BOREALIS EXPLORATION LIMITED

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED 31 DECEMBER 2012

the third quarter of Fiscal Year 2013

BOREALIS EXPLORATION LIMITED
Registered number: 66632

FINANCIAL STATEMENTS
Quarter ended 31 December 2012

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BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Quarter ended 31 December 2012

	Note	31 December 2012 $	31 December 2011 $	Year ended 31 March 2012 $
EXPENDITURE		(1,964,420)	(2,970,409)	(2,293,439)
OPERATING LOSS		(1,964,420)	(2,970,409)	(2,293,439)
Profit (Loss) on disposal of marketable investments		(26,947)	-	277,103
Unrealised (loss)/gain on revaluation of marketable securities		(648,666)	(958,745)	(159,644)
Financing gain (loss)		(1,558,714)	(108,794)	(359,516)
Impairment of development costs		-	-	(2,345,916)
Non current asset write-off		-	-	(20,500)
Interest received		25	85	51
Interest paid		-	(1,699)	(8,895)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(4,198,722)	(4,039,562)	(4,910,756)
Tax - Canada capital tax		-	(2,355)	(2,355)
LOSS ON ORDINARY ACTIVITIES AFTER TAX		(4,198,722)	(4,041,917)	(4,913,111)
Profit on sale of shares in subsidiary companies		3,639,952	3,127,546	5,115,851
(Loss)/gain on (increase)/decrease in stake in business		(2,581)	27,915	(213,430)
Equity non-controlling interest - current		174,624	(172,368)	(3,874,449)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		$ (386,727)	$ (1,058,824)	$ (3,887,494)
Equity non-controlling interest - prior year adjustment		$ 5,661,479	-	-
TOTAL ADJUSTED COMPREHENSIVE INCOME		$ 5,274,752	$ (1,058,824)	$ (3,887,494)
EARNING PER SHARE ATTRIBUTABLE		(0.08)	$ (0.21)	$ (0.78)

BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	31 December 2012 $	31 March 2012 $	31 December 2011 $
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		6,103,059	3,169,092	583,875
Tangible assets		22,028	25,913	30,492
Mining resources		1,963,720	2,706,583	2,690,061
Property, plant and machinery		-	-	20,500
Marketable securities		710,567	801,009	755,498
Deferred compensation receivable		-	-	16,445,334
		8,799,374	6,702,597	20,525,760
CURRENT ASSETS				
Trade and other receivables		28,863	342,523	480,081
Cash and cash equivalents		424,730	473,711	441,293
		453,593	816,234	921,374
TOTAL ASSETS		$ 9,252,967	$ 7,518,831	$ 21,447,134
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		8,383,180	14,219,274	14,705,453
Retained earnings		(31,584,893)	(36,859,645)	(34,033,330)
		1,089,317	1,650,659	15,282,121
LIABILITIES				
NON-CURRENT LIABILITIES		2,018,622	1,216,851	963,874
CURRENT LIABILITIES				
Trade and other payables		6,145,028	4,651,321	5,201,139
		$ 9,252,967	$ 7,518,831	$ 21,447,134

BOREALIS EXPLORATION LIMITED

Registered number: 66632

COMPANY STATEMENT OF FINANCIAL POSITION

31 December 2012

	31 December 2012 $	31 March 2012 $	31 December 2011 $
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	680,975	603,928	583,875
Tangible assets	22,028	25,913	30,492
Marketable securities	-	-	-
Investments in subsidiaries	83,950	83,950	83,950
	786,953	713,791	698,317
CURRENT ASSETS			
Trade and other receivables	1,573,487	1,359,923	1,458,421
Cash and cash equivalents	112,568	234,883	115,857
	1,686,055	1,594,806	1,574,278
TOTAL ASSETS	$ 2,473,008	$ 2,308,597	$ 2,272,595
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	(56,765,456)	(55,107,263)	(54,976,821)
NET ASSETS	(32,474,426)	(30,816,233)	(30,685,791)
LIABILITIES			
NON-CURRENT LIABILITIES	2,018,622	1,216,851	963,874
CURRENT LIABILITIES			
Trade and other payables	32,928,812	31,907,979	31,994,512
	$ 2,473,008	$ 2,308,597	$ 2,272,595

BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF CASH FLOW

Quarter ended 31 December 2012

	31 December 2012 $	31 December 2011 $	Year ended March 2012 $
Net cash outflow from operating activities	(122,882)	(3,630,931)	(3,424,128)
Returns on investments and servicing of finance			
Interest received	25	85	51
Interest paid	-	(1,699)	(8,895)
Net cash outflow from servicing of finance	25	(1,614)	(8,844)
Capital expenditure and financial investment			
Marketable securities acquired	(732,998)	-	-
Patent acquisitions	(107,333)	(52,541)	(94,420)
Research and development expenditure	(2,856,919)	-	(2,565,164)
Non-current asset acquisitions	-	(12,000)	(12,000)
Investments made	-	(44,049)	
Proceeds on disposal of marketable securities	148,678	98,553	1,200,041
Lease costs of mining resources	(19,732)	(4,885)	(21,406)
Development costs of mining resources	-	-	
Net cash inflows/(outflow) from capital expenditure and financial investment	(3,568,304)	(14,922)	(1,492,949)
Acquisitions and disposals			
Shares repurchased	(1,153,500)	60,000	(60,000)
Shares issued in subsidiaries for services	1,155,728	344,003	(213,430)
Recovery of investment in mining resources	762,885	-	-
Net cash inflow from disposals	2,228	404,003	(273,430)
Financing activities and taxation			
Realised profits from sales of subsidiary shares	3,639,952	3,127,546	5,115,851
Taxation	-	(2,355)	(2,355)
Net cash inflow from financing	3,639,952	3,125,191	5,113,496
Net increase in cash resources	$ (48,981)	$ (118,273)	$ (85,855)

BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

Quarter ended 31 December 2012

Reconciliation of operating loss to net cash outflow from operating activities

	31 December 2012 $	31 December 2011 $	Year ended 31 March 2012 $
Operating loss for the period	(1,964,420)	(2,970,409)	(2,293,439)
Deferred compensation adjustment	-	-	(407,810)
Depreciation of fixed assets	3,885	1,400	5,979
Amortisation of patents	30,286	14,511	36,337
(Increase)/decrease in accounts receivable	313,660	(106,029)	31,429
Increase/(decrease) in accounts payable	1,493,707	(850,462)	(1,079,782)
Decrease in deferred compensation	-	280,058	283,058
Net cash outflow from operating activities	$ (122,882)	$ (3,630,931)	$ (3,424,228)

Movement in cash and analysis of cash balances

	31 December 2012 $	31 December 2011 $	31 March 2012 $
Changes in net cash			
At 1 April 2012	473,711	559,566	559,566
Increase (Decrease) in cash during the period	(48,981)	(118,273)	(85,855)
At 31 December 2012	$ 424,730	$ 441,293	$ 473,711
Analysis of cash balances			
Cash at Bank	$ 424,730	$ 261,361	$ 473,711