BOREALIS EXPLORATION LIMITED

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED 30 JUNE 2012

the first quarter of Fiscal Year 2013

BOREALIS EXPLORATION LIMITED
Registered number: 66632

FINANCIAL STATEMENTS
Quarter ended 30 June 2012

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BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Quarter ended 30 June 2012

	Note	30 June 2012 $	30 June 2011	Year ended 31 March 2012 $
EXPENDITURE		(925,853)	(700,416)	(2,293,439)
OPERATING LOSS	6	(925,853)	(700,416)	(2,293,439)
Profit (Loss) on disposal of marketable investments		(6,583)	-	277,103
Unrealised (loss)/gain on revaluation of marketable securities		(211,185)	(353,550)	(159,644)
Financing gain (loss)		(1,728,168)	51,925	(359,516)
Impairment of development costs		-	-	(2,345,916)
Non current asset write-off		-	-	(20,500)
Interest received		15	42	51
Interest paid		-	(706)	(8,895)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(2,871,774)	(1,002,705)	(4,910,756)
Tax - Canada capital tax		-	-	(2,355)
LOSS ON ORDINARY ACTIVITIES AFTER TAX		(2,871,774)	(1,002,705)	(4,913,111)
Profit on sale of shares in subsidiary companies		1,385,000	852,773	5,115,851
(Loss)/gain on (increase)/decrease in stake in business		1,966	7,627	(213,430)
Equity non-controlling interest		(917,845)	(61,130)	(3,874,449)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$ (2,402,653)	$ (203,435)	$ (3,885,139)
EARNING PER SHARE ATTRIBUTABLE	12	(0.48)	$ (0.04)	$ (0.78)

BOREALIS EXPLORATION LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

	Notes	30 June 2012 $	31 March 2012 $	30 June 2011 $
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		4,170,094	3,169,092	554,141
Tangible assets		24,618	25,913	19,392
Mining resources		2,711,392	2,706,583	2,690,061
Property, plant and machinery		-	-	20,500
Marketable securities		484,989	801,009	1,491,058
Deferred compensation receivable		-	-	16,728,392
		7,391,093	6,702,597	21,503,544
CURRENT ASSETS				
Trade and other receivables		276,101	342,523	578,169
Cash and cash equivalents		261,040	473,711	261,361
		537,141	816,234	839,530
TOTAL ASSETS		$ 7,928,234	$ 7,518,831	$ 22,343,074
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
Non-controlling interest		15,137,119	14,219,274	14,594,215
Retained earnings		(39,262,298)	(36,859,645)	(33,177,941)
		165,851	1,650,659	16,026,272
LIABILITIES				
NON-CURRENT LIABILITIES		2,189,016	1,216,851	865,410
CURRENT LIABILITIES				
Trade and other payables		5,573,367	4,651,321	5,451,392
		$ 7,928,234	$ 7,518,831	$ 22,343,074

BOREALIS EXPLORATION LIMITED

Registered number: 66632

COMPANY STATEMENT OF FINANCIAL POSITION

30 June 2012

	30 June 2012 $	31 March 2012 $	30 June 2011 $
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	632,023	603,928	554,141
Tangible assets	24,618	25,913	19,392
Marketable securities	-	-	-
Investments in subsidiaries	83,950	83,950	83,950
	740,591	713,791	657,483
CURRENT ASSETS			
Trade and other receivables	1,677,010	1,359,923	1,546,436
Cash and cash equivalents	109,384	234,883	54,996
	1,786,394	1,594,806	1,601,432
TOTAL ASSETS	$ 2,526,985	$ 2,308,597	$ 2,258,915
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	(56,993,183)	(55,107,263)	(54,945,487)
NET ASSETS	(32,702,153)	(30,816,233)	(30,654,457)
LIABILITIES			
NON-CURRENT LIABILITIES	2,189,016	1,216,851	865,410
CURRENT LIABILITIES			
Trade and other payables	33,040,122	31,907,979	32,047,962
	$ 2,526,985	$ 2,308,597	$ 2,258,915

BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF CASH FLOW

Quarter ended 30 June 2012

	30 June 2012 $	30 June 2011 $	Year ended March 2012 $
Net cash outflow from operating activities	72,522	(1,300,017)	(3,424,128)
Returns on investments and servicing of finance			
Interest received	15	42	51
Interest paid	-	(706)	(8,895)
Net cash outflow from servicing of finance	15	(664)	(8,844)
Capital expenditure and financial investment			
Marketable securities acquired	-	-	-
Patent acquisitions	(36,708)	(13,133)	(94,420)
Research and development expenditure	(972,906)	-	(2,565,164)
Non-current asset acquisitions		-	(12,000)
Proceeds on disposal of marketable securities	45,587	-	1,200,041
Lease costs of mining resources	(4,809)	(4,884)	(21,406)
Development costs of mining resources	-	-	
Net cash inflows/(outflow) from capital expenditure and financial investment	(968,836)	(18,017)	(1,492,949)
Acquisitions and disposals			
Shares repurchased	(756,003)	-	(60,000)
Shares issued in subsidiaries for services	54,631	167,720	(213,430)
Net cash inflow from disposals	(701,372)	167,720	(273,430)
Financing activities and taxation			
Realised profits from sales of subsidiary shares	1,385,000	852,773	5,115,851
Taxation	-	-	(2,355)
Net cash inflow from financing	1,385,000	852,773	5,113,496
Net increase in cash resources	$ -212,671	$ -298,205	$ -85,855

BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF CASH FLOW (Continued)
Quarter ended 30 June 2012

Reconciliation of operating loss to net cash outflow from operating activities

	30 June 2012 $	30 June 2011 $	Year ended 31 March 2012 $
Operating loss for the year	(925,853)	(700,416)	(2,293,439)
Deferred compensation adjustment	-	-	(407,810)
Depreciation of fixed assets	1,295	500	5,979
Amortisation of patents	8,612	4,837	36,337
(Increase)/decrease in accounts receivable	66,422	(204,117)	31,429
Increase/(decrease) in accounts payable	922,046	(400,821)	(1,079,782)
Decrease in deferred compensation	-	-	283,058
Net cash outflow from operating activities	$ 72,522	$ (1,300,017)	$ (3,424,228)

Movement in cash and analysis of cash balances

	30 June 2012 $	30 June 2011 $	31 March 2012 $
Changes in net cash			
At 1 April 2012	473,711	559,566	559,566
Increase (Decrease) in cash during the year	(212,671)	(298,205)	(85,855)
At 30 June 2012	$ 261,040	$ 261,361	$ 473,711
Analysis of cash balances			
Cash at Bank	$ 261,040	$ 261,361	$ 473,711