

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

SEPTEMBER 30, 2018
(Unaudited)

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

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

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

The accompanying unaudited condensed interim consolidated financial statements of Boreal Metals Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Auditing and Assurance Standards Board for a review of condensed interim financial statements by an entity's auditor.

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

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

As at September 30, 2018 and December 31, 2017

(Expressed in Canadian Dollars) - (Unaudited)

| | Note | September 30, 2018 | December 31, 2017 |
|---|------|-----------------------|--------------------------------|
| | | | (Restated – Notes 2 and 13) |
| ASSETS | | | |
| Current Assets | | | |
| Cash | | \$ 1,229,771 | \$ 3,397,728 |
| Receivables | 7 | 95,336 | 76,206 |
| Prepaid and deposits | | 141,057 | 332,935 |
| | | 1,466,164 | 3,806,869 |
| Reclamation bond | | 7,650 | 7,650 |
| Exploration and evaluation assets | 3 | 4,122,559 | 2,333,861 |
| Equipment | 4 | 74,562 | - |
| TOTAL ASSETS | | \$ 5,670,935 | \$ 6,148,380 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | 5,7 | \$ 289,411 | \$ 686,862 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 6 | 8,044,371 | 7,053,617 |
| Reserves | 6 | 437,708 | 238,847 |
| Deficit | | (3,124,867) | (1,830,946) |
| Equity attributable to shareholders of the Company | | 5,357,212 | 5,461,518 |
| Non-controlling interest | | 24,312 | - |
| Total shareholders' equity | | 5,381,524 | 5,461,518 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | \$ 5,670,935 | \$ 6,148,380 |

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

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

"Karl Antonius"

Director

Karl Antonius

"Jon Sherron"

Director

Jon Sherron

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

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

For the Periods Ended September 30, 2018 and 2017

(Expressed in Canadian Dollars) - (Unaudited)

| | Note | For the three months ended September 30, 2018 | For the three months ended September 30, 2017 (Restated – Notes 2 and 13) | For the nine months ended September 30, 2018 | For the nine months ended September 30, 2017 (Restated – Notes 2 and 13) |
|---|------|---|---|--|--|
| OPERATING EXPENSES | | | | | |
| Administrative fees | | \$ 1,314 | \$ 4,575 | \$ 3,185 | \$ 13,125 |
| Amortization | 4 | 4,260 | - | 11,330 | - |
| Audit and accounting fees | 7 | 50,336 | 42,738 | 158,135 | 87,492 |
| Consulting fees | | 21,798 | 2,843 | 32,166 | 30,061 |
| General and office costs | | 25,585 | 21,721 | 67,498 | 37,405 |
| Foreign exchange | | 9,270 | 4,912 | 37,990 | 15,805 |
| Insurance fee | | 2,500 | - | 6,667 | - |
| Management fees | 7 | 120,500 | 24,000 | 291,438 | 49,000 |
| Marketing | | 82,519 | 160,150 | 464,747 | 160,150 |
| Legal fees | | 49,976 | 29,739 | 52,784 | 69,172 |
| Regulatory, filing and transfer agents fees | | 5,927 | 1,453 | (3,080) | 9,408 |
| Rent | 7 | 11,862 | 7,716 | 35,062 | 7,716 |
| Travel expenses | | 55,808 | 145,839 | 162,863 | 178,497 |
| Share-based payments | | 198,861 | - | 198,861 | - |
| | | \$ (640,516) | \$ (445,686) | \$ (1,519,646) | \$ (657,831) |
| OTHER ITEMS | | | | | |
| Interest Income | | 37 | - | 37 | - |
| LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD | | | | | |
| | | \$ (640,479) | \$ (445,686) | \$ (1,519,609) | \$ (657,831) |
| Attributable to: | | | | | |
| Shareholders of the Company | | (639,811) | (445,686) | (1,518,391) | (657,831) |
| Non-controlling interest | | (668) | - | (1,218) | - |
| | | (640,479) | (445,686) | (1,519,609) | (657,831) |
| Basic and diluted loss per common share | | \$ (0.01) | \$ (0.01) | \$ (0.03) | \$ (0.02) |
| Weighted average number of common shares issued and outstanding | | 49,773,218 | 28,946,579 | 46,640,249 | 21,385,219 |

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

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

For the Periods Ended September 30, 2018 and 2017

(Expressed in Canadian Dollars) - (Unaudited)

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|--|---|--------------|--|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| CASH FLOW FROM (USED IN) | | | | |
| OPERATING ACTIVITIES | | | | |
| Loss for the period | \$ (640,479) | \$ (445,686) | \$ (1,519,609) | \$ (657,831) |
| Amortization | 4,260 | - | 11,330 | - |
| Share-based payments | 198,861 | - | 198,861 | - |
| Changes in non-cash working capital items: | | | | |
| Accounts receivable | 18,577 | 1,524 | (19,130) | (22,833) |
| Prepaid | 39,576 | (100,000) | 191,878 | (100,000) |
| Accounts payable and accrued liabilities | 128,492 | (17,432) | (398,000) | (70,971) |
| Short-term loan from related party | 549 | 46,787 | 549 | (30,072) |
| | (250,164) | (514,807) | (1,534,121) | (881,707) |
| CASH FLOWS FROM (USED IN) | | | | |
| INVESTING ACTIVITIES | | | | |
| Purchase of equipment | (1,039) | - | (85,892) | - |
| Exploration and evaluation of assets | (269,685) | (83,050) | (1,141,444) | (245,553) |
| | (270,724) | (83,050) | (1,227,336) | (245,553) |
| CASH FLOWS FROM (USED IN) | | | | |
| FINANCING ACTIVITIES | | | | |
| Shares issued for cash | - | 1,184,878 | 593,500 | 1,518,999 |
| Share subscription | - | (594,879) | - | (289,379) |
| Share issued cost | - | (18,500) | - | (18,500) |
| Short-term loan | - | (83,565) | - | - |
| | - | 487,934 | 593,500 | 1,211,120 |
| Increase in cash | (520,888) | (109,923) | (2,167,957) | 83,860 |
| Cash - beginning of period | 1,750,659 | 390,770 | 3,397,728 | 196,987 |
| Cash - end of period | \$ 1,229,771 | \$ 280,847 | \$ 1,229,771 | \$ 280,847 |
| Supplemental Cash Flow | | | | |
| Cash paid for interest | \$ - | \$ - | \$ - | \$ - |
| Cash paid for income taxes | \$ - | \$ - | \$ - | \$ - |

Supplemental disclosure with respect to cash flows (Note 10)

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

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

For the Periods Ended September 30, 2017 and 2018

(Expressed in Canadian Dollars) - (Unaudited)

| | <u>Share Capital</u> | | Share Subscription | Reserves | Deficit | Total Attributable to Shareholders of the Company | Non-Controlling Interest | Total Equity |
|--|----------------------|------------------|-----------------------|----------------|--------------------|---|-----------------------------|------------------|
| | Number | Amount \$ | | | | | | |
| Balance at December 31, 2016 | 8,610,000 | 191,000 | 289,379 | - | (427,325) | 53,054 | - | 53,054 |
| Shares issued on acquisition of Swedish Companies | 1,713,390 | 85,670 | - | - | - | 85,670 | - | 85,670 |
| Shares issued | 12,270,000 | 613,500 | (279,379) | - | - | 334,121 | - | 334,121 |
| Shares issued as per acquisition agreement | 3,466,610 | 173,330 | - | - | - | 173,330 | - | 173,330 |
| Obligations to issue shares | - | - | 305,500 | - | - | 305,500 | - | 305,500 |
| Loss for the period | - | - | - | - | (657,831) | (657,831) | - | (657,831) |
| Balance at September 30, 2017 | 26,060,000 | 1,063,500 | 315,500 | - | (1,085,156) | 293,844 | - | 293,844 |
| Balance at December 31, 2017 | 51,590,714 | 7,053,617 | - | 238,847 | (1,830,946) | 5,461,518 | - | 5,461,518 |
| Shares issued on Acquisition of Modum property | 1,324,181 | 397,254 | - | - | - | 397,254 | - | 397,254 |
| Warrants exercised | 5,935,000 | 593,500 | - | - | - | 593,500 | - | 593,500 |
| Adjustment on change in ownership interest in BEMC | - | - | - | - | 224,470 | 224,470 | 25,530 | 250,000 |
| Share-based payments | - | - | - | 198,861 | - | 198,861 | - | 198,861 |
| Loss for the period | - | - | - | - | (1,518,391) | (1,518,391) | (1,218) | (1,519,609) |
| Balance at September 30, 2018 | 58,849,895 | 8,044,371 | - | 437,708 | (3,124,867) | 5,357,212 | 24,312 | 5,381,524 |

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2018

(Expressed in Canadian Dollars) - (Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Boreal Metals Corp. (the "Company") was incorporated under the Business Corporations Act, British Columbia on December 31, 2013 and is considered to be in the exploration stage with respect to its mineral properties. The Company's head office address is Suite 340 - 233 West 1st Street, North Vancouver, 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 (Note 3).

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

On November 25, 2017, the Company obtained listing on Frankfurt Stock exchange under the symbol O3E.

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 (Note 3).

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

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

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

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At September 30, 2018, the Company had cash of \$1,229,771, working capital of \$1,176,753 and accumulated deficit of \$3,124,867. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management estimates it has sufficient funds for operations for the ensuing year.

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and basis of consolidation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

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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.

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

| Subsidiaries (Note 3) | Country of incorporation | % Equity interest as at | |
|--|--------------------------|-------------------------|--------------------|
| | | September 30, 2018 | December 31, 2017 |
| First Ferro Mining Ltd. ("First Ferro") ⁽¹⁾ | Canada | 100.0% | 100.0% |
| Swedish Companies | Sweden | 100.0% | 100.0% |
| BEMC | Canada | 90.1% | N/A ⁽²⁾ |
| BBMSAB | Sweden | 90.1% | N/A ⁽³⁾ |

⁽¹⁾ Currently dormant.

⁽²⁾ Incorporated by the Company during the period ended September 30, 2018.

⁽³⁾ Incorporated by the BEMC during the period ended September 30, 2018, wholly owned by BEMC.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

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

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

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

Foreign currency transactions

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

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

Significant accounting judgments and estimates

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

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income tax amounts, provision for restoration, rehabilitation and environmental costs and recoverability of exploration and evaluation assets.

Valuation of share-based compensation

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

Income taxes

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

Site decommissioning obligations

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

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

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

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

Functional and reporting currency

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

Acquisition method accounting

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

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

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

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eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the years beginning on or after January 1, 2019.

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

Exploration and evaluation assets - Change in accounting policy.

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

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

During fiscal 2018, the Company changed its accounting policy with respect to exploration and evaluation expenditures. In prior years, the Company's policy was to charge to operations exploration expenditures as incurred. The Company has elected to change this accounting policy to now capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets, effective with the presentation of these financial statements, on a retrospective basis (Note 13).

3. EXPLORATION AND EVALUATION ASSETS

Swedish Companies and Modum

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

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

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

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

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

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Guldgruvan Project

On March 20, 2018, the Company completed the acquisition of the Guldgruvan cobalt project (“Guldgruvan”) from EMX by BEMC. Pursuant to the terms of the agreement, the Company issued to EMX 2,979,798 common shares of BEMC valued at \$148,990, which brought EMX’s equity ownership in BEMC to 5.9%. BEMC will have the continuing obligation to issue additional shares of BEMC to EMX to maintain its 5.9% interest in BEMC, at no additional cost to EMX, until BEMC has raised \$3,000,000 in equity. Thereafter, EMX will have the right to participate pro-rata in future financings at its own cost to maintain its 5.9% interest in BEMC.

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

Njuggträskliden and Mjövattnet Projects

On May 18, 2018, the Company acquired the Njuggträskliden and Mjövattnet cobalt and nickel projects (“Njuggträskliden and Mjövattnet”) from EMX by BEMC, subject to regulatory approval. Pursuant to the terms of the agreement, the Company transferred to EMX 2,020,202 common shares of BEMC valued at \$101,010, 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.

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

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

Burfjord IOCG project (Alta Region, Norway)

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

Tynset VMS project (Røros District, Norway)

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

Gumsberg VMS Project (Bergslagen District, Sweden)

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

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Adak VMS Project (Skelleftea District, Sweden)

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

Modum Project (Skuterud Mine, Norway)

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

Guldgruvan Project (Los Cobalt Mine, Sweden)

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

Njugträskkliden and Mjövattnet Projects (Skellefteå, Sweden)

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

Exploration and evaluation assets were as follows:

| 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 |

4. EQUIPMENT

| Cost | | Container | | Vehicle | | Computer | | Total |
|--------------------------------|----|-----------|----|---------|----|----------|----|--------|
| As of December 31, 2017 | \$ | - | \$ | - | \$ | - | \$ | - |
| Additions during the period | | 7,853 | | 77,000 | | 1,039 | | 85,892 |
| As at September 30, 2018 | \$ | 7,853 | \$ | 77,000 | \$ | 1,039 | \$ | 85,892 |
| Accumulated depreciation | | | | | | | | |
| As of December 31, 2017 | \$ | - | \$ | - | \$ | - | \$ | - |
| Amortization during the period | | 1,047 | | 10,266 | | 17 | | 11,330 |
| As at September 30, 2018 | \$ | 1,047 | \$ | 10,266 | \$ | 17 | \$ | 11,330 |
| Net book value | | | | | | | | |
| As of December 31, 2017 | \$ | - | \$ | - | \$ | - | \$ | - |
| As at September 30, 2018 | \$ | 6,806 | \$ | 66,734 | \$ | 1,022 | \$ | 74,562 |

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

September 30, 2018

(Expressed in Canadian Dollars) - (Unaudited)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at September 30, 2018 and December 31, 2017 accounts payable and accrued liabilities consists of the following:

| | September 30, 2018 | | December 31, 2017 | |
|---------------------------------|--------------------|---------|-------------------|---------|
| Accounts payable | \$ | 87,406 | \$ | 574,826 |
| Accrued liabilities | | 201,456 | | 20,000 |
| Due to related parties (Note 7) | | 549 | | 92,036 |
| | \$ | 289,411 | \$ | 686,862 |

6. SHARE CAPITAL**Authorized share capital**

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

Issued share capital

During the year ended December 31, 2017

- a) On February 14, 2017, the Company issued 1,713,390 common shares to EMX on the acquisition of the Swedish Companies. The shares were valued at \$85,670 (Note 3).
- b) During the year ended December 31, 2017, a total of 7,492,492 shares were issued to EMX at no additional cost due to the Company's obligation to maintain EMX's 19.9% equity ownership in the Company (Note 3). These shares were recorded at a value of \$1,290,997.
- c) On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at \$0.05 for proceeds of \$613,500, of which \$289,379 was received in fiscal 2016. Each unit consisted of one common share and one-half of one transferable share purchase warrant with each whole warrant exercisable into one additional common share at a price of \$0.10 for a period of one year.
- d) On August 14, 2017, the Company closed a private placement of 5,527,500 units at a price of \$0.20. Each unit consisted of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of \$0.40 for a period of two years from the date of issue. The warrants are subject to an acceleration provision.

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

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

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

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

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- f) On November 21, 2017, the Company closed a non-brokered private placement for proceeds of \$200,000. The Company issued 666,666 units at a price of \$0.30, with each unit consisting of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.50 until November 21, 2019.
- g) On February 14, 2018, the Company issued 1,324,181 common shares to EMX on the acquisition of the Modum project. The shares were valued at \$397,254 (Note 3).
- h) The Company issued 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 are as follows:

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

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 |
| Balance, September 30, 2018 | 4,925,000 | \$ 0.20 | 9.96 | 1,641,672 | \$ 0.20 | 9.96 |

The fair value of the stock options granted during the period ended September 30, 2018 was estimated at \$0.11 on the grant date, determined using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

| | 2018 |
|---------------------------------|----------|
| Risk-free interest rate | 2.34% |
| Annualized volatility | 192.87% |
| Expected dividend yield | Nil |
| Expected forfeitures | Nil |
| Expected warrants life in years | 10 years |

Share-based payments for the options granted by the Company were amortized over the vesting period, of which \$198,861 was recognized in net income (loss) during the period ended September 30, 2018 (September 30, 2017 - \$Nil).

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

September 30, 2018

(Expressed in Canadian Dollars) - (Unaudited)

Warrants

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

| 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 |

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

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

Escrow units

In accordance with the escrow agreement dated November 21, 2017, 12,102,236 shares and 3,538,618 warrants were placed in escrow. Upon the completion of the SFOD, 10% of the escrowed common shares and warrants were released on November 21, 2017. 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.

7. RELATED PARTY TRANSACTIONS

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

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

| | For the ninth month period ended September 30, | |
|--------------------------------------|--|------------------|
| | 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 | - |
| | \$ 382,442 | \$ 61,278 |

As of September 30, 2018, included in accounts payable is \$549 (December 31, 2017 - \$132,934) due to directors and officers (Note 5), 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.

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

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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 metals. Geographic information is disclosed in Note 3. All non-current assets are held solely in the Scandinavia segment, except for computer.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Financial instruments**

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

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

The fair value of cash, receivables, reclamation bond and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of the financial instruments. Cash is classified as financial assets fair value through profit or loss and is measured at fair value using level 1 inputs of the fair value hierarchy. Reclamation bond is classified as held to maturity. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities is classified as other financial liabilities.

Risk management

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

Credit risk

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

Liquidity risk

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

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

Market risk

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

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

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(Expressed in Canadian Dollars) - (Unaudited)

Currency risk

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

Interest rate risk

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

Price risk

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

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | 2018 | 2017 |
|---|------------|------|
| Non-cash information: | | |
| Shares issued on property acquisition | \$ 397,254 | - |
| Shares of BEMC issued on property acquisition | \$ 148,990 | - |
| Shares of BEMC exchanged for property acquisition | \$ 101,010 | - |

11. CAPITAL MANAGEMENT

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

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

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

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

12. SUBSEQUENT EVENTS

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

13. CHANGE IN ACCOUNTING POLICY

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

The accounting policies in Note 2 have been applied in preparing the financial statements for the period ended September 30, 2018 and the comparative information for the year ended December 31, 2017.

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

September 30, 2018

(Expressed in Canadian Dollars) - (Unaudited)

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

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

| | Note | As previously reported December 31, 2017 | Effect of policy change | Restated under new policy December 31, 2017 | Restated under new policy January 1, 2017 |
|---|------|---|-------------------------------|---|--|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash | | \$ 3,397,728 | \$ - | \$ 3,397,728 | \$ 196,987 |
| Prepaid | | 332,935 | - | 332,935 | 8,931 |
| Receivable | | 76,206 | - | 76,206 | - |
| | | 3,806,869 | | 3,806,869 | 205,918 |
| Reclamation Bond | | 7,650 | - | 7,650 | - |
| Exploration and evaluation assets | 13a | 1,506,230 | 827,631 | 2,333,861 | 28,687 |
| TOTAL ASSETS | | \$ 5,320,749 | \$ 827,631 | \$ 6,148,380 | 234,605 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable and accrued liabilities | | \$ 686,862 | \$ - | \$ 686,862 | \$ 181,551 |
| SHAREHOLDERS' DEFICIENCY | | | | | |
| Share capital | | 7,053,617 | - | 7,053,617 | 191,000 |
| Share subscription | | - | - | - | 289,379 |
| Warrants | | 238,847 | - | 238,847 | - |
| Deficit | 13a | (2,658,577) | 827,631 | (1,830,946) | (427,325) |
| | | 4,633,887 | 827,631 | 5,461,518 | 53,054 |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | \$ 5,320,749 | \$ 827,631 | \$ 6,148,380 | 234,605 |

BOREAL METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2018

(Expressed in Canadian Dollars) - (Unaudited)

Consolidated Statements of Loss and Comprehensive Loss - For the Nine Months Ended September 30, 2017

| | Note | As previously reported September 30, 2017 | Effect of policy change | Restated under new policy September 30, 2017 |
|--|-----------|--|-------------------------------|---|
| OPERATING EXPENSES | | | | |
| Administrative fees | \$ | 13,125 | - | \$ 13,125 |
| Audit and accounting fees | | 87,492 | - | 87,492 |
| Consulting fees | | 30,061 | - | 30,061 |
| Exploration expenses | 13b | 245,553 | (245,553) | - |
| Foreign exchange | | 15,805 | - | 15,805 |
| General and office costs | | 37,405 | - | 37,405 |
| Management fees | | 49,000 | - | 49,000 |
| Advertising fees | | 160,150 | - | 160,150 |
| Legal fees | | 69,172 | - | 69,172 |
| Regulatory, filing and transfer agents fees | | 9,408 | - | 9,408 |
| Rents | | 7,716 | - | 7,716 |
| Travel expenses | | 178,497 | - | 178,497 |
| NET LOSS AND COMPREHENSIVE LOSS | \$ | (903,384) | \$ 245,553 | \$ (657,831) |
| Basic and diluted loss per common share | \$ | (0.04) | \$ | (0.03) |
| Weighted average number of common shares issued and outstanding | | 21,385,219 | | 21,385,219 |

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

- (a) Consolidated Statements of Financial Position – as at December 31, 2017
 - (i) Exploration and evaluation assets increased by \$827,631 representing exploration expenditures previously charged to deficit.
 - (ii) The new balance of \$2,333,861 represents the total costs of the exploration and evaluation asset.
- (b) Consolidated Statements of Loss and Comprehensive Loss – for the nine months ended September 30, 2017
 - (i) Exploration expenses decreased to \$Nil based on net exploration expense incurred in the first nine months of 2017, with an offsetting entry to exploration and evaluation assets.

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

The changes to the statement of cash flow for the nine months ended September 30, 2017 are summarized as follows:

- (a) Net cash used in operating activities decreased to \$881,707 based on allocation of net exploration expenditures of \$245,553 to investing activities from the loss for the period.
- (b) Net cash used in investing activities increased by a corresponding amount as described above in note (a).