

BOREALIS EXPLORATION LIMITED
INTERIM REPORT – DECEMBER 31, 2000

Borealis Exploration Limited
Consolidated Balance Sheet in US Dollars
(Unaudited – Prepared by Management)

As of December 31	2000	1999
Assets		
Current		
Cash	\$ ---	\$ 97,409
Mining and other equipment	28,547	30,843
Mortgage receivable	138,000	
Patents	297,152	85,401
	\$ 463,699	\$ 213,653
Liabilities and Shareholders' Deficiency		
Current		
Accounts payable	\$ 382,731	\$ 1,973,844
Bank indebtedness	7,921	\$ ---
Due to certain shareholders	---	206,380
	390,652	2,180,224
Deposits on share issue	---	3,096,970
Royalty payable	1,874,675	1,874,675
	2,265,327	7,151,869
Share capital	24,290,979	24,290,979
Due to directors	1,205,135	398,395
Contributed surplus	10,419,979	4,611,583
Minority Interest	1,237,513	---
Cumulative translation Adjustment	164,816	203,867
Deficit	(40,212,682)	(36,443,040)
	(1,801,628)	(6,938,216)
	\$ 463,699	\$ 213,653

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BOREALIS EXPLORATION LIMITED
INTERIM REPORT – DECEMBER 31, 2000

Borealis Exploration Limited
Consolidated Statement of Operations and Deficit in US Dollars
(Unaudited – Prepared by Management)

For the nine month period ended December 31	2000	1999
Expenses		
General and administrative Expenses	\$ 1,679,523	1,231,071
Amortization	13,900	9,748
Interest	12,795	5,380
Mineral property expenditures	15,672	10,182
	<u>1,721,890</u>	<u>1,256,381</u>
Net loss for the period	(1,721,890)	(1,256,381)
Deficit, beginning of period	<u>(38,490,792)</u>	<u>(35,186,659)</u>
Deficit, end of period	\$ (40,212,682)	\$ (36,443,040)
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Basic loss per share	\$ (0.35)	\$ (0.25)
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Weighted average number of shares	4,982,605	4,982,605

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BOREALIS EXPLORATION LIMITED
INTERIM REPORT – DECEMBER 31, 2000

Borealis Exploration Limited
Consolidated Statement of Cash Flows in US Dollars
(Unaudited – Prepared by Management)

For the nine month period ended December 31	2000	1999
Cash provided (used) by:		
Operating activities		
Operations		
Net loss for the period	\$ (1,721,890)	\$ (1,256,381)
Items not involving cash		
Amortization	13,900	9,748
	<u>(1,707,989)</u>	<u>(1,246,633)</u>
Changes in non-cash working capital balances		
Accounts payable	\$ (1,255,837)	\$ 552,401
Due to certain shareholder	(33,580)	
Foreign exchange on working capital items		52,840
	<u>(1,289,417)</u>	<u>(641,392)</u>
Financing activities		
Deposits on issue of shares by subsidiary, cash received	2,556,079	569,957
Advances (to) from shareholders	647,300	188,848
	<u>3,203,379</u>	<u>758,805</u>
Investing activity		
Mortgage receivable	(138,000)	
Mining and other equipment and patent additions	(85,850)	(24,985)
	<u>(223,850)</u>	<u>(24,985)</u>
Increase (decrease) in cash	(17,877)	92,428
Cash, beginning of period	9,956	4,981
	<u>9,956</u>	<u>4,981</u>
Bank Indebtness	\$ (7,921)	\$ 97,409

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