MOORE STEPHENS

BOREALIS EXPLORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

BOREALIS EXPLORATION LIMITED

Registered number: 66632

FINANCIAL STATEMENTS
Year ended 31 March 2012

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BOREALIS EXPLORATION LIMITED

STATUTORY INFORMATION

DIRECTORS	Appointed	
Rodney T. Cox	27 December 1978	Director, Chairman of the Board and CEO
Wayne S. Marshall	11 September 1985	Director
Donald N. Jones	19 December 1991	Director
Isaiah W. Cox	15 February 1994	Director, President and COO
David M. Goldenberg	18 September 1996	Director
Nechama J. Cox	1 August 2001	Director

REGISTERED ADDRESS
Suite 2F/2, Eurolife Building
P.O. Box 575
1 Corral Road
Gibraltar

SECRETARIES
STM Fidecs Management Limited
Montagu Pavilion
8 - 10 Queensway
Gibraltar

INDEPENDENT AUDITORS
Moore Stephens Limited
Suite 5
Watergardens 4
Waterport
Gibraltar

BOREALIS EXPLORATION LIMITED
ABOUT BOREALIS

Borealis Exploration Limited, www.borealis.gi, is a technology development company. Borealis imagines, invents, develops, and licenses new industrial technologies. These include new materials, www.avtometals.gi including the Avto Quantum Transistor, technologies for more efficient and lower-cost generation of electrical power, www.powerchips.gi; more powerful and effective electric motors, www.chorusmotors.gi; for use in everything from aircraft, www.wheeltug.gi, (an on-ground drive system for B-737NG's) to automobiles www.choruscars.com; and silent, more-efficient cooling and refrigeration systems, www.coolchips.gi. These technologies are fundamentally changing basic industries and are introducing the Borealis Industrial Revolution. We anticipate that some of these technologies will enable entirely new industries and open new fields for scientific exploration and commercial development for many decades to come in addition to changing for ever existing industrial practices.

Borealis is the majority shareholder in Roche Bay plc, which has interests in the Roche Bay Magnetite Project and owns 100% of Fraser Bay Limited, both of which have extensive Magnetite Resources and other mineral holdings through Areas of Mutual Interest and also a majority owner of Faraway plc, which owns 100% of the Freuchen Bay Polymetallic Project, located astride an intracratonic rift, also on Melville Peninsula, Nunavut.

Forward looking statement

The discussion of the Company's business and operations in this report includes in several instances forward-looking statements, which are based upon management's good faith assumptions relating to the financial, market, operating and other relevant environments that will exist and affect the Company's business and operations in the future. All technical, scientific, and commercial statements regarding technologies and their impacts are based on the educated judgment of the Company's technical and scientific staff. No assurance can be made that the assumptions upon which management based its forward-looking statements will prove to be correct, or that the Company's business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management, or its technical advisors, or that are beyond the Company's control.

All forward-looking statements involve risks and uncertainty. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that might be made to reflect the events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events; including those described in this report, and such statements shall be deemed in the future to be modified in their entirety by the Company's public pronouncements, including those contained in all future reports and other documents filed by the Company with the relevant Securities Commissions.

BOREALIS EXPLORATION LIMITED
DIRECTORS' REPORT

The Directors of Borealis Exploration Limited present their Report for the year ended 31 March 2012 together with the financial statements of the Company and the independent auditors' report for the period.

BOREALIS FAMILY OF COMPANIES' PROFILE

The Borealis Family of Companies "Family" is comprised of those companies listed in Note 11 of the financial statements.

Borealis was primarily a mining company prior to 1992. The Borealis Family of Companies retains significant interests in its mining properties through Roche Bay plc and its holdings and Faraway plc. The Roche Bay Magnetite Project is now under development, and on 24 May 2011, Roche Bay signed a joint venture agreement with West Melville Iron Company Ltd., a Discovery Group company, to explore the Fraser Bay 1-3 deposits. The Freuchen Bay property of Faraway plc needs funding for development, and several programs are now currently now underway on these properties while our ownership interest remains at 100%.

Since the mid 1990s, the Family of Companies has shifted its principal focus to the business of conducting innovative industrial research and developing new industrial technologies, for which it now has well over a hundred patents either issued, approved for issue or pending. Our research and development costs for developing our industrial technologies have all been written off in the year incurred, and most R&D costs are funded by the issue of shares in subsidiary undertakings.

From 1995 to 2007, most of the Borealis Family of Companies' direct expenses related to expenses incurred whilst carrying out its industrial research and development activities. From 2007 to date on a consolidated basis, the development of the Roche Bay Magnetite Project has dominated our consolidated statements. However, we expect most or all future development costs of the Roche Bay Magnetite Project to be funded by third parties. As of this year, fiscal 2012, the relative importance of the Roche Bay Project in our consolidated financial statements has declined as our ownership interest has been reflected by a combination of cash, future cash payments, and/or royalties on production. We expect that WheelTug plc will most likely start to generate revenues from Fiscal 2013 and hopefully serious profits in years thereafter.

On 19 October 1998, Borealis successfully completed a redomiciliation out of Canada into Gibraltar. Accordingly, Borealis Exploration Limited received a Certificate of Discontinuance from Industry Canada and a Certificate of Redomicilation of a Company from the Registrar of Companies in Gibraltar. This move was consistent with the fact that most of the Borealis Family of Companies' technology research was already being managed in Europe. Most of our companies, in any event, by this time were domiciled out of Gibraltar. These Research and Development subsidiary companies as with Borealis are expected to remain domiciled in Gibraltar.

In the coming years we will most likely redomicile our Mineral Interests to Canada. The Canadians are keen on mineral development and we are encouraged by the Provincial and Federal interest in creating long term and stable employment opportunities in the region.

Business Review

Mining properties

Roche Bay Magnetite Project: www.rochebay.com

A subsidiary company, Roche Bay plc, incorporated in 1997, owns major interests in two separate deposits of iron ore located in the Baffin Mining District of Nunavut, Canada, which together contain one of the world's largest undeveloped resources of magnetite (Fe_3O_4) These leases require annual lease payments (at current exchange rates) of $10,916 per year for those leases expiring in 2019, and $11,030 per year for those leases expiring in 2021. All leases are expected to be renewed by the renewal dates.

In 2007, the Company signed a joint venture agreement with Advanced Explorations Inc. (AXI) to further exploration and development of its four leases nearest to Roche Bay (the Eastern leases) and construction of an iron mine at that location, called the Roche Bay Magnetite Project.

In 2009, this agreement was amended and superseded by a buyout agreement. This agreement granted AXI several options to increase its ownership interest in the project subject to various conditions, cash payments and a royalty interest. Under this buyout agreement, the full buyout option enabled AXI to acquire 100% of Roche Bay's interest, excepting a perpetual precious metals royalty, for a single cash payment of C$25 million until 15 March 2010 and increasing thereafter; or to buy out half of Roche Bay's royalty interest for C$35 million by 2020. The agreement commits AXI to annual cash payments which may provide sufficient funds to manage the company on a low cost base until the project starts production or until the buyout option is exercised -- whichever comes first.

On 4 April 2011, the Company agreed a New Buy-Out Option with AXI, under which a one-time payment by AXI of C$22.5 million on or before 5 August 2011, would give AXI 100% title to the Eastern leases and the Roche Bay Magnetite Project, subject to a reduced royalty of 1.875% on all iron products and 3.9% on all precious metals with a refined price of more than $100 per kilogram. If the New Buy-Out Option is not exercised by AXI, the original buyout option as concluded in the March 2009 agreement will remain in effect. The Directors believe that the March 2011 agreement with AXI is in the interests of both companies, but we do not know whether or not AXI will exercise its 2011 buyout option.

The Company also owns three mineral leases near Fraser Bay, on the Western side of Melville Peninsula (the Western leases). During the year, the company did some exploratory work on the Western resource leases which yielded some encouraging results. On 24 May 2011, the company entered into an agreement with principals of the Discovery Group, a Canadian mining development group, through West Melville Mining Company Ltd., for the development of lease number 2826 (Fraser Bay 1-3). The Company retains 100% ownership of the Fraser Bay 4 and 5 leases and deposits. There is also a significant area of mutual interest.

The agreement with West Melville provides for a series of options to West Melville. First, upon issuing to Roche Bay 10% of its outstanding shares and incurring $2.5 million in defined exploration expenditures, it will earn a 30% interest in the lease; second, by incurring an additional $8 million in exploration expenditures, completing at least 10,000 metres of drilling on the property, and completing a preliminary economic assessment compliant with Canadian National Instrument 43-101, it will earn an additional 30% interest; and third, by completing a full feasibility study, it will earn a final 10% interest in the property. The agreement also provides for gross overriding royalties to Roche Bay of 0.5% on any mineral product, and 3.9% on any mineral product that is sold for at least $100 per kilogram refined within the area of mutual interest.. The agreement further provides that under certain conditions if West Melville receives a third-party offer to buy the property for not less than $100 million, it can require Roche Bay to sell its interest in the property at a pro rata proportion of the sale price.

Freuchen Bay Intracratonic Rift Project: www.faraway.gi

Faraway plc, incorporated 23 April 1996, owns 100% of 10,350 acres of Government of Canada long-term renewable leases near Freuchen Bay, Melville Peninsula, Nunavut, Canada. These leases cover the Freuchen Bay property, which is a series of geophysical/geochemical anomalies that our consultants tell us sit astride an intracratonic rift. These leases run for 21 years from 27 December 2001, and are expected to be renewed by the renewal dates, and will require annual payments of $10,653 at current exchange rates.

Principal Technologies

Avto Metals™: www.avtometals.gi

Avto Metals plc was incorporated on 6 October 2004. Avto Metals technology is designed to provide the necessary means to custom-design electron-volt work functions (eV). Avto Metals plc is continuing to research new applications and technologies in related scientific fields. The ability to make low-work function materials has been long sought within scientific and technological circles.

There are many potential applications for the resulting “cold cathode”, and many are in lucrative markets. We are working on getting partners or licensees to get Avto Metals to market. If necessary we will do this ourselves.

The single most important application to date is the Avto Quantum Transistor, as described in the 14 June 2011 press releases to be seen at http://www.marketwire.com/press-release/avto-metals-discloses-features-of-its-avto-quantum-transistor-pinksheets-boref-1526186.htm and http://www.avtometals.gi/technology/AvtoTransistorRelease14June2011final.pdf .

Chorus® Meshcon™: www.chorusmotors.gi

The Chorus Meshcon technology is a novel AC electric motor/drive combination that uses electromagnetic harmonics to greatly increase the motor's torque and power density. A Chorus system is smaller, lighter, and is expected to sell for a premium over a conventional motor with the same output. It is ideal for traction applications such as electric cars and trains. We can routinely improve start up torque by up to ten times the overload capacity of a conventional 3-phase machine, and there are new advances that suggest we will be able to achieve over twenty times the start up overload capacity of the competition. The system has significant aerospace, ship propulsion and automotive uses.

In August 2010, we signed a transaction with Dynetic Systems, Minnesota, USA, in terms of which they will build the motors for the WheelTug application. Dynetic Systems is AS9100 certified and is therefore suitably qualified to supply motors which meet certification requirements for aerospace use. They are working closely with the core Chorus team to design the motors for WheelTug. Chorus retains the IP rights to the technology.

In November 2010 we supported the WheelTug tow tests which took place in Prague, Czech Republic. These successful tests enabled us to collect a lot of very useful data which we subsequently spent many months analysing. The analyses increased our understanding of the WheelTug system, has given us invaluable insight the needs of the system, and has enhanced our ability to design the motors accordingly.

In December 2010, we signed a deal with Gibbs Gears, Hertfordshire, UK. They have vast experience in gearing and also have aerospace certification. They too are working closely with the Chorus Team to design the gearing required for the WheelTug system.

In January 2011, Resource Group, Switzerland, also joined the team. They are developing the necessary software to integrate our motors with the entire system. The function demands extensive documentation and certification, and Resource Group is well qualified to meet all these needs.

All of the agreements allow Chorus to focus on its core motor technology. This leaves the development of the gearing and the details of production and documentation to specialist companies who are highly qualified and experienced, and have the certification for aerospace work.

We currently have two motor set ups in place in the lab for testing. These motors are on a dynamometer test machine which allows us to run the motor under various conditions and thereby understand the motor better, as well as develop software. The first are the motors which we used in the November 2010 Prague tests. The second set up is of the M0 motors, which demonstrate the toroidal, or "pancake," design which we feel may be a better fit for specific applications. This test set up is expected to be used for testing the motors built by Dynetic Systems for the WheelTug application, and should allow us to do all tests except for the rolling tests with the landing gear. This also allows us to test out the software from Resource Group in laboratory conditions. We continue to expand our capabilities in terms of data evaluation software and work. As we gather more and more data, we are increasing the effort spent in evaluation and analysis of this data.

We are continuing with our patenting efforts, and we have increased our patent applications as relevant inventions are made.

While our development work means that we have not applied for as many patents as in previous years (currently, we are focusing our work on existing efforts), we did respond to third party responses and challenges through the USPTO which resulted in our patented proprietary work being upheld. We will continue to aggressively defend and expand our patented proprietary Chorus Motor Technology.

We continue conversations with potential partners, car manufacturers. The paper on Neodymium scarcity and demand, which may be found at;
http://www.choruscars.com/Chorus_NEO_WhitePaper.pdf, continues to make it clear that our technology is a much safer way to develop an electric/hybrid automobile.

The revision of our web site was completed this year. This update was needed, and we feel puts a more contemporary face forward for the company.

WheelTug®: www.wheeltug.gi

WheelTug plc was incorporated on 9 February 2005, as a subsidiary of Chorus Motors plc, and is the assignee of the WheelTug programme announced with Boeing Phantom Works on 8 November 2004. The WheelTug technology is expected to be a major profit centre in our business.

Development of the WheelTug system has been underway for more than five years, funded primarily by Chorus Motors plc, its Control Shareholder. WheelTug plc has already demonstrated its viability using a 95% loaded Boeing 767-200 aircraft in tests conducted with Boeing and Air Canada in 2005. (A video of that demonstration can be viewed on line at http://www.wheeltug.gi/video.shtml)

Management of the company is led by Chief Executive Officer Isaiah W. Cox, who has assembled and led the company from inception, through demonstration with Boeing, to partnership agreements with major airlines and risk-sharing partners. A graduate of Princeton University, Mr. Cox holds over a dozen U.S. patents.

WheelTug's business model relies heavily on its partnerships, in order to assist with all facets of development, certification, production and supply of components. Before this year, WheelTug had partnerships in place with:

- Co-Operative Industries, for the system wiring
- Luxell, for the cockpit interface
- Newport Aeronautical, for certification services
- Delta Air Lines for Airplane access

WheelTug has accelerated its development work and partnerships. Since last year, the following changes have occurred:

- Luxell, for the cockpit interface
- Delta Air Lines for Airplane access

New Partnerships:

- Travel Service agreement was formed, replacing Delta for aircraft access
- Gables Engineering was added, replacing Luxell for Cockpit Interface
- ICE Corporation for the system controller
- Endeavour Analysis for Landing Gear and Mechanical Integration
- Gibbs Gears, for gears
- Dynetic Systems, for electric motor using the Chorus® technology
- Prague Airport, for airport support
- Resource Group, for system software
- Alcoa, for forged aluminium wheels

All of these partnerships are with companies that have very considerable experience in aerospace, and for whom their commitment on the WheelTug program is well within their financial and technical resources.

Major work completed in the past year includes addressing all identified technical "showstoppers", from motor packaging, to traction in snowy conditions.

In addition, system development is now underway. Some of the components will go through a number of Stage of Involvement (SOI) reviews as part of development and certification. The first of these is called the Software Planning Review (SOI-1). Resource Group passed SOI-1 for the WheelTug software in late May.

Development of the wheel hardware is tied to the M1 wheel package, which is an on-aircraft, packaged system for demonstration and test. M1 should be testing in the lab and on-aircraft within the next 7-8 months. Development and certification of the wheel package and landing gear modifications are expected to take the longest part of the overall system development time.

WheelTug has produced two draft specification documents for airlines, and marketing to airlines is ratcheting up. Between now and the M1 demonstration, WheelTug expects to conclude at least one Letter of Intent with a prospective airline customer. After M1 has been demonstrated, WheelTug expects to close definitive lease agreements with airline and aircraft leasing customers.

Within the next year, WheelTug plc expects to announce development programs for other aircraft, such as the Airbus A-320 family, the Boeing 757, any of several regional jets and military models starting with the C-130.

WheelTug's Senior Certification Advisor is Gilbert Thompson, a veteran of over 30 years with the FAA, who acted as head of the Los Angeles Aircraft Certification Office, where his responsibilities involved work on more than 10 major aircraft, including the Boeing 717-200, the C-17 Globemaster, the L-1011, the MD-11, the KC-10A and MD-80s and -90s. Certification is being managed by Newport Aeronautical, a certification company known within the industry for their competence and successful certification programs.

Cool Chips™: www.coolchips.gi

Cool Chips are solid-state devices based on quantum tunnelling that pump heat to produce cooling, refrigeration, or air conditioning. They are small, lightweight, non-polluting and non-corrosive, and are projected to be more efficient than any existing thermal management technology. Cool Chips plc, which was incorporated 23 April 1996, continues to drive towards production, relying both on the physical build techniques which have been enabled by semiconductor manufacturing and packaging advances, as well as the Avto Metal solution for reducing the work function of a material.

Cool Chips Military Sales plc was incorporated on 8 February 2005 as a subsidiary of Cool Chips plc because our first sales of Cool Chips technology are expected to be delivery of products for high value applications.

Power Chips™: www.powerchips.gi

Power Chips are devices that absorb heat to produce electrical power. They are silent, non-polluting, scalable, portable, and can operate anywhere there is a source of heat. We expect them to replace many existing technologies for generating electricity. Power Chips devices are being developed in parallel with Cool Chips, and rapid success is reliant on the success of the Avto Metal work function reduction technology.

Power Chips plc was incorporated 11 February 1997. There is considerable industry interest in this technology.

Borealis Technical Limited, incorporated 1993, is a 98% owned subsidiary of the Company, manages the above operations, along with other research that examines a wide range of scientific areas, which potentially will challenge the presently accepted boundaries of the industrial world. This is a non-capital-intensive business where most of the expenditures are for consultants and the support of the patenting and accounting work.

Financial Review

Results for the Borealis Family of Companies for the year are shown in the consolidated statement of comprehensive income on page 14.

As of 31 March 2012 the Family of Companies had accumulated losses of $36,859,645 (2011 - $32,974,506) and a working capital deficit of $ 3,835,087 (Deficit in 2011 - $4,797,485). The net equity, as at 31 March 2012, amounted to $ 1,650,659 (2011 - $16,168,577).

There can be no assurance that the Company or its Subsidiaries' efforts to generate further financing and achieve profitable operations will be successful.

As explained in Note 1(k), all costs relating to the Borealis Family of Companies' Government of Canada mineral leases have been capitalised and these costs are accordingly reflected in the consolidated balance sheet. The directors are confident that the current market value of the Roche Bay leases is substantial, as evidenced by the Advanced Explorations Inc. transaction, and in excess of their cost. We feel that the Freuchen Bay leases of Faraway plc also have a value in excess of cost, although there is no similar transaction backing up this assertion at present. The commercial potentials of certain of the technology investments, as evidenced by the recent market valuations of the public shares issued, also justifies the use of the going-concern basis as appropriate for the preparation of these financial statements.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation to market value of marketable securities, and in accordance with the going concern concept, which assumes that the Borealis Family of Companies will be able to realise its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

Dividends

There were no dividends declared during the year.

Directors and their Interests

The directors who served during the year were as stated on page 2.

The interests of the directors in the shares of the Company were as follows:

		Number of shares held as at 31 March 2012	Number of shares held as at 31 March 2011
Rodney T. Cox		2,549	2,549
Wayne S. Marshall		98,904	98,904
Donald N. Jones		55,548	55,548
Isaiah W. Cox		158,048	158,048
David M. Goldenberg		100	100
Peter Vanderwicken	(resigned 22 March 2012)	30,200	34,200
Nechama J. Cox		16,700	16,700
Giulio Pontecorvo	(resigned 1 January 2012)	16,000	16,000

Share Options

As of 31 March 2012 there were no share options outstanding.

Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which meet the requirements of the Gibraltar Companies (Accounts) Act 1999 and Gibraltar Companies Act. In addition the Directors have elected to prepare the financial statements in accordance with Gibraltar Accounting Standards.

In preparing those financial statements, the directors are required to:

a) select suitable accounting policies and then apply them consistently

b) make judgements and estimates that are reasonable and prudent

c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

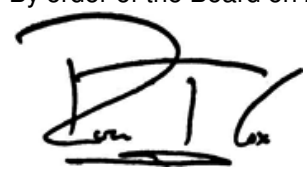
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Gibraltar Companies Act and the Gibraltar Companies (Accounts) Act 1999. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the financial statements, appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements and estimates have been made, and applicable accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

Auditors

A resolution to reappoint Moore Stephens Limited was passed at the Annual General Meeting.

By order of the Board on 26 June 2012



Rodney T. Cox
Director



Wayne S. Marshall
Director

BOREALIS EXPLORATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the Consolidated and Company financial statements of Borealis Exploration Limited for the year ended 31 March 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 182 of the Gibraltar Companies Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair representation of these financial statements in accordance with applicable law and International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In forming our opinion, we considered the disclosures in Note 3 of the Financial Statements in connection with the application of the going concern basis and the uncertainty with regard to securing continued financial support.

Report on other legal and regulatory matters

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

BOREALIS EXPLORATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

Report on other legal and regulatory matters (continued)

(a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act, the Gibraltar Companies (Accounts) Act 1999 and other applicable legislation.

(b) State in our report whether in our opinion the information given in the directors' report is consistent with the financial statements.

(c) Report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Opinion

In our opinion the financial statements have been properly prepared in accordance with the Gibraltar Companies Act, the Gibraltar Companies (Accounts) Act 1999 and other applicable legislation; and the information given in the directors' report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.



Kieran Power

Statutory Auditor
For and on behalf of
MOORE STEPHENS LIMITED

Suite 5
Watergardens 4
Waterport
Gibraltar

Date 26/6/12

BOREALIS EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	Note	31 March 2012 $	31 March 2011 $
EXPENDITURE		(2,293,439)	(4,799,982)
OPERATING LOSS	6	(2,293,439)	(4,799,982)
Profit on disposal of marketable investments		277,103	265,094
Unrealised (loss)/gain on revaluation of marketable securities		(159,644)	1,341,137
Financing loss		(359,516)	(33,746)
Impairment of development costs		(2,345,916)	-
Non current asset write-off		(20,500)	-
Interest received		51	82
Interest paid		(8,895)	(12,142)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(4,910,756)	(3,239,557)
Tax - Canada capital tax		(2,355)	(12,841)
LOSS ON ORDINARY ACTIVITIES AFTER TAX		(4,913,111)	(3,252,398)
Profit on sale of shares in subsidiary companies		5,115,851	5,771,777
(Loss)/gain on (increase)/decrease in stake in business		(213,430)	404,642
Equity non-controlling interest		(3,874,449)	(923,026)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$ (3,885,139)	$ 2,000,995
EARNING PER SHARE ATTRIBUTABLE	12	$ (0.78)	$ 0.40

The Borealis Family of Companies has had no discontinued activities during the year, accordingly, the above result relates solely to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents. There are no other recognised gains or losses other than those stated above.

The notes on pages 22 to 43 form an integral part of these consolidated financial statements.

BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2012

	Notes	31 March 2012 $	31 March 2011 $	31 March 2010 $
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	13	3,169,092	545,845	537,738
Tangible assets	14	25,913	19,892	24,006
Mining resources	15	2,706,583	2,685,177	2,593,417
Property, plant and machinery	16	-	20,500	20,500
Marketable securities	17	801,009	1,883,591	696,202
Deferred compensation receivable	18	-	16,728,392	16,986,931
		6,702,597	21,883,397	20,858,794
CURRENT ASSETS				
Trade and other receivables	19	342,523	374,052	296,030
Cash and cash equivalents		473,711	559,566	145,588
		816,234	933,618	441,618
TOTAL ASSETS		$ 7,518,831	$ 22,817,015	$ 21,300,412
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY				
Called up share capital		50,000	50,000	50,000
Share premium account		24,241,030	24,241,030	24,241,030
Non distributable reserve		-	10,318,968	10,235,196
Non-controlling interest		14,219,274	14,533,085	13,693,831
Retained earnings		(36,859,645)	(32,974,506)	(34,975,501)
		1,650,659	16,168,577	13,244,556
LIABILITIES				
NON-CURRENT LIABILITIES	21	1,216,851	917,335	914,321
CURRENT LIABILITIES				
Trade and other payables	20	4,651,321	5,731,103	7,141,535
		$ 7,518,831	$ 22,817,015	$ 21,300,412

Approved by the directors



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Rodney T. Cox
Director



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Wayne S. Marshall
Director

The notes on pages 22 to 43 form an integral part of these consolidated financial statements.

BOREALIS EXPLORATION LIMITED

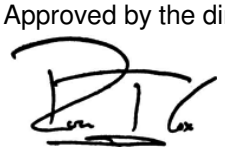
Registered number: 66632

COMPANY STATEMENT OF FINANCIAL POSITION

31 March 2012

	Notes	31 March 2012 $	31 March 2011 $	31 March 2010 $
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	13	603,928	545,845	537,738
Tangible assets	14	25,913	19,892	24,006
Marketable securities	17	-	-	1
Investments in subsidiaries	11	83,950	83,950	83,950
		713,791	649,687	645,695
CURRENT ASSETS				
Trade and other receivables	19	1,359,923	1,054,486	695,645
Cash and cash equivalents		234,883	118,530	5,379
		1,594,806	1,173,016	701,024
TOTAL ASSETS		$ 2,308,597	$ 1,822,703	$ 1,346,719
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY				
Called up share capital		50,000	50,000	50,000
Share premium account		24,241,030	24,241,030	24,241,030
Retained earnings		(55,107,263)	(55,110,347)	(55,247,620)
NET ASSETS		(30,816,233)	(30,819,317)	(30,956,590)
LIABILITIES				
NON-CURRENT LIABILITIES	21	1,216,851	917,335	914,321
CURRENT LIABILITIES				
Trade and other payables	20	31,907,979	31,724,685	31,388,988
		$ 2,308,597	$ 1,822,703	$ 1,346,719

Approved by the directors





…… ……

Rodney T. Cox
Director

Wayne S. Marshall
Director

The notes on pages 22 to 43 form an integral part of these consolidated financial statements.

BOREALIS EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

	Called up Share Capital $	Share Premium Account $	Non distributable reserve $	Non-controlling interest $	Retained earnings $	Total $
Balance at 1 April 2010	50,000	24,241,030	10,235,196	13,693,831	(34,975,501)	13,244,556
Total comprehensive income for the year	-	-	-	-	2,000,995	2,000,995
Minority interest	-	-	83,772	839,254	-	923,026
Balance at 1 April 2011	$50,000	$24,241,030	$10,318,968	$14,533,085	$(32,974,506)	$16,168,577
Total comprehensive income for the period					(3,885,139)	(3,885,139)
Impairment			(10,318,968)			(10,318,968)
Minority interest				(313,811)		(313,811)
Balance at 31 March 2012	$50,000	$24,241,030	-	$14,219,274	$(36,859,645)	$1,650,659

The notes on pages 22 to 43 form an integral part of these consolidated financial statements.

BOREALIS EXPLORATION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

	Called up Share Capital $	Share Premium Account $	Retained earnings $	Total $
Balance at 1 April 2010	50,000	24,241,030	(55,247,620)	(30,956,590)
Total comprehensive income for the year	-	-	137,273	137,273
Balance at 1 April 2011	$50,000	$24,241,030	$(55,110,347)	$(30,819,317)
Total comprehensive income for the period	-	-	3,084	3,084
Balance at 31 March 2012	$50,000	$24,241,030	$(55,107,263)	$(30,816,233)

The notes on pages 22 to 43 form an integral part of these consolidated financial statements.

BOREALIS EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW
Year ended 31 March 2012

	31 March 2012 $	31 March 2011 $
Net cash outflow from operating activities	(3,424,128)	(5,991,336)
Returns on investments and servicing of finance		
Interest received	51	82
Interest paid	(8,895)	(12,142)
Net cash outflow from servicing of finance	(8,844)	(12,060)
Capital expenditure and financial investment		
Marketable securities acquired	-	-
Patent acquisitions	(94,420)	(40,668)
Research and development expenditure	(2,565,164)	-
Non-current asset acquisitions	(12,000)	(1,886)
Proceeds on disposal of marketable securities	1,200,041	418,842
Lease costs of mining resources	(21,406)	(22,696)
Development costs of mining resources	-	(69,064)
Net cash inflows/(outflow) from capital expenditure and financial investment	(1,492,949)	284,528
Acquisitions and disposals		
Shares repurchased	(60,000)	(30,732)
Shares issued in subsidiaries for services	(213,430)	404,642
Net cash inflow from disposals	(273,430)	373,910
Financing activities and taxation		
Realised profits from sales of subsidiary shares	5,115,851	5,771,777
Taxation	(2,355)	(12,841)
Net cash inflow from financing	5,113,496	5,758,936
Net increase in cash resources	$ (85,855)	$ 413,978

The notes on pages 22 to 43 form an integral part of these consolidated financial statements.

BOREALIS EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW (Continued)
Year ended 31 March 2012

Reconciliation of operating loss to net cash outflow from operating activities

	31 March 2012 $	31 March 2011 $
Operating loss for the year	(2,293,439)	(4,799,982)
Deferred compensation adjustment	(407,810)	-
Depreciation of fixed assets	5,979	6,000
Amortisation of patents	36,337	32,561
(Increase)/decrease in accounts receivable	31,529	(73,838)
Increase/(decrease) in accounts payable	(1,079,782)	(1,414,616)
Decrease in deferred compensation	283,058	258,539
Net cash outflow from operating activities	$ (3,424,128)	$ (5,991,336)

Movement in cash and analysis of cash balances

	31 March 2012 $	31 March 2011 $
Changes in net cash		
At 1 April 2011/2010	559,566	145,588
Increase in cash during the year	(85,855)	413,978
At 31 March 2012/2011	$ 473,711	$ 559,566
Analysis of cash balances	$ 473,711	$ 559,566

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2012

1. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"), the Gibraltar Companies Act, the Gibraltar (Companies Accounts) Act 1999 and the Gibraltar (Consolidated Accounts) Act 1999.

a. Basis of accounting

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Family management to exercise judgment in applying the Family's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

b. Basis of consolidation

From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Family. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

The acquisition method of accounting is used by the Family when it undertakes a business combination. The fair value of consideration transferred at the acquisition date includes the fair value of assets transferred, liabilities incurred by the owners and equity instruments issued by the Family. Consideration can include cash, contingent consideration and options. Acquisition related costs are expensed as incurred unless they relate to the issue of financial instruments in which case they are accounted for in accordance with accounting policies relating to that specific type of financial instrument. The fair value of assets acquired and liabilities assumed are recognised at the acquisition date. At the acquisition date any equity interest held prior to the acquisition date is recognised at fair value with a resulting gain or loss recognised in profit or loss. The Family has an option on a combination by combination basis on how to recognise non-controlling interest at the acquisition date either at fair value or proportionate share of net assets.

Goodwill is measured as the excess of the consideration transferred, plus any non-controlling interest and the fair value of any previously held interest in the acquiree over the fair value of assets acquired and liabilities assumed. If the goodwill is negative (bargain purchase) this is recognised immediately in the income statement. Any changes in contingent consideration after the measurement period are recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate. Entities which are acquired and are controlled, but which will be held for a period less than twelve months, are recorded as assets held for sale.

b. Basis of consolidation (continued)

The consolidated financial statements are based on the financial statements of the individual companies drawn up using the standard Family accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with Family policies for consolidation purposes. All companies in the Family have the same reporting date of 31 March.

All significant transactions and balances between Family entities are eliminated on consolidation. The Family applies a policy of treating transactions with a non-controlling interest as transactions with equity holder when control is not lost of the subsidiary, and therefore recognised in equity.

c. Segment information

The Borealis Family of Companies has two reportable operating segments. The Family's mining exploration operations are conducted on properties in Canada. The only assets utilised in this business segment are the mining and other equipment. All other assets relate to the Family's other reportable operating segment, which is the business of conducting basic industrial research with the intent to commercialise these technologies. While the technical rights and/or patents are owned by a company registered in Gibraltar, the research activities are currently mainly carried out outside Gibraltar.

d. Foreign currency translation

The Family has determined the USD $ as its functional currency, as this is the currency of the economic environment in which the Family predominantly operates.

Transactions in currencies other than USD $ are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss. No Family entity has an operational currency of a hyper-inflationary economy.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, financial liabilities that are designated as hedges of the net investment in a foreign operation and qualifying cash flow hedges, each of which are recognised directly in equity within the translation reserve.

In the case of foreign entities the financial statements of the Family's overseas operations are translated as follows on consolidation: assets and liabilities, at exchange rates ruling on the reporting date, income and expense items at the average rate of exchange for the period and equity at exchange rates ruling on the dates of the transactions. Exchange differences arising are classified as equity and transferred to a separate translation reserve. Such translation differences are recognised in the statement of comprehensive income in the period in which the operation is disposed of. Foreign exchange gains and losses arising from monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely within the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

d. Foreign currency translation (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Foreign currency gains and losses are reported on a net basis.

e. Revenue

At present all Family companies are engaged in development of various products and projects which have not yet reached the point of generation revenue. Once revenue commences, it will be accounted for on the basis of the accounting period in which the work was carried out or invoiced.

f. Non-controlling interests

For business combinations completed on or after 1 January 2010 the Family has the choice, on a business combination by business combination basis, to initially recognise any non-controlling interest in the acquiree at either acquisition date fair value or, as was required prior to 1 January 2010, at the non-controlling interest's proportionate share of the acquiree's net assets. The Family has not elected to take the option to use fair value in acquisitions completed to date.

From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Family. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

g. Non-current assets

Non-current assets are stated in the statement of financial position at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Family and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of such non-current assets are credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such non-current assets are charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Tangible non-current assets and intangible non-current assets are stated at their purchase cost, together with any incidental expenses of acquisition.

g. Non-current assets (continued)

Depreciation is provided on all fixed assets to write off their cost less residual value over their estimated useful lives. The rates in use on a reducing balance method are as follows:

Mining and geological equipment	30%
Other equipment	20%

Patents are accounted for on the basis of the costs of registering the worldwide rights. All costs of development and legal works of the products have been written off in the year incurred. These patents are depreciated on the straight-line method at a rate of 4% per year. The carrying value of patents is reviewed annually by the Family of Companies. If, as a result of such a review, it is determined that the value has been permanently impaired, any diminution in value is taken to statement of comprehensive income account in accordance with IAS 36. To the extent that such diminution in value is subsequently reversed, this reversal is credited to the statement of comprehensive income.

h. Intangible assets - Research and development expenditure

Research costs are expensed in the year in which they are incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Family are capitalised as intangible assets only when the following criteria are met:

(i) it is technically feasible to complete the product so that it will be available for use;

(ii) management intends to complete the product and use or sell it;

(iii) there is an ability to use or sell the product;

(iv) it can be demonstrated how the product will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the product are available; and

(vi) the expenditure attributable to the product during its development can be measured reliably.

The depreciable amount of an intangible asset with a finite useful life, will be distributed on a systematic basis over its useful life. Capitalised development costs are amortised on a straight line basis over their twenty five year useful estimated life once the asset is available for use.

i. Financial instruments

Financial instruments, other than derivative financial instruments, are recognised on the Family's statement of financial position when the Family becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2012

j. Non-current asset investments
Non-current asset investments are stated at their historical cost less any provision for permanent diminution in value.

k. Mining properties
These are stated at cost, less any provision for diminution in value that may, in the opinion of the directors, have taken place. These costs include developing and maintaining the property. The policy on amortisation is that this will be charged on a straight-line basis over the period over which commercial mining operations are expected to continue. At present no amortisation is being charged until exploitation begins.

l. Going concern
These financial statements have been prepared under the going concern concept that assumes that the Family of Companies will continue in operational existence for the foreseeable future having adequate funds to meet its obligations as they fall due. Further information is set out in the Directors' Report on pages 4 to 11 and within Note 3.

m. Taxation including deferred tax
From January 2011, the status of all Gibraltar exempt companies is subject to the Gibraltar Tax Act 2010 whereby companies with businesses managed and controlled in Gibraltar, are required to pay 10% Gibraltar Corporation Tax on revenue profits. No provision has however been made for this tax, nor for deferred tax, as no taxable revenue was earned by the Family.

n. Marketable securities
These are carried at the closing quoted prices of securities and instruments held. Any revaluation, gains or losses are dealt with through the profit and loss account.

o. Impairment
At each reporting date, the Family reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Family estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

p. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are stated at their amortised cost less any allowances for doubtful receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

q. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

r. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

s. Provisions

Provisions are recognised when the Family has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

t. Share-based payments

Equity instruments granted for services received

When the Family issues equity instruments for goods or services received, the fair value of the goods or services received is recognised as the cost of the goods or services received with a corresponding increase in equity. However, if the fair value of the equity instrument granted is greater than the fair value of the goods or services received the difference is recognised in the income statement as unidentified consideration.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended standards adopted by the Family

The Family has adopted the following new and amended IFRSs as of 1 April 2011. There are other amendments to standards not listed in this note as they do not have a material effect on the Family

- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments', is effective from 1 July 2010.
- IAS 32 (amendment), 'Financial Instruments: Presentation', is effective for annual periods beginning on or after 1 February 2010, retrospectively.
- IAS 24 (revised), 'Related Party Disclosures', is effective for annual periods beginning on or after 1 January 2011.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Family

The following standards and amendments to existing standards have been published and are mandatory for accounting periods of the Family beginning after 1 April 2011, but which have not been adopted early by the Family:

- IFRS 9, 'Financial Instruments', is effective for accounting periods beginning on or after 1 January 2015.
- IFRS 7 (amendment), 'Financial Instruments: Disclosures'. The amendment addresses the disclosures surrounding the derecognition of financial assets.
- IFRS 7 (amendment), 'Disclosures – Offsetting Financial Assets and Financial Liabilities' and IAS 32 'Offsetting Financial Assets and Financial Liabilities'.
- IFRS 10, 'Consolidated Financial Statements', is effective for accounting periods beginning on or after 1 January 2013.
- IFRS 11, 'Joint Arrangements', is effective for accounting periods beginning on or after 1 January 2013.
- IFRS 12, 'Disclosures of Interests in Other Entities', is effective for accounting periods beginning on or after 1 January 2013.
- IFRS 13, 'Fair Value Measurement', is effective for accounting periods beginning on or after 1 January 2013.
- IAS 1 (amendment), 'Presentation of Items of Other Comprehensive Income', is effective for accounting periods beginning on or after 1 July 2012.
- IAS 12 (amendment), 'Deferred Tax: Recovery of Underlying Assets'. The amendment provides a limited exception for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.
- IAS 19 (revised), 'Employee Benefits', is effective for accounting periods beginning on or after 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2012

3. GOING CONCERN

The continued operation of the Borealis Family of Companies is dependent on its ability to receive continued financial support from its shareholders and creditors, to obtain sufficient equity financing or generate sufficient profits in the future. The directors are confident that sufficient support will be secured and accordingly the going concern basis of preparation of the financial statements is appropriate. The Company's shareholdings in its subsidiary companies, both direct and indirect, are carried at nominal value, and not at market value. Six of those companies are publicly traded in the United States over-the-counter (OTC) market and quoted on the Pink Sheets at www.pinksheets.com. However, there can be no assurance that the Company or its Subsidiaries' efforts to generate further financing, profitable operations, asset sales, or product sales will be successful. The financial statements do not contain any adjustments that might be necessary if the Borealis Family of Companies is unable to continue as a going concern.

4. FINANCIAL INSTRUMENTS

Financial instruments, other than derivative financial instruments, are recognised on the Family's statement of financial position when the Family becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value Subsequent to initial recognition, they are measured as set out below.

i) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade and other receivables and are recognised initially at fair value and subsequently at amortised cost. Generally, this results in their recognition at nominal value less any allowance for any doubtful debts.

ii) Available for sale financial assets
Family investments in strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities are classified as available-for-sale financial assets

iii) Other financial liabilities
Other financial liabilities include trade payables, related party loans and other short-term monetary liabilities, which are initially recognised at fair value and the carried at amortised cost.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items that are recognised in profit or loss, are recognised as part of other comprehensive income. When an investment is derecognised, the cumulative gain or loss previously recognised as other comprehensive income is transferred to profit or loss.

The Company's subsidiaries are listed in note 11 to the consolidated financial statements and are held at cost less provision for any impairment.

iv) Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand with an original maturity of three months or less.

4. FINANCIAL INSTRUMENTS (continued)

v) Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of the shares are recognised as a deduction from equity.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed as follows:

i) Taxation

The Family is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain; such determination being made by the relevant taxing authorities. The Family recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be found to be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Where considered necessary estimates are developed by management based on external specialist advice.

There are no other judgemental areas identified by management that could have a material effect on the provisions made at the reporting date.

ii) *Fair value of derivatives and other financial instruments*

The fair value of financial instruments that are not traded in an active market (e.g. unquoted debt instrument) is determined by using valuation techniques. Family management uses its judgement to select a variety of methods, and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

6. OPERATING LOSS

Operating loss is stated after charging	31 March 2012 $	31 March 2011 $	31 March 2010 $
Depreciation	5,979	6,000	6,000
Amortisation	36,337	32,561	30,934
Family audit fees	125,951	81,000	66,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2012

7. DIRECTORS' EMOLUMENTS

The total amount of emoluments paid to directors during the year was $1,119,000 (2011 - $1,079,100; 2010 - $979,100).

In addition, rent totalling approximately $100,800 (2011 - $110,645; 2010 - $121,200) has been charged to the Family of Companies by certain directors, for the provision of office space.

8. EMPLOYEE INFORMATION

The Company employed a number of clerical staff during the current period. All other services to the Company are provided by way of consultancy agreements.

9. PROFITS OF HOLDING COMPANY

Included in the profits for the financial year is a profit of $3,084 (2011 - $137,273; loss 2010 - $298,736) which is dealt with in the financial statements of the parent company. The directors have taken advantage of the exemption available under section 10 of the Gibraltar Companies (Consolidated Accounts) Act 1999 and not presented a profit and loss account for the Company

10. TAXATION

The company was granted exempt status under the Gibraltar Companies (Taxation and Concessions) Act. Under such status, save for the payment of an annual government charge of £450, it was not be subject to Gibraltar Corporation Tax. From January 2011, the status of all Gibraltar exempt companies is subject to the Gibraltar Tax Act which requires companies with businesses managed and controlled in Gibraltar, to pay 10% Gibraltar Corporation Tax on profits. No provision has however been made for this tax, nor for deferred tax, as no taxable revenue was earned by the Family

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Company has the following principal ownership interests and invested amounts in its subsidiaries, all of which (other than Faraway Holdings (Barbados) Limited and Roche Bay Holdings (Barbados) Limited, which are registered in Barbados, and Borealis Exploration Incorporated, which is registered in Oregon, USA) are registered in Gibraltar:

Directly held by the Company	*Ownership Interest*			*Investments*		
	2012	2011	2010	2012	2011	2010
	%	%	%	$		$
Borealis Technical Limited	99%	99%	99%	158	158	158
Borealis Exploration Inc.	100%	100%	100%	100	100	100
Credits Holdings Limited	99%	99%	99%	160	160	160
Faraway Holdings Limited	100%	100%	100%	83,372	83,372	83,372
Roche Bay Holdings Limited	99%	99%	99%	160	160	160
Total investments				**83,950**	**83,950**	**83,950**

Indirectly held by the Company	*Ownership Interest*		
	2012	2011	2010
	%	%	%
Avto Metals Public Limited Company	96.72%	96.72%	96.89%
Chorus Motors Public Limited Company	77.90%	77.74%	78.77%
Cool Chips Public Limited Company	63.04%	63.02%	63.02%
Faraway Holdings (Barbados) Limited	99.00%	100.00%	100.00%
Photon Power Public Limited Company	99.59%	99.59%	99.59%
Power Chips Public Limited Company	64.86%	64.84%	64.91%
Roche Bay Holdings (Barbados) Limited	99.00%	99.00%	99.00%
Roche Bay Public Limited Company	71.13%	71.13%	71.13%
Borealis Roche Bay Limited	99.00%	99.00%	99.00%
Wheeltug Public Limited Company	66.91%	69.65%	73.28%
Cool Chips Military Sales Public Limited Company	63.04%	63.02%	63.02%
Faraway Public Limited Company	82.37%	82.37%	82.45%
Asamera Limited	64.86%	64.84%	64.91%
Roche Bay East Limited	71.13%	71.13%	71.13%
Fraser Bay Public Limited Company	71.13%	71.13%	71.13%

WheelTug plc is 85.90% owned by Chorus Motors plc, which is 77.90% owned by Borealis Exploration Limited. Cool Chips Military Sales plc is owned 100% by Cool Chips plc which is 63.04% owned by Borealis Exploration Limited. Roche Bay East Ltd and Fraser Bay plc are both 100% owned by Roche Bay plc, which is 71.13% owned by Borealis Exploration Limited. Asamera Ltd is 100% owned by Power Chips plc which is 64.86% owned by Borealis Exploration Limited.

Of the above companies, shares of Avto Metals plc, Cool Chips plc, Chorus Motors plc, Faraway plc, Power Chips plc and Roche Bay plc are publicly traded in the United States over-the-counter (OTC) market and quoted on the Pink Sheets at www.pinksheets.com.

The investment in quoted subsidiary undertakings has been valued at historical cost taking no account of unrealised gains based on market value.

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (Continued)

The Family of Companies has in the past 8 years principally funded itself with the proceeds of the issue of shares in its subsidiaries, which has resulted in the dilution of the Company's holdings in these subsidiaries though the transactions were anti-dilutative in absolute terms. The issue of these shares is either for a cash consideration or payment for goods and services received by agreement with the creditor.

In 2012, further funds were raised by issue of shares at a premium by Avto Metals Bay plc , Chorus Motors plc, and Faraway plc. A minority interest of $14,219,274 (2011 - $14,533,085; 2010 - $13,693,831) in the subsidiaries is presented on the balance sheet effective 31 March 2012. The decrease of $313,811 is due to a lower percentage of the net assets of the subsidiaries being attributable to outside shareholders as a result of the dilution. The minority interest is divided into two elements, being that on the Non Distributable Reserve, which has been fully impaired during the year and that on the statement of comprehensive income result, which has increased by $3,874,449 (2011 - $923,026; 2010 - $ 157,423) as a result of increasing net assets in some subsidiaries this year. The equity of the Borealis Family of Companies in the share premiums paid by third parties during the year of $213,430 (2011 - $404,642; 2010 - $712,363) is shown as a gain in the statement of comprehensive income.

12. LOSS PER SHARE

Losses per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Basic EPS	Earnings / (loss) $	Weighted average number of shares	Per share amount $
Loss attributable to ordinary shareholders 2012	(3,885,139)	5,000,000	(0.78)
Profit attributable to ordinary shareholders 2011	2,000,995	5,000,000	0.40
Loss attributable to ordinary shareholders 2010	(1,003,337)	5,000,000	(0.20)

13. INTANGIBLE ASSETS

Family & Company

	Patent filing fee $	Development costs $	Total $
Cost			
At 1 April 2011	814,012	-	814,012
Additions	94,420	2,565,164	2,659,584
At 31 March 2012	908,432	2,565,164	3,473,596
Depreciation			
At 1 April 2011	268,167	-	268,167
Charge for the year	36,337		36,337
At 31 March 2012	304,504	-	304,504
Net book value			
31 March 2012	603,928	2,565,164	3,169,092
31 March 2011	545,845	-	545,845

Family & Company

	Patent filing fee $	Development costs $	Total $
Cost			
At 1 April 2010	773,344	-	773,344
Additions	40,668	-	40,668
At 31 March 2011	814,012	-	814,012
Depreciation			
At 1 April 2010	235,606	-	235,606
Charge for the year	32,561	-	32,561
At 31 March 2011	268,167	-	268,167
Net book value			
31 March 2011	545,845	-	545,845
31 March 2010	537,738	-	537,738

14. PROPERTY, PLANT AND EQUIPMENT

Family & Company	Mining, drilling and camp $	Moveable non-current assets $	Total $
Cost			
At 1 April 2011	655,808	131,042	786,850
Additions		12,000	12,000
At 31 March 2012	655,808	143,042	798,850
Depreciation			
At 1 April 2011	655,808	111,150	766,958
Charge for the year		5,979	5,979
At 31 March 2012	655,808	117,129	772,937
Net book value			
31 March 2012	-	25,913	25,913
31 March 2011	-	19,892	19,892

Family & Company	Mining, drilling and camp $	Moveable non-current assets $	Total $
Cost			
At 1 April 2010	655,808	129,156	784,964
Additions		1,886	1,886
At 31 March 2011	655,808	131,042	786,850
Depreciation			
At 1 April 2010	655,808	105,150	760,958
Charge for the year		6,000	6,000
At 31 March 2011	655,808	111,150	766,958
Net book value			
31 March 2011	-	19,892	19,892
31 March 2010	-	24,006	24,006

15. FAMILY INVESTMENT - MINING PROPERTIES

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Roche Bay plc Government of Canada			
21 Year renewal mining leases			
Balance 1 April	2,502,040	2,422,290	2,412,097
Development costs	-	69,064	-
Lease payments	11,055	10,686	10,193
	2,513,095	2,502,040	2,422,290
Increase in carrying value	-	-	-
Disposal at cost	-	-	-
	2,513,095	2,502,040	2,422,290
Faraway plc Government of Canada			
21 Year renewal mining leases	183,137	171,127	161,503
Lease payments	10,351	12,010	9,624
	193,488	183,137	171,127
Total Government of Canada			
21 Year renewal mining leases	$ 2,706,583	$ 2,685,177	$ 2,593,417

Mining resources consist of Roche Bay's ownership of Fraser Bay 1-5. The Roche Bay Magnetite Project is no longer being held on our books as mining resources. The valuation of $2,513,095 is based on historical value at the transfer from Borealis to Roche Bay plc. This value is annually adjusted by development costs and lease payments.

During the year, the company did some investigative work on the Western resource leases which yielded encouraging results. On 6 May 2011, the company entered into an agreement with principals of the Discovery Group, a Canadian mining development group, through West Melville Mining Company Ltd. for the development of lease number 2826. In terms of this agreement West Melville can earn up to a 70% interest in this lease subject to fulfilling certain drilling and development.

16. FAMILY INVESTMENT - RESIDENTIAL PROPERTY

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Investment in residential property			
At cost acquired May 2006	$ -	$ 20,500	$ 20,500
Directors' estimate of market value on 31 March 2012/2011/2010	$ -	$ 95,000	$ 80,000

The property was assigned over to Advanced Explorations Inc ("AXI"). as part of the Buy Out Agreement with Roche Bay plc and is used exclusively by AXI. As such, it has formed part of the impairment adjustment described in note 18.

17. MARKETABLE SECURITIES

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Family			
Shares and warrants in Advanced Explorations Inc.			
Common shares	801,009	1,883,591	696,201
Series A 1 warrants	-	-	1
	$ 801,009	$ 1,883,591	$ 696,202
Company			
Series A 1 warrants	-	-	1
	$ -	$ -	$ 1

The closing price of AXI at year end was approximately $0.40 (2011 - $0.72; 2010 - $0.17).

18. DEFERRED COMPENSATION RECEIVABLE

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Receivable in royalties	-	16,445,334	16,445,334
Receivable in cash and marketable securities	-	566,116	812,396
Less; receivable within the year	-	283,058	270,799
	$ -	$ 283,058	$ 541,597
	$ -	$ 16,728,392	$ 16,986,931

Deferred compensation arose from the Buy Out Agreement between Roche Bay plc and AXI, whereby AXI has the right to acquire 100% of the eastern leases. Full effect had been given to this buyout whereby the carrying value of Roche Bay's eastern leases was removed and replaced by the right to receive deferred compensation from AXI. The directors have reviewed this asset and have assessed that the asset does not and will not generate cash flows which support its carrying amount. As a consequence an impairment loss has been recognised to bring it to value $nil. Part of the loss has been offset against a non-distributable reserve that had been created (see note 23) as a consequence of the recognition of the asset above.

19. TRADE AND OTHER RECEIVABLES

Family	31 March 2012 $	31 March 2011 $	31 March 2010 $
Advances to suppliers and consultants	342,523	90,994	25,231
Current portion of deferred compensation receivable	-	283,058	270,799
Amounts due from Family undertakings	-	-	-
	$ 342,523	$ 374,052	$ 296,030

Amounts due to Family undertakings are unsecured, interest free and repayable on demand.

Company	31 March 2012 $	31 March 2011 $	31 March 2010 $
Advances to suppliers and consultants	77,045	18,958	20,306
Current portion of deferred compensation receivable	-	-	-
Amounts due from Family undertakings	1,282,878	1,035,528	675,339
	$ 1,359,923	$ 1,054,486	$ 695,645

20. TRADE AND OTHER PAYABLES

Family	31 March 2012 $	31 March 2011 $	31 March 2010 $
Trade creditors	4,651,321	5,731,103	7,141,535
Amounts due to Family undertakings	-	-	-
	$ 4,651,321	$ 5,731,103	$ 7,141,535

Amounts due to Family undertakings are unsecured, interest free and repayable on demand. Of the amount included under trade creditors, there are outstanding trade balances with directors and related parties of $1,713,661 (2011 - $1,514,745; 2010 - 1,491,030)

20. TRADE AND OTHER PAYABLES (continued)

Company	31 March 2012 $	31 March 2011 $	31 March 2010 $
Trade creditors	5,155,258	4,722,628	6,302,724
Amounts due to Family undertakings	26,752,721	27,002,057	25,086,264
	$ 31,907,979	$ 31,724,685	$ 31,388,988

21. NON CURRENT LIABILITIES

Family	31 March 2012 $	31 March 2011 $	31 March 2010 $
Other payables	1,216,851	917,335	914,321
	$ 1,216,851	$ 917,335	$ 914,321

Company	31 March 2012 $	31 March 2011 $	31 March 2010 $
Other payables	1,216,851	917,335	914,321
	$ 1,216,851	$ 917,335	$ 914,321

Other Creditors represent loans made to the Company by certain directors with regards to helping to finance the operations of the Company in previous years. In order to be in a position to make these loans the directors sold on the market (net of returns to date) 120,290 shares (2011 - 120,290; 2010 – 120,290) of Borealis Exploration Limited. The Family is obliged to return the loan once it is in a position to do so, by repaying to the directors sufficient funds to allow the directors to re-purchase 120,290 shares on the open market. The amount due to directors is determined at each year-end. In 2012 there were 120,290 shares repurchased but not yet transferred to them. In addition, 225,874 options were exercised in previous years and the shares had not yet been delivered to the purchasers as the exercise exceeded the number of shares that the Company is authorized to issue. The total amount is considered due to other creditors and carried at a value that approximates to the market value of the shares and options.

22. CALLED UP SHARE CAPITAL

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Authorised share capital			
5,000,000 ordinary shares @ $0.01 each	$ 50,000	$ 50,000	$ 50,000
Called up share capital			
5,000,000 ordinary shares @ $0.01 each	$ 50,000	$ 50,000	$ 50,000

23. NON DISTRIBUTABLE RESERVE

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Development costs bourne by joint venture partner	-	14,507,228	14,507,228
Minority interest theirin	-	(4,188,260)	(4,272,032)
	$ -	$ 10,318,968	$ 10,235,196

This represented the increase in carrying value of the company's investment in the Eastern deposits mining resource of Roche Bay plc as a result of exploration and development expenditure incurred by Advanced Explorations Inc. in past years. The directors have however deemed the asset to be impaired (see note 18)

24. SHARE OPTIONS

During the year ended 31 March 2011, certain Family companies issued a total of 22,000 share options. Conversion prices of these options are $5 for 11,000 and $10 for the remaining 11,000. These options expire on 1 June 2013. It is most unlikely that these options will be exercised prior to their expiry as their fair value is negligible. As such, no adjustment has been made in the Financial Statements.

25. SHARE BASED PAYMENTS

The Company issued shares of selected subsidiaries in consideration for services received in the period. The fair value of shares issued in such circumstances is determined by reference to the market value of the relevant services provided.

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Value of consideration	$ 740,414	$ 404,642	$ 712,363

26. FINANCIAL RISK ANALYSIS

The Family has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Foreign currency risk
- Credit risk
- Market risk

This note presents information about the Family's exposure to each of the above risks, the Family's objectives, policies and processes for measuring and managing risk, and the Family's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

26. FINANCIAL RISK ANALYSIS (continued)

The Family's risk management policies are established to identify and analyse the risks faced by the Family to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market condition and the Family's activities. The Family through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a) Liquidity risk

Liquidity risk is the risk that the Family will not be able to meet its financial obligations as they fall due. The Family's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Family manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The Family has not made any significant guarantees of third party or related party actual or potential obligations.

b) Foreign currency risk

The Family does not have any material loans designated in foreign currencies that are covered under forward exchange contracts.

The Family's policy is to cover forward all trade commitments. Each subsidiary manages its own trade exposure by reference to its functional currency.

The Family's financial risk arising from exchange rate fluctuations is mainly attributed to the fact that some receipts are received in other currencies such as Euro (EUR) and Canadian Dollar (USD) and Sterling (GBP).

The Family continually monitors the foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level.

The Family's significant exposures to foreign currency risk at the reporting date stated at currency amounts were as follows:

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Cash and cash receivables			
Euro (EUR)	484	866	66
Canadian Dollar (CAD)	142,102	435,056	140,750
Sterling (GBP)	10,077	3,217	4,963
	$ 152,663	$ 439,139	$ 145,779

c) Credit risk

Credit risk is the risk of financial loss to the Family if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Family's receivables from clients.

26. FINANCIAL RISK ANALYSIS (continued)

i) Trade and other receivables

The Family's exposure to credit risk is influenced mainly by the individual characteristics of each client. The demographics of the Family's client base, including the default risk of the country in which the clients operate, has less of an influence on credit risk. There is no one client to which a significant percentage of the Family's revenue can be attributed.

Potential material areas of credit risk consist of trade accounts receivable. Trade accounts receivable consist mainly of a widespread customer base.

The Family has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. It is Family policy to deposit short term cash investments with major institutions.

Exposure to credit risk

The carrying amount of financial instruments represents the maximum credit exposure. The Family's maximum exposure to credit risk at the reporting date was:

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Trade and other receivables	342,523	374,052	296,030
Cash and cash equivalents	473,711	559,566	145,588
	$ 816,234	$ 933,618	$ 441,618

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Family's income or the value of its holdings of financial instruments. The object of market risk management is to manage and control market risk expenses within acceptable parameters, while optimising the return.

The Family is exposed to equity securities price risk in respect of investments held by the Family The potential impact is not material to the affairs of the Family

e) Capital management

The Board’s policy is to maintain a strong capital base, which is defined as share capital and retained earnings, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

26. FINANCIAL RISK ANALYSIS (continued)

The principal financial instruments used by the Family, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

A summary of the financial instruments held by category is provided below:

Financial assets

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Trade and other receivables	342,523	374,052	296,030
Cash and cash equivalents	473,711	559,566	145,588
	$ 816,234	$ 933,618	$ 441,618

Financial liabilities

	31 March 2012 $	31 March 2011 $	31 March 2010 $
Trade creditors	4,651,321	5,731,103	7,141,535
Other payables	1,216,851	917,335	914,321
	$ 5,868,172	$ 6,648,438	$ 8,055,856

27. RECONCILIATION FROM UK GAAP TO IFRS

This is the first year that the Family has prepared the financial statements in accordance with International Financial Reporting Standards

The tables below provide a reconciliation between Gibraltar GAAP and IFRS.

	31 March 2012 $	31 March 2011 $
(Loss)/profit for the year under Gibraltar GAAP	(3,885,139)	2,000,995
IFRS adjustment	-	-
(Loss)/profit for the year for the Family attributable to shareholders in accordance with IFRS	(3,885,139)	2,000,995

27. RELATED PARTY TRANSACTIONS

The Parmenides Group received fees of $432,000 for management services in 2012, including compensation to key members of the executive team, as well as general office services.

The Parmenides Group is owned by Shiloh Limited International, Inc., ('Shiloh'), of which three of its Directors, Rodney T. Cox, Isaiah W. Cox and Wayne S. Marshall, are also directors of the Company. Shiloh is owned by The Jeremiah Toyam Cox Foundation Limited, ('Foundation'), whose Council Members include Rodney T. Cox, Isaiah W. Cox and Nechama J. Cox, who are also directors of the Company. The Council Members have no direct or indirect beneficial interest in the Foundation.