BOREALIS EXPLORATION LIMITED

Registered number: 66632

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

TWELVE MONTHS ENDED 31 MARCH 2016

for the fourth quarter of Fiscal Year ending 30 September 2016
Note that The Company has changed its year end.

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BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

twelve months ended 31 March 2016

	31 March 2016 $	31 March 2015 $
REVENUE	-	27,000
EXPENDITURE	(3,470,303)	(3,161,268)
OPERATING LOSS	(3,470,303)	(3,134,268)
Other gains and losses		
Loss on disposal of financial assets	-	(44,277)
Fair value gain (loss) on financial assets	(77,552)	(120,323)
Foreign exchange gain (loss)	2,994	(6,209)
Impairment of mining resources	-	(2,010,973)
Impairment of investment in subsidiaries	-	(710,227)
Gain on write down of payables	759,244	1,874,675
Finance cost		
Financing gain (loss)	263,695	1,287,089
Interest received	-	-
Interest paid	(6,274)	(11,469)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	(2,528,196)	(2,875,982)
Tax	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAX	(2,528,196)	(2,875,982)
Change of stake in business (increase)/decrease	39,640	695,186
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (2,488,556)	$ (2,180,796)
Total comprehensive income (loss) for the period attributable to:		
Owners of the parent	(2,860,004)	1,559,498
Equity non-controlling interest	371,448	(870,350)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE	($0.51)	($0.58)

Note: Special attention is drawn to note 1u.

BOREALIS EXPLORATION LIMITED

Registered number: 66632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	31 March 2016 $	31 March 2015 $
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	13,837,587	12,446,151
Property, plant and equipment	10,390	12,786
Mining resources	2	2
	13,847,979	12,458,939
CURRENT ASSETS		
Trade and other receivables	981,004	26,303
Financial assets at fair value	6,561	90,517
Cash and cash equivalents	330,692	75,574
	1,318,257	192,394
TOTAL ASSETS	$ 15,166,236	$ 12,651,333
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Called up share capital	50,000	50,000
Share premium account	24,241,030	24,241,030
Retained earnings	(25,035,912)	(27,425,714)
	(744,882)	(3,134,684)
Non-controlling interest	9,549,295	9,177,847
Total equity	8,804,413	6,043,163
LIABILITIES		
NON-CURRENT LIABILITIES	1,817,505	1,431,200
CURRENT LIABILITIES		
Trade and other payables	4,544,318	5,176,970
	$ 15,166,236	$ 12,651,333

BOREALIS EXPLORATION LIMITED

Registered number: 66632

COMPANY STATEMENT OF FINANCIAL POSITION

31 March 2016

	31 March 2016 $	31 March 2015 $
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	796,394	811,288
Property, plant and equipment	10,390	12,786
Investments in subsidiaries	124,018	83,950
	930,802	908,024
CURRENT ASSETS		
Trade and other receivables	12,286,522	1,926,528
Cash and cash equivalents	299,759	68,972
	12,586,281	1,995,500
TOTAL ASSETS	$ 13,517,083	$ 2,903,524
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Called up share capital	50,000	50,000
Share premium account	24,241,030	24,241,030
Retained earnings	(54,045,608)	(54,309,304)
NET ASSETS	(29,754,578)	(30,018,274)
LIABILITIES		
NON-CURRENT LIABILITIES	1,167,505	1,431,200
CURRENT LIABILITIES		
Trade and other payables	42,104,156	31,490,598
	$ 13,517,083	$ 2,903,524

BOREALIS EXPLORATION LIMITED

Consolidated Statements of Changes in Equity
twelve months ended 31 March 2016

	Called up Share Capital	Share Premium Account	Other reserves	Retained earnings	Non-controlling interest	Total equity
	$	$	$	$	$	$
Balance at 1 April 2014	$50,000	$24,241,030	-	$(28,985,212)	$10,048,197	$5,354,016
Loss on ordinary activities after tax	-	-	-	$(2,875,982)	-	$(2,875,982)
Profit on sale of shares in subsidiary companies	-	-	-	$2,869,944		$2,869,944
Change of stake in business	-	-	-	$695,186	-	$695,186
Change in ownership interest of subsidiaries	-	-	-	$870,350	$(870,350)	-
Balance at 31 March 2015	$50,000	$24,241,030	-	$(27,425,714)	$9,177,847	$6,043,163
Loss on ordinary activities after tax	-	-	-	(2,528,196)	-	(2,528,196)
Profit on sale of shares in subsidiary companies	-	-	-	5,249,806	-	5,249,806
Change of stake in business				39,640		39,640
Change in ownership interest of subsidiaries	-	-	-	(371,448)	371,448	-
Balance at 31 March 2016	$ 50,000	$ 24,241,030	$ -	$ (25,035,912)	$ 9,549,295	$ 8,804,413

BOREALIS EXPLORATION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
twelve months ended 31 March 2016

	Called up Share Capital	Share Premium Account	Retained earnings	Total equity
	$	$	$	$
Balance at 1 April 2014	$50,000	$24,241,030	$(57,471,068)	$(33,180,038)
Comprehensive income for the year	-	-	3,161,764	3,161,764
Balance at 31 March 2015	$50,000	$24,241,030	$(54,309,304)	$(30,018,274)
Comprehensive income for the period	-	-	263,696	263,696
Balance at 31 December 2015	$50,000	$24,241,030	$(54,045,608)	$(29,754,578)

BOREALIS EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW
twelve months ended 31 March 2016

	31 March 2016 $	Year ended March 2015 $
Cash flows from operating activities		
Cash generated from operations	(348,077)	(189,495)
Interest paid - net	(6,274)	(11,469)
Net cash generated from operating activities	(354,351)	(200,964)
Cash flows from investing activities		
Acquisition of intangible assets	(1,436,978)	(1,248,927)
Proceeds on disposal of marketable securities	6,404	142,961
Expenditure on mineral resources	-	(17,440)
Net cash used in investing activities	(1,430,574)	(1,123,406)
Cash flows from financing activities		
Proceeds from sale of subsidiaries shares	1,406,394	1,318,500
Repayments of borrowings	-	(1,880)
Shares repurchased	(16,236)	(9,000)
Long term loans raised	650,000	-
Net cash inflow from financing activities	2,040,158	1,307,620
Net decrease in cash and cash equivalents	255,233	(16,750)
Cash and cash equivalents at the beginning of the period	75,574	93,722
Exchange gains/losses on cash at bank	(115)	(1,398)
Cash and cash equivalents at the end of the period	$ 330,692	$ 75,574

BOREALIS EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW (Continued)
twelve months ended 31 March 2016

Cash generated from operations

	31 March 2016 $	31 March 2015 $
Total comprehensive income (loss) for the year	(2,488,556)	(2,180,796)
Adjustments for:		
Depreciation	2,396	3,398
Amortisation	64,564	64,002
Share based payments - equity settled	3,715,625	1,552,730
Fair value (gains)/losses on financial assets	77,552	120,828
Finance costs	6,274	11,469
Foreign exchange losses/(gains) on operating activities	(2,994)	6,209
Loss on sale of financial assets	-	44,277
Non cash proceeds from buy out options	-	-
Non cash financing loss (gain)	(263,595)	(1,287,089)
Gain/(loss) on change of stake in business	(39,640)	(695,186)
Gain on write off of payables	(759,244)	(1,874,675)
Impairment of mining resurces	-	2,010,973
Impairment of investment in subsidiaries	-	710,227
Changes in working capital:		
Decrease/(Increase) in trade and other receivables	(954,701)	341,048
Increase/(Decrease) in trade and other payables	294,242	983,090
Net cash outflow from operating activities	$ (348,077)	$ (189,495)

Notes to the Consolidated Financial Statements
twelve months ended 31 March 2016

1. Significant 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 Companies (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 management to exercise judgment in applying the accounting policies to the family, hereafter after referred to as the 'Family'. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

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

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 dates.

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 holders 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 operations of 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 items 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.

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. 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.

f. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Mining and geological equipment	30%
Other equipment	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

g. 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 year useful estimated life once the asset is available for use.

g. Intangible assets - Research and development expenditure (continued)

Patents are accounted for on the basis of the costs of registering the worldwide rights. All costs for legal works of the products have been written off in the year incurred. These patents are amortised on the straight-line basis over their twenty year estimated useful life.

h. Mineral resources

Mineral resources are recognised at the cost of acquiring licences, including the costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs are capitalised once the company has obtained the legal right to explore. Mineral resources are amortised when technical feasibility and commercial viability of the property can be demonstrated.

i. Impairment of non-financial assets

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.

j. Taxation

Income tax expense represents the sum of the current tax and deferred tax.
The charge for current tax is based on the result for the year adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.
Current and deferred tax is recognised in the income statement unless the item to which the tax relates was recognised outside the income statement being other comprehensive income or equity. The tax associated with such an item is also recognised in other comprehensive income or equity respectively.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

j. Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the Family is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. For land and revalued investment property deferred tax is calculated on the presumption that recovery is through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

A change in deferred tax assets and liabilities as a result of a change in the tax rates or laws are recognised in profit and loss or other comprehensive income to the extent that it relates to items previously recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Family intends to settle its current tax assets and liabilities on a net basis.

k. 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.

l. 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.

m. 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.

n. 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 other comprehensive income.

o. 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.

p. Revenue recognition

Revenue from the sale of fuel slots is recognised when the agreements are executed.

(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) Financial assets at fair value through profit or loss ('FVTPL')

If a financial asset is held for trading, or is designated as such on initial recognition, it is classified as held at fair value through profit or loss. Assets other than held for trading are designated at fair value through profit and loss when the Family manages the holdings and makes purchase and sale decisions based on fair value assessments and documented risk management and investment strategies. Attributable transaction costs and changes in fair value are recognised in profit or loss.
The company has designated its marketable securities as FVTPL 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 subsequently carried at amortised cost.

The Company’s subsidiaries are listed in note 9 to the consolidated financial statements and are held at cost less provision for any impairment.

q. Financial hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices); and

Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

r. Share capital

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

s. 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.

t. Comparative figures
Some comparative figure allocations are restated where necessary to allow for a more meaningful comparison with the current figures.

u. Profit on sale of shares in subsidiary companies
In compliance with IFRS10, Profit on Sale of Shares in Subsidiary Companies has been shown in the Consolidated Statement of Changes in Equity and not in the Consolidated Statement of Comprehensive Income. The comparative figures have been changed accordingly. It is noted that this is a difference in disclosure only, and it has no effect on the Consolidated Statement of Financial Position.

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 endorsed by the European Union (EU)) as of 1 April 2014. There are other amendments to standards not listed in this note as they do not have a material effect on the Family.

- IAS 32 (amendment), 'Offsetting Financial Assets and Financial Liabilities'. The IAS 32 amendment clarifies the existing offsetting requirements and therefore is unlikely to have any impact on the Family. The amendment is effective for annual periods beginning on or after 1 January 2014.

In addition, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2015, and have not been applied in preparing these consolidated financial statements. These are not expected to have an effect on the consolidated financial statements.

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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

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 to the carrying values of assets and liabilities that would be necessary if the Borealis Family of Companies is unable to achieve profitable operations or secure continued financing.

4. 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) ***Mineral resources***

The recoverabilty of the capitalised mineral resources are subject to significant assumptions about the future made by management at the end of the year. The recoverability is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in mineral resources, the ability of the Family to secure continued financial support to develop its mineral resources, and upon future profitable production.

i) ***Intangible Assets***

The recoverabilty of the capitalised technology development costs are subject to significant assumptions about the future made by management at the end of the year. The recoverability is dependent upon the successful development of a commercially viable product, securing and maintaining patents in relation to these, the ability of the Family to secure continued financial support to develop, and upon future profitable production.

iii) ***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.

5. Operating loss

Operating loss is stated after charging	March 2016	March 2015
		$
Depreciation	2,396	3,398
Amortisation	64,564	64,002
Family audit fees	12,506	102,506

6. Directors' emoluments

The total amount of emoluments credited to directors, who are also the key management personnel, during the period was $1,620,501 (March 2015 : $1,644,100).

Included in these emoluments are directors fees of $113,401, accounting fee of $16,000 and development expenditure of $1,300,800, approximately half of which has been capitalised as development expenditure.

In addition, amounts totalling approximately $222,000 (December 2014: $190,800) has been charged to the Family of Companies by certain directors, for the provision of office space.

7. Employee information

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

8. Results of the holding company

Included in the profits for the financial quarter is a profit of $263,696 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 alone.

9. Taxation

The Gibraltar Tax Act (2010) 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.