

Borealis Exploration Limited

INFORMATION CIRCULAR

Fiscal Year 2000

1. SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation of proxies by the Management of Borealis Exploration Limited ("Company") for use at its Annual Meeting of Members to be held 6 September 2000 in Gibraltar and on the web at www.borealis.com, with the Record Date of the meeting being 1 August 2000, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be by mail, fax, e-mail, web page, telephone or in person by Officers and Directors of the Company. The cost of solicitation will be borne by the Company. The information contained here is given as of 1 August 2000, unless otherwise indicated. All dollar figures set forth are expressed in United States Dollars. All accounting is done in US GAAP (Generally Accepted Accounting Principles), with reconciliations to Canadian GAAP.

2. QUORUM AND VOTING:

The authorised capital of the Company is \$50,000 USD, consisting solely of one class of common shares divided into 5,000,000 shares of \$0.01 USD par value, of which all 5,000,000 shares were outstanding at the close of business 1 August 2000.

Each holder of a common share of record as of the Record Date for the meeting is entitled to attend the meeting either in person or electronically at www.borealis.com, and to cast one vote for each share. Proxies are being accepted by hand delivery, mail, e-mail, voting on the Borealis Web Site, and by fax. Any resolution to be voted upon at the meeting must be approved by a majority of the votes cast, unless the Company's Memorandum of Association or Articles of Association stipulate a number or proportion of the votes cast in excess of a majority. The meeting will proceed as long as there is a quorum at the meeting place, with the voted proxies, even if there are events beyond management's control which limit full participation.

3. REVOCATION OF PROXIES:

Each shareholder has the power to revoke a proxy at any time as long as it has not been exercised. In addition to revocation in any other matter permitted by law, a member giving a proxy pursuant to this solicitation who wishes to revoke the proxy instrument may do so in writing to the address listed, or via e-mail to proxy@borealis.com, or on the Borealis Web Site at www.borealis.com, or by fax to Borealis at +1.503.621.3425. This must be executed by the member or by his attorney authorized in writing, or, if the member is a Corporation, under its Corporate seal or by an officer or attorney thereof duly authorized, and deposit it at any office of the Company, or via e-mail to proxy@borealis.com, or by fax to Borealis at +1.503.621.3425, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or with the Chairman of such meeting on the day of the meeting, or adjournment thereof.

4. PRINCIPAL HOLDERS OF VOTING SHARES:

To the knowledge of the Directors and Officers of the Company there is no person who beneficially owns or exercises control or direction over shares carrying more than ten percent of the votes attached to shares of the Company as of 1 August 2000 with the following Caveats:

It should be noted, as with most public companies, the largest shareholders of Borealis are nominees. As of 31 March 2000 the only nominees holding over 10% of the outstanding shares were CDS & Co with 940,326 shares and CEDE & Co with 1,712,674 shares. These shares were all held for individual investors and none of these investors, to our knowledge, hold over 10% of the outstanding shares of the Corporation. There are numerous other nominee holders of the common stock, none of which hold over 10%. It should be noted that Nominees hold over 50% of the shares of Borealis Exploration Limited. To the best of our knowledge, there are no Institutions holding any Borealis common stock or having any investments in any of the Borealis family of companies.

In Addition, Officers and Directors of Borealis Companies, namely, Rodney T. Cox, Isaiah W. Cox, Joseph J. Cox, Benjamin J. Cox and Wayne S. Marshall are Members of several limited Gibraltar companies that are called Foundations and individually are Members of the Council of these Foundations which is their governing body. These foundations are all set up for charitable purposes and if liquidated all the proceeds would go to Charity. The Foundations were funded principally by shares and options in the Borealis Family of Companies. None of the above individuals can have or can claim any ownership interests in these Foundations as per their Memorandum of Association and Articles of Association. None of these individuals control the Foundations though they have retained the right to vote as Members of the Foundations and Members of the Council of the Foundations. These Foundations are a matter of public record in Gibraltar and copies of the by laws are available at the Company Offices in Gibraltar and at the Companies House, Gibraltar. In addition, these Foundations that have all been set up have different goals and purposes, different lists of Members and different Members of their Councils. There is no agreement between any of the Foundations to vote in any way concerning their Borealis holdings and no agreements among Council Members for any of the Foundations to vote their shares in any particular manner. These Limited Gibraltar Companies collectively own 491,540 shares of Borealis Exploration Limited not including options on 150,000 shares, for a total of 641,540 shares and Options of Borealis Exploration Limited. None of the Foundations individually own or control over 10% of the shares of Borealis Exploration Limited.

5. ELECTION OF DIRECTORS:

Present Directors and their terms of office are as follows:

	Number of Years Remaining
David M. Goldenberg, LL.B.	2
Wayne S. Marshall, Ph.D.	2
Peter Vanderwicken, A.B.	2
Isaiah W. Cox, A.B.	1
Donald N. Jones, M.Sc.	1
A. Asher Turin, Ph.D.	1
Joseph J. Cox, B.A.	up for election
Rodney T. Cox, Ph.D.	up for election
Jean-Francois Edelstein, M.B.A.	up for election

The enclosed instrument of proxy will be voted for the following proposed nominees (or for a substitute nominee in the event of contingencies not known at present) who will serve for a period of 3 years, or their successors if they are elected or appointed in accordance with the Memorandum of Association and Articles of Association of the Company. Respective reported share totals are as of 10 August 2000:

JOSEPH J. COX became a Director of the Company on 16 September 1998. Mr. Cox was an independent technical contractor from June 1993 until March 1999. Mr. Cox is currently a Product Manager at PinPoint Corporation where he has worked since March 1999. Mr. Cox has worked in several capacities with the Company since 1990. At present, he is a technical contractor for Borealis. He is a Member and a Member of the Council of the Hart Cox Foundation, Jeremiah Toyam Cox Foundation Limited and the Benjamin J. Cox Foundation Limited. He beneficially owns directly or indirectly 31,729 common shares of the Company. Mr. Cox owns 11,250 shares of Cool Chips plc, and owns 11,250 shares of Power Chips plc. He owns 1,403 shares of Chorus Motors plc, and has options on 8,597 shares of Chorus Motors plc. He has options on 10,000 shares of Roche Bay Mining Company Limited and options on 10,000 Photon Power Limited shares.

RODNEY T. COX is Chief Executive Officer and Chairman of the Board of the Company and has held similar positions since 27 December 1978; at which time he also became a Director. Dr. Cox is a member the Executive, Audit and Compensation Committees. Dr. Cox is a Director and member of the Compensation, Audit, Executive Committee for all companies and CEO and Chairman for all companies in the Borealis Family of Companies. He is a Director of Thales Resources, Inc. (the parent company of ThaleScope Limited), and was a Partner in The Parmenides Group until February 2000 when he gifted his holding to the other Partner, Chana B. Cox. Rodney T. Cox is a Member and Member of the Council of the Hart Cox Foundation, Jeremiah Toyam Cox Foundation Limited, VSBM Foundation Limited and the Benjamin J. Cox Foundation Limited. Rodney T. Cox beneficially owns directly or indirectly 221,600 common shares of the Company. He owns 258,280 shares of Cool Chips plc, and has options on 110,000 shares of Cool Chips plc. He owns 258,280 shares of Power Chips plc, and has options on 110,000 shares of Power Chips plc. He owns 59,165 shares of Chorus Motors plc, and has options on 40,000 shares of Chorus Motors plc. He owns 10,000 shares of Roche Bay Mining Company Limited, and has options on 110,000 shares of Roche Bay Mining Company Limited. He owns 100 shares of Photon Power Limited and has options on 110,000 Photon Power Limited shares.

JEAN-FRANCOIS EDELSTEIN became a Director of the Company on 30 July 1997. Mr. Edelstein has been with REL Consultancy Group since October 1997, and is currently Senior Consultant, Manager of Systems. Jean-Francois Edelstein beneficially owns directly or indirectly 100 common shares of the Company. Mr. Edelstein owns 2,130 shares of Cool Chips plc, and has options on 7,870 shares Cool Chips plc, 2,130 shares of Power Chips plc, and options on 7,870 shares of Power Chips plc and 2,330 shares of Chorus Motors plc and options on 7,670 Chorus Motors plc and 10,000 options on Roche Bay Mining Company Limited and 10,000 Photon Power Limited shares.

THE PRESENT POSITION AND OFFICE WITH THE COMPANY IF APPLICABLE, AND THE PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT OF THE INCUMBENT DIRECTORS AND OFFICERS ARE AS FOLLOWS. UNLESS OTHERWISE STATED, SUCH OCCUPATION OR EMPLOYMENT HAS CONTINUED FOR MORE THAN THE LAST FIVE YEARS.

DAVID M. GOLDENBERG was a director of the Company from 15 April 1988 until 1994. David M. Goldenberg rejoined the Board in 1996. He is with the firm Goldenberg Crisfield Zimmerman Barristers & Solicitors, which grew out of David M. Goldenberg, Professional Corporation. He deals primarily in corporate and commercial law. He was previously a Partner in the law firm of Beaumont Church until 1998. Mr. Goldenberg beneficially owns directly or indirectly 100 shares of the Company.

WAYNE S. MARSHALL became a Director of the Company on 11 September 1985. Dr. Marshall was Professor of Business Administration at Long Island University until his retirement on 31 August 1994. He is Chairman of the Executive, Audit and Compensation Committees of all of the Borealis Family of Companies. He is a Member and a Member of the Council of the VSBM Foundation Limited, the Hart Cox Foundation Limited and the Jeremiah Toyam Cox Foundation Limited. Wayne S. Marshall beneficially owns directly or indirectly 114,040 common shares of the Company. He owns 56,505 shares of Cool Chips plc, 2,395 Options of Cool Chips plc. He owns 56,505 shares of Power Chips plc, and has options on 2,395 shares of Power Chips plc. He owns 21,150 shares of Chorus Motors plc, and has options on 2,932 shares of Chorus Motors plc. He owns 3,500 shares of Roche Bay Mining Company Limited, and has options on 10,000 shares of Roche Bay Mining Company Limited. He owns 7,852 shares of Photon Power Limited and has options on 10,000 shares of Photon Power Limited.

PETER VANDERWICKEN became a Director of the Company on 3 August 1999. Mr. Vanderwicken is President of Plumstead Group, Inc., a publishing and consulting firm, and publisher of its Financial Digest, a newsletter for corporate financial executives. From 1986-91, he was senior vice president of Morgan Guaranty Trust Co., the principal unit of J.P. Morgan & Co., Inc., a banking firm. Previously, he was an executive with Booz, Allen & Hamilton, a management consulting firm, and a journalist with Time, Fortune, and The Wall Street Journal. Mr. Vanderwicken beneficially owns directly or indirectly 27,500 common shares of the Company. He owns 2,222 shares of Cool Chips plc, and has options on 10,278 shares of Cool Chips plc. He owns 2,222 shares of Power Chips plc, and has options on 10,278 shares of Power Chips plc. He owns 4,486 shares of Chorus Motors plc, and has options on 7,910 shares of Chorus Motors plc. He owns 100 shares of Roche Bay Mining Company Limited, and has options on 12,500 shares of Roche Bay Mining Company Limited. He owns 100 shares of Photon Power Limited and has options on 12,500 shares of Photon Power Limited.

ISALAH W. COX became a Director of the Company on 15 February 1994. Mr. Cox has had capacities with the Company since 1987. He is now President, Chief Operating Officer, a member of the Executive Committee and Compensation Committee and a Director for all companies in the Borealis Family of Companies, except Roche Bay Mining Company where he is a Director and a member of the Executive Committee. He is also President of Thales Resources, Inc., the parent company of ThaleScope Limited. He a Member and Member of the Council of the Hart Cox Foundation, and the Jeremiah Toyam Cox Foundation Limited. He beneficially owns directly or indirectly 193,165 common shares, and has options on 50,000 common shares of the Company. He owns 21,570 shares, and has options on 180 shares of Cool Chips plc. He owns 16,660 shares, and has options on 5,090 shares of Power Chips plc. He owns 6,680 shares, and has options on 82,280 shares of Chorus Motors plc. He owns 5,000 shares of Roche Bay Mining Company Limited, and has options on 10,000 Roche Bay Mining Company Limited. He owns 100 shares of Photon Power Limited and has options on 110,000 Photon Power Limited shares.

DONALD N. JONES became a Director of the Company on 19 December 1991. He retired from the Victoria School System in June 1999 as a teacher and school administrator. In March 1999 he founded North American Teaching Technologies Inc., a software company, for which he serves as a Director and CFO. He also manages personal investments and engages in venture capital activities. Mr. Jones beneficially owns directly or indirectly 55,548 common shares of the Company. Mr. Jones owns 46,675 shares of Cool Chips plc, and has options on 5,325 shares of Cool Chips plc. He owns 46,675 shares of Power Chips plc, and has options on 5,325 shares of Power Chips plc. He owns 6,275 shares of Chorus Motors plc, and has options on 5,325 shares of Chorus Motors plc. He has options on 10,000 Roche Bay Mining Company Limited and options on 10,000 Photon Power Limited shares.

A. ASHER TURIN became a Director of the Company on 6 April 1988. He is a member of the Audit Committee. He has been consultant to the Company from 1985 to present. He is Executive Director of the Zvi Institute for Manuscript Research from 1978 to present. A. Asher Turin beneficially owns directly or indirectly 100 common shares of the Company. He owns 2,130 shares of Chorus Motors plc, 3,130 shares of Cool Chips plc and 3,130 shares of Power Chips plc.

Abraham Cohen became the Corporate Secretary on 31 March 2000. He replaces Grays Services Limited which served as Secretaries of the Company since 19 October 1998. Mr. Cohen is Secretary for Cool Chips plc, Power Chips plc and Chorus Motors plc. Abraham Cohen is a principal in Grays Management Services Limited, a financial services firm located in Gibraltar. He is also president of Cohen & Massias Limited. Mr. Cohen owns no shares in the Borealis Family of Companies, in accordance with Gibraltar law.

Benjamin J. Cox became the president of Roche Bay Mining Company Limited on 24 June 1998. He has worked with Borealis since 1992 in various capacities. He is the Founder and Chief Executive Penguin of the LinuxFund.org, a charity devoted to advancing Linux, and other Open Source Software, where he has been since March 1999. Since June 2000, he has also been Vice President of Business Development of New Sphere Inc., a Boston company developing innovative methods for managing and distributing information on the Internet. He is currently a Member and a Member of the Council in the Hart Cox Foundation Limited, the Jeremiah Toyam Cox Foundation Limited and the Benjamin J. Cox Foundation Limited. He owns 4,000 shares of the Company. He owns 11,250 shares and 2,500 options of Power Chips plc, 11,250 shares and 2500 options of Cool Chips plc, 25,000 options in Roche Bay Mining Company Limited and 10,000 options in Photon Power Limited.

6. APPOINTMENT OF AUDITORS:

Unless otherwise specified therein, it is presently intended to vote the accompanying proxy instrument to appoint BDO Dunwoody LLP as auditors of the Company, to hold office until the next annual meeting of shareholders, and to authorize the Directors to fix their remuneration.

7. OPTIONS:

Options expiring 29 March 2002 are outstanding for a total of 200,000 shares of the Company at a price of \$5.00 per share. One hundred fifty thousand of these options have since been transferred to Gibraltar Foundations, as described above. In addition, the remainder of 40,379 shares from an earlier payment and exercise of the options on those shares are still the obligation of the Company to issue on a timely basis. It should be noted that, as the Company has authorized 5,000,000 shares, the Company will have to acquire shares from private purchases or public transactions in order to honour these commitments for these 240,379 shares. The Company can increase its capitalization, but under the Company's Memorandum of Association and Articles of Association this is a difficult process. The Company intends to honour these obligations to deliver shares under these option agreements by acquiring the shares in the market when it is able to do so.

8. INSURANCE:

The Company has liability insurance for its various office and laboratory facilities that it uses worldwide.

9. INTEREST OF LARGE SHAREHOLDERS IN MATERIAL TRANSACTIONS WITH THE COMPANY:

Through the years, Rodney T. Cox and The Parmenides Group have paid many Company bills without reimbursement, guaranteed Company obligations without compensation and lent funds to the Company without interest being charged. The Company's US accountant estimates that these payments by The Parmenides Group, without compensation, to protect its investment in Borealis have totaled at least \$3 Million USD over the past 20+ years. The Parmenides Group was paid \$335,000 in 2000 compared to \$300,000 in 1999 for Consulting Services. The Parmenides Group was gifted in February 2000 to The Jeremiah Toyam Cox Foundation Limited. The Parmenides Group can no longer engage in the above activity of actively supporting Borealis Exploration Limited by paying bills with no compensation though it still provides and is paid for consulting services. As and when necessary, these services provided in the past by The Parmenides Group will continue to be provided personally on the same terms to the Borealis Family of Companies by Rodney T. Cox. The CEO has leased to the Company office space in the US and England. In 2000, rents totaled \$91,000 compared to \$84,000 in 1999. The rent received is substantially less than the total annual mortgage payments due on the properties. In addition, the Company has engaged in numerous transactions with the above parties, all of which in the opinion of management and the Board of Directors have been in the best interest of Borealis.

Almost all Borealis Directors, Officers and consultants, are shareholders in and have options and shares in Cool Chips plc, Power Chips plc, Chorus Motors plc, Roche Bay Mining Company Limited and Photon Power Limited. The options on shares in Cool Chips plc and Power Chips plc expire on 3 March 2003 and are at \$5.238 USD per share. The options on shares in Chorus Motors plc and Roche Bay Mining Company Limited expire on 1 February 2004 and are at \$7.70 USD per share. The options on Photon Power Limited are at \$7.70 USD a share and expire on 31 March 2005. These shares were also offered privately, and officers, directors, many consultants and business associates of Borealis purchased these shares on the same terms as all other parties. The annual reports for these companies will be issued shortly. Their annual meetings for these companies will be held after the Borealis Meeting on 6 September 2000 in Gibraltar. Shares certificates of Cool Chips plc, Power Chips plc and Chorus Motors plc are now in the process of being distributed to shareholders. This process should be completed in approximately one month. Management intends to have a market made for the shares in these three companies as soon as possible, though it may take some months to get this organized.

Members of the Executive Committee have agreed to lend to Borealis Technical Limited up to a total of 350,000 common shares of Borealis Exploration Limited to be used in funding the operations of the Company. As of 10 August 2000, 290,406 of these shares had been sold privately and on the market in order to fund Company operations. No demand for the delivery of the borrowed shares has been made and none is expected to be made until it can be made in the normal course of business.

With the non-delivery of exercised option shares by the Company of 40,379 shares and the negative position of Borealis Technical Limited of 290,406 shares, the Company and its subsidiary have shares have an obligation to replace a total of 330,785 shares. If the full 350,000 shares are sold to finance the company operations, this total of 330,785 becomes 390,379 shares. As and when the options, which expire on 29 March 2002, are exercised, the total obligation may rise to a total of 590,379 shares. The holders of the options have indicated a desire to exercise the options and there is no expectation that timely delivery of the exercised shares will be demanded. This is not a true derivative position as the Company at any time can cover its 99% owned subsidiaries position and its own position by issuing shares or by purchasing the shares in the market to cover the entire obligations.

Borealis has entered into two long term contracts with members of its technical staff with 10 year contracts and 2 ten year renewals.

The first of these contracts has 3 years remaining with 20 years of options. This first contract comes with substantial penalties if control of the Company should change. The penalty is an inflation adjusted \$27 million dollar cash payment to the Director of Research of the Company.

10. SUMMARY OF SUBSIDIARY COMPANIES

Borealis Exploration Incorporated is a wholly owned subsidiary of Borealis Exploration Limited, incorporated under the laws of Oregon, US on

1 November 1982. It acts solely as a service company for the other members of the Borealis Family of Companies.

Borealis Technical Limited, Gibraltar Company Number 57884, was incorporated 23 April 1996. It is 99% owned by Borealis Exploration Limited. Borealis Technical Limited owns the patent portfolio in the Borealis Family of Companies and owns 5,200,000 shares of Chorus Motors plc, Cool Chips plc, Power Chips plc and Photon Power Limited.

Roche Bay Holdings Limited, Gibraltar Company Number 50515, was incorporated 4 February 1994. It is 99% owned by Borealis Exploration Limited, and itself owns 5,200,000 shares of Roche Bay Mining Company Limited.

Credits Holdings Limited, Gibraltar Company Number 50526, was incorporated 7 February 1994. It is 99% owned by Borealis Exploration Limited, and is itself sole owner of Borealis Roche Bay Limited

Chorus Motors plc, Gibraltar Company Number 68312, CUSIP # X1305M 10 5, was incorporated 18 March 1999. It has 10,000,000 shares authorized, with 5,686,156 shares outstanding, of which 5,200,000 are owned by Borealis Technical Limited. Options on 875,000 shares were granted on 1 February 1999, with an exercise price of \$7.70 US per share. 196,274 of these options have been exercised with 678,726 options remaining, which expire 1 February 2004.

Cool Chips plc, Gibraltar Company Number 57885, CUSIP # X16065 10 8, was incorporated 23 April 1996. It has 10,000,000 shares authorized, with 7,172,021 shares outstanding, of which 5,200,000 are owned by Borealis Technical Limited. Options on 875,000 shares were granted on 3 March 1998, with an exercise price of \$5.238 US per share. 51,568 of these options have been exercised with 823,432 options remaining, which expire 3 March 2003.

Power Chips plc, Gibraltar Company Number 60528, CUSIP #X6919W 10 0, was incorporated 11 February 1997. It has 10,000,000 shares authorized, with 7,153,051 shares outstanding, of which 5,200,000 are owned by Borealis Technical Limited. Options on 875,000 shares were granted on 3 March 1998, with an exercise price of \$5.238 US per share. 51,568 of these options have been exercised with 823,432 options remaining, which expire 3 March 2003.

Photon Power Limited, Gibraltar Company Number 68278, CUSIP # X 8698W 10 3, was incorporated 16 March 1999. It has 10,000,000 shares authorized, with 5,209,052 shares outstanding, of which 5,200,000 are owned by Borealis Technical Limited. Options on 875,000 shares were granted on 31 March 2000, with an exercise price of \$7.70 US per share, which expire 31 March 2005, none of which have yet been exercised.

Roche Bay Mining Company Limited, Gibraltar Company Number 60527, CUSIP # X73580 10 6, was incorporated 11 February 1997. It has 10,000,000 shares authorized, with 5,220,000 shares outstanding, of which 5,200,000 are owned by Roche Bay Holdings Limited. Options on 875,000 shares were granted on 1 February 1999, with an exercise price of \$7.70 US per share, which expire 1 February 2004, none of which have yet been exercised.

Borealis Roche Bay Limited, Gibraltar Company Number 57886, was incorporated 23 April 1996. It is 100% owned by Credits Holdings Limited.

11. GENERAL:

The Management knows of no matter to come before the Annual Meeting other than the matters referred to in the Notice of the Meeting. If any matters that are not now known to the Management should properly come before the meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person or persons voting it.

The contents and the sending of this information have been approved by the Directors of the Company.

Dated 14 August 2000

Borealis Exploration Limited



Rodney T. Cox, Ph.D.
CEO/Chairman of the Board



Isaiah W. Cox
President/COO