX, which brought EMX's equity ownership in BEMC to 9.9%. BEMC will have the continuing obligation to issue additional shares of BEMC to EMX to maintain its 9.9% interest in BEMC, at no additional cost to EMX, until BEMC has raised \$3,000,000 in equity. Thereafter, EMX will have the right to participate pro-rata in future financings at its own cost to maintain its 9.9% interest in BEMC.

For the period from January 1, 2018 up to the date of MD&A, 5,935,000 warrants were exercised at a price of \$0.10 for gross proceeds of \$593,500 and 200,000 warrants were expired.

On September 14, 2018, the Company announced a stock option grant whereby a total of 4,925,000 incentive stock options have been granted to its directors, officers, and consultants.

### Exploration and Evaluation Assets

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

On February 15, 2018, the Company acquired the Modum project.

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

On May 18, 2018, the Company completed the acquisition of the Njuggträskliden and Mjövattnet projects from EMX by BEMC.

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.

Acquisition expenses	Adak, Gumsberg, Burfjord, Tynset	Modum	Guldgruvan	Njuggträskliden and Mjövattnet	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2016	-	-	-	-	-
Acquisition	215,233	-	-	-	215,233
Shares issued as anti-dilutive right	1,290,997	-	-	-	1,290,997
Balance, December 31, 2017	1,506,230	-	-	-	1,506,230
Acquisition	-	447,254	198,990	151,010	797,254
Balance, September 30, 2018	1,506,230	447,254	198,990	151,010	2,303,484

The Company is the owner of base metal mining licenses located in Norway known as the Burfjord and Tynset licenses and in Sweden the Gumsberg and Adak projects. In addition, the Company through BEMC, is the owner of mining licenses located in Norway known as the Modum project and in Sweden known as the Guldgruvan, the Njuggträskliden, and the Mjövattnet projects (collectively, the "Battery Metals Projects").

During the period ended September 30, 2018, the total exploration costs incurred by the Company are as follows:

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Exploration expenses	Adak	Gumsberg	Burfjord	Tynset	Battery Metals Projects	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2016	6,537	12,191	3,421	6,538	-	28,687
Accommodation	-	6,016	17,921	-	-	23,937
Drilling	-	169,176	-	-	-	169,176
Field work	326	104,816	144,233	5,611	-	254,986
Exploration licenses	-	33,132	6,340	3,676	-	43,148
Geological	30,498	150,046	88,499	12,854	-	281,897
Geophysical	4,800	12,600	7,800	600	-	25,800
Balance, December 31, 2017	42,161	487,977	268,214	29,279	-	827,631
Accommodation	-	19,526	354	-	-	19,880
Drilling	-	339,912	-	-	-	339,912
Exploration equipment	716	24,123	-	3,532	-	28,371
Field work	1,923	118,480	12,193	44,941	-	177,537
Exploration licenses	131	23,659	26,284	81,173	5,458	136,705
Geological	4,658	154,127	35,329	6,320	35,392	235,826
Geophysical	-	41,880	-	-	-	41,880
Other	269	9,282	795	333	654	11,333
Incurred in 2018	7,697	730,989	74,955	136,299	41,504	991,444
Balance, September 30, 2018	49,858	1,218,966	343,169	165,578	41,504	1,819,075

**Adak VMS Project (Skellefteå District, Sweden)**

The Adak exploration license is located in Skellefteå Mining District in north Sweden. Boreal's Adak project consists of the historical Adakfältet Mine Field which consists of the Adak, Lindsköld, and Brännmyarn mines which together account for 6.33 Mt @ 2.02% Cu, 0.6 g/t Au, 9 g/t Ag and the Rudtjebäcken Mine with 4.75Mt @ 0.9% Cu, 3% Zn, 0.3 g/t Au, 10 g/t Ag (historical, non-43-101compliant resources). These mines were contract mined by Boliden on behalf of the Swedish Government between 1932 and early 1978, when the mining complex was destroyed by a fire. The facilities were not rebuilt or re-opened since.

During the first three quarters of 2018, Boreal has been compiling historic information and generating digital 3-D models of the mine workings and historic drill intercepts at Adak to help refine drill targeting. Subsurface geologic data include over 700 drill holes and extensive underground development maps and data. This database, coupled with modern direct detection electromagnetic geophysical methods, has identified high potential drill targets within and adjacent to the existing mining footprint. Using these new data compilations and 3-D models, Boreal intends to continue exploring along strike and down dip of historically mined zones of mineralization in the district.

**Gumsberg VMS Project (Bergslagen District, Sweden)**

The strategically situated Gumsberg project consists of six exploration licenses in the Bergslagen Mining District of southern Sweden totaling over 18,300 hectares, where multiple zones of VMS style mineralization have been identified. Precious and base metal VMS-style mineralization at Gumsberg was mined from the 13th century through the early 19th century, with over 30 historic mines present on the property, most notably the Östrasilvberg mine, which was the largest silver mine in Sweden between 1250 and 1590.

On February 28 and May 2, 2018, the Company announced high grade and other encouraging drill results from the 2,545 metre diamond drill program conducted at Gumsberg in late 2017 and early 2018. These drill results confirmed the presence of high-grade silver-zinc-lead mineralization with significant associated copper and gold mineralization that extends along strike from and below the historic mine workings in the area. Also intersected were previously unrecognized zones of mineralization away from the mine workings. These represent novel discoveries of mineralization in the district.

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Drill intercepts included VMS-type exhalative massive sulfide horizons, primary replacement style and related high-grade lenses and shoots of silver-zinc-lead mineralization. Similar styles of mineralization occur throughout the Bergslagen district in southern Sweden, which is host to multiple world-renowned base metal sulphide deposits.

In September 2018, Boreal announced the results of a 61 line kilometre, high resolution ground magnetometer survey at Gumsberg (see the Company's New Release dated September 19, 2018). The survey confirmed the potential for layered/stacked or structurally repeated mineralized zones and provided better resolution of the known trends of mineralization in the area. This data will play a key role in developing further drill targets in the areas of the historic Vallberget-Loberget mining trend, as they help define extensions of the known trends of mineralization.

**SELECTED DRILL INTERCEPTS FROM GUMSBURG: DIAMOND DRILL HOLES FROM 2017-2018 PROGRAM**

Hole ID	From Metres	To Metres	Length Metres	Zn %	Ag g/t	Pb %	Cu %	Au g/t	Prospect Name
BM-17-001 <sup>x</sup>	99.30	106.00	6.70	5.19	16.39	1.08	0.300	0.080	Vallberget
<i>Incl.</i>	<b>101.30</b>	<b>104.40</b>	<b>3.10</b>	<b>10.97</b>	<b>32.34</b>	<b>2.25</b>	<b>0.390</b>	<b>0.160</b>	
BM-17-002 <sup>x</sup>	88.10	88.62	0.52	5.65	1.63	0.06	0.190	0.050	Vallberget
<b>BM-17-002<sup>x</sup></b>	<b>92.30</b>	<b>94.20</b>	<b>1.90</b>	<b>13.55</b>	<b>51.75</b>	<b>5.23</b>	<b>0.270</b>	<b>0.340</b>	Vallberget
<i>Incl.</i>	92.63	93.57	0.94	26.70	99.60	10.45	0.130	0.540	
BM-17-003 <sup>x</sup>	101.35	102.55	1.20	6.73	25.00	2.10	0.350	0.120	Vallberget
BM-17-004 <sup>x</sup>	105.77	106.37	0.60	4.81	24.94	1.96	0.010	0.020	Vallberget
<b>BM-17-005<sup>y</sup></b>	<b>122.30</b>	<b>133.24</b>	<b>10.94</b>	<b>16.97</b>	<b>656.70</b>	<b>8.52</b>	<b>0.030</b>	<b>0.760</b>	Östrasilvberg
<i>Incl.</i>	<b>122.30</b>	<b>127.45</b>	<b>5.15</b>	<b>30.59</b>	<b>1172.00</b>	<b>14.87</b>	<b>0.050</b>	<b>1.070</b>	
<i>And</i>	<b>128.92</b>	<b>129.76</b>	<b>0.84</b>	<b>33.09</b>	<b>1113.00</b>	<b>17.20</b>	<b>0.040</b>	<b>1.320</b>	
<i>And</i>	132.90	133.24	0.34	0.06	487.00	5.44	0.060	4.000	
<b>BM-17-005<sup>y</sup></b>	<b>155.43</b>	<b>165.00</b>	<b>9.57</b>	<b>5.87</b>	<b>183.90</b>	<b>2.33</b>	<b>0.040</b>	<b>0.520</b>	
<i>Incl.</i>	<b>155.43</b>	<b>161.00</b>	<b>5.57</b>	<b>9.04</b>	<b>288.65</b>	<b>3.59</b>	<b>0.040</b>	<b>0.870</b>	
<i>And</i>	163.71	165.00	1.29	4.44	113.00	1.75	0.040	0.090	
BM-17-005 <sup>y</sup>	178.16	179.00	0.84	11.56	218.02	5.77	0.040	0.300	
<b>BM-17-006<sup>x</sup></b>	<b>14.88</b>	<b>19.95</b>	<b>5.07</b>	<b>3.00</b>	<b>9.25</b>	<b>0.96</b>	<b>0.064</b>	<b>0.023</b>	Vallberget
<i>Incl.</i>	14.88	15.93	1.05	9.29	11.16	0.88	0.127	0.083	
<i>Incl.</i>	18.80	19.95	1.15	4.38	9.35	3.38	0.130	0.022	
<i>And</i>	97.15	100.85	3.70	19.27	17.66	0.25	0.644	0.025	
BM-17-007	No Significant Results								Vallberget
BM-17-008 <sup>x</sup>	13.25	13.60	0.35	3.20	6.85	0.03	0.053	0.023	Vallberget
BM-17-008 <sup>x</sup>	86.35	87.15	0.80	1.16	0.85	0.05	0.016	0.002	
BM-17-009	No Significant Results								Vallberget
BM-17-010	No Significant Results								Gumsgruvan
<b>BM-17-011<sup>x</sup></b>	<b>53.50</b>	<b>56.65</b>	<b>3.15</b>	<b>3.03</b>	<b>11.69</b>	<b>0.62</b>	<b>0.438</b>	<b>0.188</b>	Vallberget
<i>Incl.</i>	54.73	55.20	0.47	17.80	43.00	4.02	0.037	0.584	
<b>BM-17-011<sup>x</sup></b>	<b>130.50</b>	<b>137.20</b>	<b>6.70</b>	<b>7.01</b>	<b>11.14</b>	<b>0.44</b>	<b>0.100</b>	<b>0.002</b>	
BM-17-012 <sup>w</sup>	321.00	322.00	1.00	1.22	6.20	0.60	0.005	0.101	Östrasilvberg
BM-17-012 <sup>w</sup>	325.00	329.00	4.00	1.01	4.25	0.42	0.006	0.187	
BM-17-012 <sup>w</sup>	332.00	339.00	7.00	1.56	12.20	0.85	0.016	0.177	

<sup>w</sup> True width unknown.

<sup>x</sup> Apparent widths reported - true widths are estimated between 80-100% of reported intervals.

<sup>y</sup> Apparent widths reported - true widths are estimated at 20-50% of reported interval.

***Burfjord Copper-Gold Project (Alta Region, Norway)***

The Burfjord copper-gold project is comprised of six exploration licenses totaling 5,500 hectares in the Kåfjord copper belt near Alta, Norway. Copper mineralization was mined in the Burfjord area during the 19th century, with over 25 historic mines and prospects developed along the flanks of a prominent 4 x 6 kilometre fold (anticline) consisting of interbedded sedimentary and volcanic rocks. Copper and gold mineralization at Burfjord is hosted by swarms of iron-oxide rich carbonate veins, with high grade copper mineralization (the target of the historic mining activity) focused along contacts between rock types. However, cut-off grades in the primitive 19<sup>th</sup> century-era mining operations were quite high (likely exceeding 3% copper), and Boreal sees potential for larger tonnages of mineralization at lower grades in areas adjacent to and surrounding the historic mines.

On January 4, 2018 the Company announced the results of an Induced Polarization Geophysical Survey ("IP Geophysical Survey") at the 100% owned Burfjord Copper Project. The results of the survey indicate along-strike continuity of sulphide mineralization over a three-kilometre segment of prospective stratigraphy and depth continuity in excess of 100 metres; beyond the depth limitations of the pole-dipole electrode configuration. An IP and Resistivity Survey was conducted between October 5 and October 25, 2017 at Burfjord, by GeoVista AB. The survey results successfully demonstrate the projection of mineralization under cover for widths on the order of 100 metres or more, the continuity of the mineralization along trend for at least 3,000 metres, and projection to depths of at least 100 metre. Based on these results, Boreal has commenced a drill program to test the grade and continuity of mineralization.

In late September 2018, Boreal announced the commencement of a planned 1,000 metre drill program at Burfjord (see the Company's News Release dated September 26, 2018). The drill program was designed to test multiple copper and gold targets in the Burfjord area, particularly in the southwest area of the anticline, where much of the historical mining activities were focussed. The areas drilled by Boreal have not been previously drill tested. In total, seven holes were drilled totalling 951 metres, with results pending.

***Tynset VMS Project (Røros District, Norway)***

The Tynset project is comprised of certain exploration licenses in the Røros Mining District of central Norway. The Tynset project is comprised of 17 exploration licenses totaling 17,000 hectares in the Røros Mining District of central Norway, which hosts a ~30-kilometre trend of VMS style mineral occurrences and historic mines, including the Vingelen Mine, which was operated in the 18<sup>th</sup> and 19<sup>th</sup> centuries.

During the summer months of 2018, surface sampling, mapping and geophysical programs took place on the Tynset project. These work programs were being focussed in the areas of historic mines at Vingelen and Fådalsgruven and included soil sampling surveys, mapping and ground magnetometer surveys using a continuous read, high resolution magnetometer. In total, 23 lines of soil samples were collected, constituting over 650 individual samples, and 86 line kilometres of high resolution ground magnetic surveys were completed.

These programs generated multiple new geochemical and geophysical targets, as well as, further refined the understanding of geological features and trends in both areas. In particular, new geological targets were identified to the south of the historic mine workings at Fådalsgruven, and several additional trends of mineralization appear to have been identified at Vingelen. Continued work in 2019 will focus on areas along the Sivilldalen Mine trend at the southern end of the Tynset property position, prior to identification of prioritized targets for drill testing.

***Modum Cobalt Project (Norway)***

The 13,115 Ha Modum cobalt-copper project is located approximately 75 kilometres west of Oslo, Norway. The Modum project is accessible year-round, with robust infrastructure including road, rail, power, and skilled labour in nearby municipalities. The Modum property position surrounds an inlier of exploration licenses held by third parties that partially cover the Skuterud Cobalt Mine, one of Europe's most prolific historic cobalt producers. Historic mine workings, prospects and trends of cobalt and copper mineralization extend onto the Boreal property.

In Q2 and Q3, 2018, conducted surface exploration programs at Modum, including sampling of soil and till materials along the geologic trend of the historic mining areas. As was the case at Tynset, the geochemical sampling program identified multiple additional targets at Modum, which will be the focus of follow-up exploration programs in 2019.

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***Guldgruvan Cobalt Project (Los Cobalt Mine, Sweden)***

The 2,400 Ha Guldgruvan Cobalt Project is located near the town of Los, Sweden. The Project is accessible year-round, with robust infrastructure including paved roads, power, and skilled labour in nearby municipalities. The Guldgruvan Project contains numerous historical workings, test pits and shallow drill holes in addition to five major mining sites which were the focus of historical production. Those include the Los Cobalt Mine, one of the few historic mines in Sweden that produced cobalt as its primary commodity.

***Njuggträskliden and Mjövattnet Nickel-Copper-Cobalt Projects (Skellefteå, Sweden)***

The Njuggträskliden and Mjövattnet nickel-copper-cobalt projects are located in the Skellefteå mining area in Northern Sweden. The 9,000 hectare Njuggträskliden and 6,400 hectare Mjövattnet licenses cover multiple drill defined zones of nickel-rich sulfide mineralization. The Projects were recognized during a nationwide reconnaissance exploration program for nickel conducted between 1968 and 1984 by the Swedish Geological Survey ("SGU") and other government entities. This led to the discovery of nickel mineralization at Mjövattnet in 1971, followed by the discovery of Njuggträskliden in 1974. More than 80 nickel occurrences were identified during the reconnaissance programs, including Njuggträskliden and Mjövattnet, with state funded drill programs defining multiple historic mineral resources.

***Exploration Outlook***

Boreal is pleased with the progress made thus far on its 2018 exploration programs in Scandinavia, especially with the initial drill results reported from the Gumsberg project in Sweden, where 9 or 12 reconnaissance drill holes intersected significant base-metal and silver rich styles of mineralization. The high-grade intercepts reported at Gumsberg exceeded expectations, and as a subsequent event to Q3, Boreal is preparing for a follow-up drill program to be executed in late 2019. Likewise, an initial drill program was conducted at the Burfjord project in northern Norway. Results from the Burfjord drill program are pending.

Multiple other projects were also advanced in 2018, including field programs executed at the Tynset and Modum projects in Norway, and data compilation and advanced targeting efforts continued at the Adak VMS project in Sweden.

To date, an emphasis has been placed on low-cost, high value surface exploration work that led to the definition of high priority drill targets, as well as highly efficient drill programs targeting near-surface, high grade zones of mineralization (Gumsberg and Burfjord as examples). These cost-efficient programs are designed to deliver maximum value to Boreal shareholders while continuing to advance multiple projects in the portfolio in a timely fashion.

**Selected Annual Financial Information**

The Company's Consolidated Financial Statements for the years ended December 31, 2017, 2016, and 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following selected financial information is taken from the annual consolidated financial statements and should be read in conjunction with those statements.

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

	December 31, 2017 (restated)	December 31, 2016 (restated)	December 31, 2015
Cash	3,397,728	196,987	77
Total assets	6,148,380	234,605	5,084
Total liabilities	686,862	181,551	98,555
Shareholders' equity (deficiency)	5,461,518	53,054	(93,471)
Net loss and comprehensive loss	(1,403,621)	(142,854)	(40,667)
Basic and diluted loss per common share	(0.05)	(0.02)	(0.01)

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### **Results of Operations**

*For the three month periods ended September 30, 2018 and 2017*

During the period ended September 30, 2018, the Company incurred a net loss of \$640,479, an increase of \$194,793 compared to \$445,686 net loss incurred the same period of 2017. This significant increase in the Company expenses was a result of increased activity of the Company. During the third quarter of 2018, the Company conducted exploration programs on its newly acquired properties.

During the period ended September 30, 2018, the Company's major operating expenses were as follows:

Marketing fees totaled \$82,519 (2017 - \$160,150) as the Company engaged fewer consulting and marketing companies to bring investor awareness of the Company.

Management fees totaled \$120,500 (2017-\$24,000) and consulting fees of \$21,798 (2017 - \$2,843) were paid or accrued for present and directors and officers of the Company.

Legal fees totaled \$49,976 (2017 - \$29,739) and audit and accounting fees \$50,336 (2017 - \$42,738). Legal fees increased because legal bills relating to the acquisition of mineral property projects in 2018 have been accrued. Audit and accounting fees increased with increased projects due to setting and maintaining two offices in Canada and Sweden.

Travel expenses totaled of \$55,808 (2017-\$145,839) were due to reduced traveling during the current quarter compared to the prior corresponding period.

Foreign exchange of \$9,270 (2017-\$4,912) due to the increased activity of the subsidiaries in Canada and Sweden.

Share-based payments of \$198,861 (2017-\$Nil) due to options issued during the third quarter of the current year.

The basic and diluted loss per common share in the three month period ended September 30, 2018 totaled \$0.01 (2017 - \$0.01).

*For the nine month period ended September 30, 2018 and 2017*

During the period ended September 30, 2018, the Company incurred a net loss of \$1,519,609, an increase of \$861,778 compared to \$657,831 net loss incurred the same period of 2017. This significant increase in the Company expenses was a result of increased activity of the Company. During the first three quarters of 2018, the Company acquired four exploration and evaluation property projects and conducted exploration programs on its newly acquired properties.

During the period ended September 30, 2018, the Company's major operating expenses were as follows:

Marketing fees totaled \$464,747 (2017 - \$160,150) as the Company engaged services of several consulting and marketing companies for the Frankfurt listing and to bring investor awareness of the Company.

Travel expenses of \$162,863 (2017 - \$178,497) were incurred for investor relations to raise additional capital, meet with investors and oversee exploration activities.

Management fees of \$291,438 (2017 - \$49,000) were paid or accrued for present and directors and officers of the Company.

Legal fees totaled \$52,784 (2017 - \$69,172), audit and accounting fees of \$158,135 (2017 - 87,492), and rent expense of \$35,062 (2017 - \$7,176). Legal fees decreased because more fees were incurred in 2017 due to Scandinavian companies' acquisition. Audit and accounting fees and rent increased due to increased projects and setting and maintaining two offices in Canada and Sweden as well as additional transition fees related to new accountants engaged during the current period.

Regulatory, filing and transfer agent fees recovery totaled \$3,080 (2017 - expense of \$9,408) were incurred due to a refund of overpayment related to regulatory fees for the listing of the Company.

General and office costs totaled \$67,498 (2017 - \$37,405), as the Company was inactive in the first quarter of 2017 due to difficult market conditions, and the increase of the office costs due to maintaining two offices in Canada and Sweden.

Foreign exchange of \$37,990 (2017-\$15,805) due to the increased activity of the subsidiaries in Canada and Sweden.

Share-based payments of \$198,861 (2017 - \$Nil) due to options issue during the third quarter of the 2018 year.



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The basic and diluted loss per common share in the nine month period ended September 30, 2018 totaled \$0.03 (2017 - \$0.02).

*Cash flows for the period ended September 30, 2018 and 2017*

At September 30, 2018, the Company had \$1,229,771 cash, compared to \$3,397,728 cash at December 31, 2017.

In the first three quarters of 2018, net cash used for operating activities totaled \$1,534,121 compared to \$881,707 of net cash used for operating activities in the same period of 2017. The cash used in operating activities consisted of the operating expenses of the Company.

During the period ended September 30, 2018, the Company completed drilling on Gumsberg project, acquired fixed assets for \$85,892 and three mineral property projects. Modum was acquired for share consideration valued at \$397,254 and Guldgruvan project was acquired for shares in BEMC which totalled \$148,990. Njuggträskliden and Mjövattnet were also acquired for shares in BEMC which amounted to \$101,010.

In the period ended September 30, 2018, the Company issued shares on the exercise of warrants for the proceeds of \$593,500.

**Summary of Quarterly Results (restated – see New Standards Not Yet Adopted and Change in Accounting Policy Section)**

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
			\$	\$	\$	\$	\$	\$
Cash	1,229,771	1,750,659	1,665,678	3,397,728	280,847	390,770	228,579	196,987
Total assets	5,670,935	5,983,512	5,779,628	6,148,380	1,255,608	1,003,811	546,853	234,605
Total liabilities	289,411	160,370	485,035	686,862	210,070	264,281	283,960	181,551
Working capital (deficiency)	1,176,753	1,884,835	1,647,296	3,120,007	202,541	159,777	(36,885)	24,367
Net comprehensive loss	(640,479)	(273,638)	(605,492)	(745,790)	(445,686)	(142,193)	(69,952)	(66,429)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)

**Liquidity and Capital Resources**

To date, the Company has not yet realized profitable operations. The Company will require additional financing to explore and develop its mineral properties and there can be no assurances that such financing will be available, or if available, will be on reasonable terms.

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

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

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

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### Related Party Transactions

Key management personnel include Patricio Varas as Executive Chairman; Karl Antonius as President, Chief Executive Officer and Director; Alexandra Woodyer Sherron as Chief Financial Officer; and Jon Sherron, Eric Jensen, David Reid and Michael Nordfors (appointed July 1, 2018) as Directors of the Company and its subsidiaries. Hakan Sydner ceased to be a related party effective July 1, 2018.

The Company entered into the following transactions with related parties during the period ended September 30, 2018:

	For the period ended September 30, 2018	
	2018	2017
Short-term benefits paid or accrued:		
Accounting fees	\$ 45,263	\$ -
Consulting fees	26,679	-
Management fees	290,500	61,278
Rent	20,000	-
	<u>\$ 382,442</u>	<u>\$ 61,278</u>

As of September 30, 2018, included in accounts payable is \$549 (December 31, 2017 - \$132,934) due to directors and officers, included in accounts receivable is \$Nil (December 31, 2017 - \$Nil) receivable from an officer and included in prepaid is \$Nil (December 31, 2017 - \$2,125) advanced to an officer of the Company.

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

### Financial Instruments and Other Instruments

#### Financial instruments

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

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

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

#### Risk management

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

##### 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.

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

***Market risk***

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

***Currency risk***

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

***Interest rate risk***

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

***Price risk***

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

**Segmented Information**

The Company is engaged in one business activity, being the acquisition and exploration of mineral properties. Geographic information is disclosed in Exploration and Evaluation Assets section. All non-current assets are held solely in the Scandinavia segment, except for computer.

**Subsequent Events**

There are no reportable events subsequent to the year ended September 30, 2018.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as at September 30, 2018.

**Significant Accounting Policies**

These consolidated financial statements, including comparatives, were prepared in accordance with the accounting policies described in the Company's annual financial statements for the year ended December 31, 2017.

**Critical Accounting Estimates**

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

## **Boreal Metals Corp.**

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### *Valuation of share-based compensation*

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

### *Income taxes*

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

### *Site decommissioning obligations*

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

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

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

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

### *Functional and reporting currency*

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

### *Acquisition method accounting*

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

## **New Standards Not Yet Adopted and Change in Accounting Policy**

The Company has not yet adopted the following revised or new IFRS that have been issued but were not yet effective as at September 30, 2018:

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 and the business of the Company.

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

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

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

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

### Outstanding Share Data

As at September 30, 2018 and the date of this MD&A, the Company had 58,849,895 common shares outstanding.

On February 14, 2018, the Company issued 1,324,181 common shares to EMX on the acquisition of the Modum project. The shares were valued at \$397,254.

During the period, the Company issued 5,935,000 common shares on the exercise of warrants for proceeds of \$593,500.

### 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.

On September 14, 2018, the Company granted a total of 4,925,000 incentive stock options exercisable for common shares at an exercise price of \$0.20 per share until September 14, 2028 to its directors, officers, and consultants, which vests evenly immediately and on September 2019 and 2020, respectively.

As at September 30, 2017, there are no stock options outstanding.

A summary of stock options during the period ended September 30, 2018 is as follows:

	Weighted average exercise price	Number of options outstanding
Balance, September 30, 2017	\$ -	-
Stock options granted	0.20	4,925,000
<b>Balance, September 30, 2018</b>	<b>\$ 0.20</b>	<b>4,925,000</b>

The following table summarizes information regarding stock options outstanding and exercisable as at September 30, 2018:

Expiry Date	Number of options outstanding	Weighted average exercise price	Weighted average life (years)	Number of options exercisable	Weighted average exercise price	Weighted average life (years)
September 14, 2028	4,925,000	\$ 0.20	9.96	1,641,672	\$ 0.20	9.96
<b>Balance, September 30, 2018</b>	<b>4,925,000</b>	<b>\$ 0.20</b>	<b>9.96</b>	<b>1,641,672</b>	<b>\$ 0.20</b>	<b>9.96</b>

### Warrants

As at September 30, 2018 and as of the date of this MD&A, the Company had 16,365,249 warrants issued and outstanding.

A summary of share purchase warrants transactions during the period ended September 30, 2018 are as follows:

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Expiry date	Exercise price	WARC life (years)	December 31, 2017	Granted	Exercised	Expired/Cancelled	September 30, 2018
April 4, 2018	\$0.10	-	6,135,000	-	(5,935,000)	(200,000)	-
May 21, 2019	\$0.30	0.64	1,065,000	-	-	-	1,065,000
August 14, 2019	\$0.40	0.87	2,400,250	-	-	-	2,400,250
November 21, 2019	\$0.50	1.14	12,399,999	-	-	-	12,399,999
November 21, 2019	\$0.40	1.14	500,000	-	-	-	500,000
Total Outstanding and Exercisable			22,500,249	-	(5,935,000)	(200,000)	16,365,249
Weighted average price			\$ 0.37	\$ -	\$ 0.10	\$ 0.10	\$ 0.47

**Escrow Units**

12,102,236 shares and 3,538,618 warrants were placed in escrow in accordance with the escrow agreement dated November 21, 2017. 10% of the escrowed common shares and warrants were released on November 21, 2017, upon the completion of the SFOD. During the period ended September 30, 2018, 15% of the escrowed common shares and warrants were released. As at September 30, 2018, there were 9,076,677 common shares (December 31, 2017 – 10,892,012) and 2,653,964 warrants (December 31, 2017 – 3,184,756) of the Company held in escrow.

**Management's Responsibility for Financial Statements**

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

**Risk Factors**

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

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

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

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

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

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

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

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

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

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

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

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

*Land reclamation requirements for the exploration properties may be burdensome.*

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

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

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

**Approval**

The Board of Directors of the Company has approved the disclosure contained in this MD&A on November 29, 2018. A copy of this MD&A will be provided to anyone who requests it and can be found on SEDAR at [www.sedar.com](http://www.sedar.com).