BOREALIS EXPLORATION LIMITED

Gibraltar Registered Number 66632

Unaudited Financial Statements
for the nine months ending 31 December 2011
the third quarter of Fiscal Year 2012

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the nine months ended 31 December 2011

	31 December 2011 $	31 December 2010 $
Expenditure	(2,970,409)	(2,920,546)
Operating loss	(2,970,409)	(2,920,546)
Unrealised profit (loss) on devaluation of marketable securities	(958,745)	1,015,218
Financing gain (loss)	(108,794)	(50,025)
Interest received	85	63
Interest paid	(1,699)	(5,799)
Loss on ordinary activities before taxation	(4,039,562)	(1,961,089)
Taxation	(2,355)	(12,841)
Loss on ordinary activities after taxation	(4,041,917)	(1,973,930)
Profit on sale of shares in subsidiary companies	3,127,546	3,842,075
Gain on decrease in stake in subsidiaries	27,915	352,022
Equity Minority interest	(172,368)	(638,249)
Gain (Loss) for the period	(1,058,824)	1,581,918
Loss per share	$(0.21)	$0.32

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CONSOLIDATED BALANCE SHEET
at 31 December 2011

	31 December 2011 $	31 December 2010 $
Fixed Assets		
Intangible assets	583,875	538,402
Tangible assets	30,492	26,449
Mining resources	2,690,061	2,659,670
Residential property	20,500	20,500
Marketable securities	755,498	1,640,245
Deferred compensation receivable	16,445,334	16,982,730
	20,525,760	21,867,996
Current Assets		
Accounts receivable	480,081	322,491
Cash at bank and in hand	441,293	420,645
	921,374	743,136
Creditors: amounts falling due within one year	(5,201,139)	(6,128,105)
Net current liabilities	(4,279,765)	(5,384,969)
Total assets less current liabilities	16,245,995	16,483,027
Creditors:		
Amounts falling due after more than one year	(963,874)	(995,156)
Net Assets	$15,282,121	$15,487,871
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	(34,033,330)	(33,415,167)
Total shareholders' funds	576,668	1,111,059
Minority interests - equity	14,705,453	14,376,812
Total Equity	$15,282,121	$15,487,871

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COMPANY BALANCE SHEET
at 31 December 2011

	31 December 2011 $	31 December 2010 $
Fixed Assets		
Intangible assets	583,875	538,402
Tangible assets	30,492	26,449
	614,367	564,851
Investments in subsidiary undertakings	83,950	83,950
	698,317	648,801
Current Assets		
Debtors	1,458,421	982,203
Cash at bank and in hand	115,857	57,457
	1,574,278	1,039,660
Creditors: amounts falling due within one year	(31,994,512)	(31,654,812)
Net current liabilities	(30,420,234)	(30,615,152)
Total assets less current liabilities	(29,721,917)	(29,966,351)
Creditors: amounts falling due after more than one year	(963,874)	(917,335)
Total net liabilities	$(30,685,791)	$(30,883,686)
Deficiency in assets		
Called up Share Capital	50,000	50,000
Share Premium Account	24,241,030	24,241,030
Profit and Loss Account	(54,976,821)	(55,174,716)
Total deficit in shareholders' funds	$(30,685,791)	$(30,883,686)

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED CASH FLOW STATEMENT
for the nine months ended 31 December 2011

	31 December 2011 $	31 December 2010 $
Net cash outflow from operating activities	$(3,630,931)	$(4,282,491)
Returns on investments and servicing of finance		
Interest received	85	63
Interest paid	(1,699)	(5,799)
Net cash outflow from servicing of finance	$(1,614)	$(5,736)
Capital expenditure and financial investment		
Patent acquisitions	(52,541)	(6,580)
Fixed Asset acquisitions	(12,000)	-
Investments made	(44,049)	-
Proceeds on disposal of Marketable Investments	98,553	418,842
Lease and development costs of mining resources	(4,885)	(66,253)
Net cash inflows (outflow) from capital expenditure and financial inve	$(14,922)	$346,009
Acquisitions and disposals		
Shares issued in subsidaries for services	341,747	375,200
Shares repurchased	62,256	-
Net cash inflow from disposals	$404,003	$375,200
Financing activities		
Realised profits from sales of subsidiary shares	3,127,546	3,842,075
Taxation	(2,355)	(12,841)
Net cash inflow (outflow) from financing	$3,125,191	$3,842,075
Net (decrease) / increase in cash resources	$(118,273)	$275,057

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CONSOLIDATED CASH FLOW STATEMENT (Page 2)
for the nine months ended 31 December 2011

OPERATING ACTIVITIES

	31 December 2011 $	31 December 2010 $
Operating loss for the year	(2,970,409)	(2,920,546)
Depreciation of fixed assets	1,400	4,500
Amortisation of patents	14,511	11,674
Decrease (Increase) in accounts receivable	(106,029)	(105,010)
Decrease (Increase) deferred compensation receivable	280,058	-
Increase (Decrease) in accounts payable	(850,462)	(1,273,109)
Net cash outflow from operating activities	$(3,630,931)	$(4,282,491)

MOVEMENT IN CASH AND ANALYSIS OF CASH BALANCES

Changes in net cash	31 December 2011 $	31 December 2010 $
At 1 April 2011	559,566	145,588
(Decrease) Increase in cash in the year	(118,273)	275,057
At 31 December 2011	$441,293	$420,645

Analysis of cash balances	31 December 2011 $	31 December 2010 $
Cash at bank	$441,293	$420,645