

Borealis Exploration Limited

GIBRALTAR COMPANY NUMBER 66632 INFORMATION CIRCULAR Fiscal Year 2001

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 11 September 2001 in Gibraltar and on the Web at www.borealis.gi, with the Record Date of the meeting being 6 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, Website, 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 6 August 2001, unless otherwise indicated. All dollar figures set forth are expressed in United States Dollars. The financial statements have been prepared in accordance with Gibraltar Accounting Standards, the Gibraltar Companies Ordinance 1930, and the Companies (Accounts) Ordinance 1999.

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 4,982,605 shares were outstanding at the close of business 6 August 2001.

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.gi and to cast one vote for each share. Proxies are being accepted by hand delivery, mail, e-mail, voting on the Borealis Website, 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.gi, or on the Borealis Website at www.borealis.gi or by fax to Borealis at +350-59059. 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 deposited at any office of the Company, or via e-mail to proxy@borealis.gi, or by fax to Borealis at +350-59059, at any time up to 10 September 2001, 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 6 August 2001.

5. ELECTION OF DIRECTORS:

Present Directors and their terms of office are as follows:

	Number of Years Remaining
Iris Oren Cox, B.A.	2
Joseph J. Cox, B.A.	2
Rodney T. Cox, Ph.D.	2
Benjamin J. Cox, B.A.	2
Nechama C. Cox, Ph.D.	1
David M. Goldenberg, LL.B.	1
Wayne S. Marshall, Ph.D.	1
Peter Vanderwicken, A.B.	1
Isaiah W. Cox, A.B.	up for election
Donald N. Jones, M.Sc.	up for election
A. Asher Turin, Ph.D.	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 6 August 2001:

ISAIAH 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 Limited where he is a Director and a member of the Executive Committee. He is also President of Thales Resources, Inc. He is a Member and Member of the Council of the Hart Cox Foundation Limited and the Jeremiah Toyam Cox Foundation Limited, among other Foundations. He beneficially owns directly or indirectly 243,165 common shares of Borealis Exploration Limited. He owns 21,750 shares Cool Chips plc, 21,750 shares of Power Chips plc, 22,960 shares of Chorus Motors plc, 5,000 shares of Roche Bay Mining Company Limited, and 100 shares of Photon Power Limited.

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 47,500 shares of Cool Chips plc, 48,100 shares of Power Chips plc, 7,600 shares of Chorus Motors plc, and 825 shares of Roche Bay Mining Company Limited. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to The Aaron M. Jones Foundation Limited, based in Gibraltar.

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. He is a Member and a Member of the Council of a Foundation based in Gibraltar. A. Asher Turin beneficially owns directly or indirectly 100 common shares of the Company. He owns 3,000 shares of Chorus Motors plc, 4,000 shares of Cool Chips plc, 4,000 shares of Power Chips plc, and 870 shares of Roche Bay Mining Company Limited. As of 1 August 2001 all his share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

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.

IRIS OREN COX became a Director of Borealis Exploration Limited on 24 July 2001 at which time she also became a Director of Roche Bay Mining Company Limited, Power Chips plc, Cool Chips plc, Chorus Motors plc, and Photon Power Limited. She has worked with Intellectual Property for the Borealis Family of Companies since 1997. She is a Member and a Member of the Council for the Cox Hart Foundation Limited, Jeremiah Toyam Cox Foundation Limited, and the Benjamin J. Cox Foundation Limited, among other Foundations based in Gibraltar. She owns 1,605 shares of Chorus Motors plc. As of 1 August 2001 all her remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

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 was a Product Manager at PinPoint Corporation from March 1999 to September 2000. Since November 2000 Mr. Cox has been with Sabirx, Inc. where he works in the field of international taxation. 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 of the Council of the Hart Cox Foundation Limited, Jeremiah Toyam Cox Foundation Limited, and the Benjamin J. Cox Foundation Limited, among other Foundations based in Gibraltar. He beneficially owns directly or indirectly 31,729 common shares of the Company, 13,375 shares of Cool Chips plc, 13,375 shares of Power Chips plc, and 3,528 shares of Chorus Motors plc. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

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 of the Executive, Audit, and Compensation Committees. Dr. Cox is a Director, a member of the Compensation, Audit, and Executive Committees, CEO, and Chairman for all companies in the Borealis Family of Companies. He is a Director of Thales Resources, Inc., and was a Partner in The Parmenides Group until February 2000 when he gifted his holding to the other Partner, Chana B. Cox, who then gifted The Parmenides Group to the Jeremiah Toyam Cox Foundation Limited. Rodney T. Cox is a Member and Member of the Council of the Hart Cox Foundation Limited, Jeremiah Toyam Cox Foundation Limited, VSBM Foundation Limited, and the Benjamin J. Cox Foundation Limited, among other Foundations based in Gibraltar. Rodney T. Cox beneficially owns directly or indirectly 221,600 common shares of the Company. He owns 258,280 shares of Cool Chips plc, 258,280 shares of Power Chips plc, 59,165 shares of Chorus Motors plc, 10,000 shares of Roche Bay Mining Company Limited, and 100 shares of Photon Power Limited. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

BENJAMIN J. COX was appointed a Director of Borealis Exploration Limited on 1 August 2001. He 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 working since March 1999. June 2000 to November 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, among other foundations based in Gibraltar. Benjamin J. Cox beneficially owns directly or indirectly 10,540 common shares of the Company. He also owns 1,000 shares of Roche Bay Mining Company Limited.

NECHAMA COHEN COX became a Director of the Company on 1 August 2001. From June 1991 she has been working in the Borealis Family of Companies. From July 1993 to January 1998 she was the Patent Manager for Borealis Technical Limited. Since February 1998 Dr. Cox is the Regional Manager for the European activities of Borealis Technical Limited, Cool Chips plc, Power Chips plc and Chorus Motors plc. She also founded the Mishkan School as well as being a Founding Governor of the Noam Primary School in 1999. She is a Member and a Member of the Council of the Hart Cox Foundation Limited, and the Jeremiah Toyam Cox Foundation Limited, among other Foundations based in Gibraltar. Nechama Cohen Cox beneficially owns directly or indirectly 4,775 shares of Cool Chips plc, 4,775 shares of Power Chips plc, 4,775 shares of Chorus Motors plc, 1,875 shares of Roche Bay Mining Company Limited, and 14,700 common shares of the Company. As of 1 August 2001 all her remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

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 is a Member and a Member of the Council of the David M. Goldenberg Foundation Limited. 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. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

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 the Company, Chairman of the Executive and Compensation Committees of all the Borealis Family of Companies, and a member of the Audit Committee of Chorus Motors plc, Cool Chips plc, and Power Chips plc. 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 59,005 shares of Cool Chips plc, 59,005 shares of Power Chips plc, 22,450 shares of Chorus Motors plc, 10,400 shares of Roche Bay Mining Company Limited, and 852 shares of Photon Power Limited. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

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 since 1992 has been publisher of its Financial Digest, a newsletter for corporate financial executives. Mr. Vanderwicken is a member of the Audit Committee of the Company and is a Director and Chairman of the Audit Committees of Chorus Motors plc, Cool Chips plc, and Power Chips plc. He beneficially owns directly or indirectly 27,500 common shares of the Company. He also owns 4,799 shares of Cool Chips plc, 4,799 shares of Power Chips plc, 6,586 shares of Chorus Motors plc, 2,300 shares of Roche Bay Mining Company Limited, and 100 shares of Photon Power Limited. As of 1 August 2001 all his remaining share options in all the Borealis Family of Companies were gifted to a Foundation based in Gibraltar.

BDO FIDECS MANAGEMENT LIMITED became Corporate Secretary of all the companies in the Borealis Family of Companies on 21 May 2001. BDO Fidecs Management Limited replaced Grays Services Limited and Abraham Cohen on that date.

7. OPTIONS:

Options expiring 29 March 2002 were exercised in December 2000 for a total of 200,000 shares of the Company at a price of \$5.00 CDN per share. There are now 240,379 shares from this exercise of options and earlier payment and exercise of the options which 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 worldwide. The Company indemnifies all its Officers and Directors against any legal actions or threatened legal actions that are in any way related to their relationship to the Borealis Family of Companies. The indemnification includes paying all legal bills and all costs of any sort relating to any such claims.

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, delivered gifts of shares, all under the \$10,000 gift tax exemptions to many people associated with the Borealis Family and has lent funds to the Company without interest being charged. The Company's U.S. accountant estimates that these direct cash and share payments, without any value being assigned to the guarantee services provided by The Parmenides Group, without compensation, to protect its investment in Borealis, have totaled at least \$3 million USD over the past 23 years. The Parmenides Group was paid \$396,000 in 2001 compared to \$335,000 in 2000 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 activities of actively supporting Borealis Exploration Limited and the Borealis Family of Companies, though it still provides and is paid for consulting services. As and when necessary, these services facilitating Company operations provided in the past by The Parmenides Group has been and will continue to be provided personally on the same terms to the Borealis Family of Companies by Rodney T. Cox. Rodney T. Cox has leased to the Company office space in the U.S. and England. In 2000, rents totaled approximately \$101,500 compared to \$91,000 in 2000. The rent received is 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 the Borealis Family of companies.

Almost all Borealis Directors, Officers and consultants, are shareholders in and have or had 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. All Officers and Directors have either exercised all or part of their options and the remaining options have been given to Charitable Foundations.

Shares in the Borealis Family of Companies continue to be offered privately. The current Private Offering Circulars, all dated 10 April 2001, of 500,000 shares in Power Chips plc at \$540/share, 500,000 shares in Cool Chips plc at \$360/share and 1,000,000 shares in Chorus Motors plc at \$180/share have not yet attracted any takers though we expect with third party independent verification of our work that these offerings will be a significant source of capital to the Borealis Family of Companies. Shares have also been offered and sold privately at different prices, and Officers, Directors, many consultants and business associates and friends of the Borealis Family of Companies have purchased these shares. The audited annual reports for these companies for 2000 and 2001 are available. The annual meetings for these companies will be held after the Borealis Meeting on 11 September 2001 in Gibraltar. Share certificates of Cool Chips plc, Power Chips plc and Chorus Motors plc, Roche Bay Mining Company Limited and Photon Power Limited have been and are still in the process of being distributed to shareholders. Management expects to have a public market made for the shares in Cool Chips plc, Power Chips plc and Chorus Motors plc by the end of March 2002, although we are only contractually obligated to have Chorus Motors plc trading in early 2002.

Members of the Executive Committee and our Director of Research 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 6 August 2001, 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 240,379 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 530,785 shares. If the full 350,000 shares are sold to finance the Company's operations, this total of 530,785 becomes 590,379 shares. The proceeds from these sales totaled \$1,205,135 as of 31 March 2000 and the cost to replace the position as of that date was approximately \$1,960,000. This is not a true derivative position as the Company at any time can cover its 99% owned subsidiary's position and its own position by issuing shares or by purchasing the shares in the market to cover the entire obligations. Both of these solutions to this position are difficult. The company intends to buy on the open market and from private shareholders to cover these 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 cash payment to the Director of Research of the Company. Basically, the Company, within the limits of its financial resources, offers all consultants lifetime work with the Borealis Family of Companies, subject only to the consultant's continued satisfactory work for the Family of Companies and the Company being able to afford the services provided.

10 SUMMARY OF SOME SUBSIDIARY 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 among other shares 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 5,827,856 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. 253,491 of these options have been exercised with 621,509 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 7,220,982 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. 83,553 of these options have been exercised during the year leaving 725,557 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 7,209,967 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. 83,443 of these options have been exercised during the year leaving 725,667 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 5,259,215 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 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 22 August 2001

Borealis Exploration Limited

A handwritten signature in black ink, appearing to read 'Rodney T. Cox', with a large, stylized flourish above it.

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

A handwritten signature in black ink, appearing to read 'Isaiah W. Cox', with a large, stylized flourish above it.

**Isaiah W. Cox, A.B.
President/COO**