

BOREAL METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

March 31, 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 March 31, 2017 and December 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Note	March 31, 2017	December 31, 2016
ASSETS			
Current Assets			
Cash	\$	228,579	\$ 196,987
GST receivable		18,496	8,931
		247,075	205,918
Exploration and evaluation assets	3,9	159,913	-
TOTAL ASSETS	\$	406,988	\$ 205,918
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	4 \$	126,265	\$ 87,356
Short-term loan from related party	5,7	75,800	94,195
Short-term loan	5	81,895	-
		283,960	181,551
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	276,670	191,000
Share subscription	13	483,500	289,379
Accumulated other comprehensive loss		(10,449)	-
Deficit		(626,693)	(456,012)
		123,028	24,367
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	\$	406,988	\$ 205,918

Nature of operation and going concern (Note 1)

Subsequent events (Note 13)

Approved and authorized by the Board on May 30, 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 March 31, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

		For the Three Months Ended March 31,	
	Note	2017	2016
EXPENSES			
Amortization	3	\$ 21,367	\$ -
Consulting and management fees	7	19,998	
Exploration Expense		89,364	
License and permits		447	
General and administrative costs		8,550	134
Professional fees		21,488	5,000
Regulatory, filing and transfer agents fees		698	1,500
Travel expenses		8,769	-
NET LOSS AND COMPREHENSIVE LOSS		\$ (170,681)	\$ (6,634)
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Basic and diluted loss per common share		\$ (0.02)	\$ (0.00)
Weighted average number of common shares issued and outstanding		9,476,109	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 March 31, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited)

	For the Three Months Ended March 31,	
	2017	2016
Cash flow provided by (used in):		
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ (170,681)	\$ (6,634)
Adjustments to non-cash items:		
Amortization	21,367	-
Changes in non-cash working capital items:		
GST receivable	(9,565)	(325)
Accounts payable and accrued liabilities	38,231	2,775
	<u>(120,648)</u>	<u>(4,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of exploration and evaluation assets	(146,382)	-
Cash acquired on acquisition of Swedish Companies	51,450	-
	<u>(94,932)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loan from related party	(18,395)	(6,450)
Short-term loan	81,895	25,000
Share subscription	194,121	-
	<u>257,621</u>	<u>18,550</u>
Exchange differences on translation of foreign operations	(10,449)	-
Increase in cash	31,592	14,366
Cash - beginning of period	196,987	77
Cash - end of period	<u>\$ 228,579</u>	<u>\$ 14,443</u>
Supplemental Cash Flow		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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 December 31, 2015 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Share Capital		Share	Acc.	Deficit	Total
		Number	Amount	Subscription	Other Com. loss		
Balance at December 31, 2015		8,610,000	\$ 191,000	\$ -	\$ -	\$ (284,471)	\$ (93,471)
Net loss for the period		-	-	-	-	(6,634)	(6,634)
Balance March 31, 2016		8,610,000	191,000	-	-	(291,105)	(100,105)
Obligations to issue shares	13	-	-	289,379	-	-	289,379
Net loss for the period		-	-	-	-	-	-
Balance at December 31, 2016		8,610,000	191,000	289,379	-	(456,012)	24,367
Shares issued on acquisition of Swedish Companies	3,9	1,713,390	85,670	-	-	-	85,670
Obligations to issue shares	13	-	-	194,121	-	-	194,121
Currency translation adjustment		-	-	-	(10,449)	-	(10,449)
Net loss for the period		-	-	-	-	(170,681)	(170,681)
Balance March 31, 2017		10,323,390	\$ 276,670	\$ 483,500	\$ (10,449)	\$ (628,693)	\$ 123,028

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

BOREAL METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

The Company is in the process of exploring and developing its mineral property 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 March 31, 2017, the Company had cash of \$228,579, working capital deficiency of \$36,885 and accumulated deficit of \$626,693, 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 basic 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.

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 8). 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.

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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.

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

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

3. EXPLORATION AND EVALUATION ASSETS

February 14, 2017, the Company closed its share purchase agreement via a share exchange transaction with Eurasian Minerals Inc. ("Eurasian") and acquired two companies 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 (the "Properties"). 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	\$	179,825
Amortization		(21,367)
Adjustment on translation of foreign operations		(1,455)
Balance as of March 31, 2017	\$	159,913

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31, 2017 and December 31, 2015 accounts payable and accrued liabilities consists of the followings:

	March 31, 2017		December 31, 2016	
Accounts payable	\$	126,265	\$	82,806
Accrued liabilities		-		4,550
	\$	126,265	\$	87,356

5. SHORT-TERM LOANS**Short-term loans from related party**

As at March 31, 2017, the Company's director advanced to the Company a total amount of \$75,800 (December 31, 2016 - \$94,195) by the way of short-term loans. These are an unsecured, non-interest bearing and due on demand loans.

Short-term loans

As of March 31, 2017, \$81,895 (December 31, 2016 - \$Nil) was advances to the Company by the way of short-term loans. These loans are unsecured, non-interest bearing and due on demand loans.

6. SHARE CAPITAL**Authorized share capital**

As at March 31, 2017, 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 at March 31, 2017, there were 10,323,390 common shares issued and outstanding and December 31, 2016 8,610,000.

During the period ended March 31, 2017

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

During the year ended December 31, 2016

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

As at March 31, 2017 and December 31, 2016, there were no stock options nor share purchase warrants outstanding.

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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 March 31, 2017, the Company accrued \$5,500 to its directors. As of March 31, 2017, \$3,925 (December 31, 2016 - \$8,100) is payable to these directors.

As at March 31, 2017, the Company's director advanced to the Company an amount of \$75,800 (December 31, 2016 - \$94,195) by the way of short-term loans. These are an unsecured, non-interest bearing and due on demand loans.

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

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 March 31, 2017	Canada	Scandinavia	Consolidated
Exploration and evaluation assets	\$ -	\$ 159,913	\$ 159,913
Los for the period	134,165	36,516	170,681

9. ACQUISITION OF THE SWEDISH COMPANIES

February 14, 2017, the Company has closed its share purchase agreement via a share exchange transaction with Eurasian Minerals Inc. ("Eurasian") and acquired two companies that were wholly-owned subsidiaries of Eurasian Minerals 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 (the "Properties"). EMX Exploration Scandinavia AB and Iekelvarre 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 Eurasian 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 Eurasian, until the Company has raised CDN\$5,000,000 in equity; thereafter, Eurasian will have the right to participate pro-rata in future financings at its own cost to maintain its 19.9% interest. On April 4, 2017, 3,466,610 shares were issued to Eurasian due to above obligation (Note 13).

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

Eurasian 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

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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). Eurasian 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. Eurasian has the right to one seat on the Board of Directors of BMC, but has not named a director at this time.

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:

Net assets and liabilities acquired:

Cash	\$	51,540
Accounts Receivable		777
Properties Acquisition Costs		179,825
Trade and Other Payables		(146,382)

Total	\$	85,670
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Consideration paid:

Share capital	\$	85,670
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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.

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(Expressed in Canadian Dollars)

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Liquidity risk

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

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

Market risk

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

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. CAPITAL MANAGEMENT

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

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

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

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12. CONTINGENCY

A claim was filed against the Company for non-payment of outstanding trade payable balances. The entire amounts in the claim have all been accounted or accrued for in the Company's books as at March 31, 2017.

13. SUBSEQUENT EVENTS

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 from the date of issue. As of March 31, 2017, \$483,500 of share subscription was received towards this private placement.

On April 4, 2017, 3,466,610 shares were issued to Eurasian at no additional cost due to the Company's obligation to maintain Eurasian 19.9% equity ownership in the Company, until \$5,000,000 in equity has been raised (Note 9).

On April 12, 2017, the Company announced a private placement of up to 10,000,000 units at \$0.20 per unit for total gross proceeds of up to \$2,000,000. Each unit will consist of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of \$0.40 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.