BOREALIS EXPLORATION LIMITED

Gibraltar Registered Number 66632

Unaudited Financial Statements
for the six months ending 30 September 2009
the first two quarters of Fiscal Year 2010

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 September 2009

	30-Sep-09 $	30-Sep-08 $
Expenditure	(1,535,610)	(1,940,820)
Operating loss	(1,535,610)	(1,940,820)
Joint venture income	-	186,982
Profit (loss) on disposal of marketable securities	2,289	(14,869)
Unrealised gain (loss) on revaluation of marketable securities	95,760	(8,842,648)
Financing gain (loss)	(113,390)	1,083,775
Interest received	12	269
Interest paid	(9,722)	(28,603)
(Loss) Income on ordinary activities before taxation	(1,560,661)	(9,555,914)
Taxation	-	-
(Loss) Income on ordinary activities after taxation	(1,560,661)	(9,555,914)
Profit (Loss) on sale of shares in subsidiary companies	781,582	635,824
Gain on decrease in stake in subsidiaries	356,181	2,596,244
Equity minority interest	(78,712)	(319,383)
Profit (Loss) for the period	(501,610)	(6,643,229)
Net Income/(Loss) for the period	$(501,610)	$(6,643,229)
Earnings/(Loss) per share	$(0.10)	$(1.33)

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED BALANCE SHEET
as at 30 September 2009

	30-Sep-09	30-Sep-08
Fixed Assets		
Intangible assets	532,238	562,409
Tangible assets	24,506	30,105
Mining resources	2,585,322	16,491,921
Residential property	20,500	20,500
Marketable securities	48,452	125,499
Deferred compensation receivable	17,097,084	-
	20,308,102	17,230,434
Current Assets		
Accounts receivable	292,501	49,929
Cash at bank and in hand	64,320	54,938
	356,821	104,867
Creditors: amounts falling due within one year	(7,530,567)	(4,086,147)
Net current liabilities	(7,173,746)	(3,981,280)
Total assets less current liabilities	13,134,356	13,249,154
Creditors:		
Amounts falling due after more than one year	(742,462)	(720,338)
Net Assets	$12,391,894	$12,528,816
Capital and Reserves		
Called up Share Capital	50,000	50,000
Share Premium Account	24,241,030	24,241,030
Non Distributable Reserve	10,270,965	7,424,095
Profit and Loss Account	(34,932,643)	(31,601,308)
Total shareholders' funds	(370,648)	113,817
Minority interests - equity	12,762,542	12,414,999
Total Equity	$12,391,894	$12,528,816

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

COMPANY BALANCE SHEET
as at 30 September 2009

	30-Sep-09 $	30-Sep-08 $
Fixed Assets		
Intangible assets	532,238	562,409
Tangible assets	24,506	30,105
	556,744	592,514
Investments in subsidiary undertakings	83,950	83,950
	640,694	676,464
Marketable Securities	-	34,119
Current Assets		
Debtors	468,508	417,319
Cash at bank and in hand	10,432	870
	478,940	418,189
Creditors: amounts falling due within one year	(32,754,623)	(28,954,364)
Net current liabilities	(32,275,683)	(28,536,175)
Total assets less current liabilities	(31,634,989)	(27,859,711)
Creditors: amounts falling due after more than one year	(742,462)	(720,338)
Total net liabilities	$(32,377,451)	$(28,545,930)
Deficiency in assets		
Called up Share Capital	50,000	50,000
Share Premium Account	24,241,030	24,241,030
Profit and Loss Account	(56,668,481)	(52,836,960)
Total deficit in shareholders' funds	$(32,377,451)	$(28,545,930)

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2009

	30 Sept 2009 $	30 Sept 2008 $
Net cash outflow from operating activitie	$(642,186)	$(2,336,275)
Returns on investments and servicing of finance		
Interest paid less interest received	(9,710)	(28,334)
Net cash outflow from servicing of financ	$(9,710)	$(28,334)
Capital expenditure and financial investment		
Patent acquisitions	(9,873)	(9,060)
Expenditure on mining resources including lease costs	(4,530)	(15,542)
Proceeds on disposal of marketable securities	3,526	263,852
Warrants converted	-	(52,500)
Investments acquired	-	(21,456)
Net cash inflows (outflow) from capital expenditure and financial investment	$(10,877)	$165,294
Acquisitions and disposals		
Proceeds from joint venture ageement	-	186,982
Shares issued in subsidaries	25,200	145,074
	$25,200	$332,056
Net cash inflow from disposals		
Financing activities		
Realised profits from sales of subsidiary shares	781,582	521,458
Funds repaid for purchase of shares advanced to directors	(113,390)	1,083,775
Net cash inflow from financing	$668,192	$1,605,233
Net increase (decrease) in cash resources	$30,619	$(262,026)

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2009
OPERATING ACTIVITIES

	30 Sept 2009 $	30 Sept 2008 $
Operating loss for the year	(1,535,610)	(1,940,820)
Depreciation of fixed assets	3,000	7,400
Amortisation of patents	15,466	9,674
Decrease in accounts receivable	418,375	216,493
Increase (Decrease) in accounts payable	456,583	(629,022)
Net cash outflow from operating activities	$(642,186)	$(2,336,275)

MOVEMENT IN CASH AND ANALYSIS OF CASH BALANCES

	30 Sept 2009 $	30 Sept 2008 $
Changes in net cash		
At 1 April 2009	33,701	316,964
Increase in cash in the year	30,619	(262,026)
At 30 September 2009	$64,320	$54,938

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	30 Sept 2009 $	30 Sept 2008 $
Analysis of cash balances		
Cash at bank	$64,320	$54,938