BOREALIS EXPLORATION LIMITED

Gibraltar Registered Number 66632

Unaudited Financial Statements
for the six months ending 30 September 2011
the second quarter of Fiscal Year 2012

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 September 2011

	30 September 2011 $	30 September 2010 $
Expenditure	(1,569,955)	(1,616,910)
Operating loss	(1,569,955)	(1,616,910)
Unrealised profit (loss) on devaluation of marketable securities	(933,422)	900,210
Financing gain (loss)	(68,782)	(93,592)
Interest received	65	-
Interest paid	(881)	(2,943)
Loss on ordinary activities before taxation	(2,572,975)	(813,235)
Taxation	(2,355)	-
Loss on ordinary activities after taxation	(2,575,330)	(813,235)
Profit on sale of shares in subsidiary companies	1,467,226	2,788,385
Gain on decrease in stake in subsidiaries	7,935	228,528
Equity Minority interest	(49,042)	(537,480)
Loss for the period	(1,149,211)	1,666,198
Loss per share	$(0.23)	$0.33

BOREALIS EXPLORATION LIMITED

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CONSOLIDATED BALANCE SHEET
at 30 September 2011

	30 September 2011 $	30 September 2010 $
Fixed Assets		
Intangible assets	562,707	534,643
Tangible assets	30,492	26,449
Mining resources	2,690,061	2,659,670
Residential property	20,500	20,500
Marketable securities	759,702	1,539,526
Deferred compensation receivable	16,728,392	16,982,730
	20,791,854	21,763,518
Current Assets		
Accounts receivable	356,068	274,998
Cash at bank and in hand	301,307	672,483
	657,375	947,481
Creditors: amounts falling due within one year	(5,397,104)	(6,254,852)
Net current liabilities	(4,739,729)	(5,307,371)
Total assets less current liabilities	16,052,125	16,456,147
Creditors: **Amounts falling due after more than one year**	(983,717)	(1,007,913)
Net Assets	$15,068,408	$15,448,234
Capital and Reserves		
Called up Share Capital	50,000	50,000
Share Premium Account	24,241,030	24,241,030
Non Distributable Reserve	10,318,968	10,235,196
Profit and Loss Account	(34,123,717)	(33,309,303)
Total shareholders' funds	486,281	1,216,923
Minority interests - equity	14,582,127	14,231,311
Total Equity	$15,068,408	$15,448,234

BOREALIS EXPLORATION LIMITED

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COMPANY BALANCE SHEET
at 30 September 2011

	30 September 2011 $	30 September 2010 $
Fixed Assets		
Intangible assets	562,707	534,643
Tangible assets	30,492	26,449
	593,199	561,092
Investments in subsidiary undertakings	83,950	83,950
	677,149	645,042
Current Assets		
Debtors	1,232,536	567,988
Cash at bank and in hand	41,568	595,396
	1,274,104	1,163,384
Creditors: amounts falling due within one year	(31,649,970)	(31,380,436)
Net current liabilities	(30,375,866)	(30,217,052)
Total assets less current liabilities	(29,698,717)	(29,572,010)
Creditors: amounts falling due after more than one year	(983,717)	(1,007,913)
Total net liabilities	$(30,682,434)	$(30,579,923)
Deficiency in assets		
Called up Share Capital	50,000	50,000
Share Premium Account	24,241,030	24,241,030
Profit and Loss Account	(54,973,464)	(54,870,953)
Total deficit in shareholders' funds	$(30,682,434)	$(30,579,923)

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2011

	30 September 2011 $	30 September 2010 $
Net cash outflow from operating activities	$(1,955,678)	$(2,549,614)
Returns on investments and servicing of finance		
Interest received	65	-
Interest paid	(881)	(2,943)
Net cash outflow from servicing of finance	$(816)	$(2,943)
Capital expenditure and financial investment		
Patent acquisitions	(26,536)	(6,580)
Fixed Asset acquisitions	12,000	-
Lease costs of mining resources	(4,885)	(66,253)
Net cash inflows (outflow) from capital expenditure and financial investment	$(19,421)	$(72,833)
Acquisitions and disposals		
Shares issued in subsidaries for services	252,785	363,900
Net cash inflow from disposals	$252,785	$363,900
Financing activities		
Realised profits from sales of subsidiary shares	1,467,226	2,788,385
Taxation	(2,355)	-
Net cash inflow (outflow) from financing	$1,464,871	$2,788,385
Net (decrease) / increase in cash resources	$(258,259)	$526,895

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Registered No (Gibraltar) 66632

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2011

OPERATING ACTIVITIES

	30 September 2011 $	30 September 2010 $
Operating loss for the year	(1,569,955)	(1,616,910)
Depreciation of fixed assets	1,400	3,700
Amortisation of patents	9,674	9,674
Decrease (Increase) in accounts receivable	17,984	21,032
Increase (Decrease) in accounts payable	(414,781)	(967,110)
Net cash outflow from operating activities	$(1,955,678)	$(2,549,614)

MOVEMENT IN CASH AND ANALYSIS OF CASH BALANCES

	30 September 2011 $	30 September 2010 $
Changes in net cash		
At 1 April 2011	559,566	145,588
(Decrease) Increase in cash in the year	(258,259)	526,895
At 30 September 2011	$301,307	$672,483

	30 September 2011 $	30 September 2010 $
Analysis of cash balances		
Cash at bank	$301,307	$672,483