

**Borealis Exploration Limited**  
**Consolidated Balance Sheet (in US Dollars)**  
**(Unaudited -Prepared by Management under UK GAAP)**

<b>As of December 31</b>	<b>2000</b>
<b>Assets</b>	
<b>Current</b>	
Cash	\$ ---
<b>Mortgage receivable</b>	138,000
<b>Mining and other equipment</b>	28,547
<b>Fixed Assets</b>	4,637,662
<b>Patents</b>	<u>297,152</u>
	\$ 5,101,361

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**Liabilities and Shareholders' Deficiency**

<b>Current</b>	
Accounts payable	\$ 382,731
Bank Indebtness	7,921
<b>Royalty payable</b>	<u>1,874,675</u>
	<u>2,265,321</u>
<b>Share capital</b>	24,290,979
<b>Due to directors</b>	1,205,135
<b>Contributed surplus</b>	4,611,583
<b>Cumulative translation adjustment</b>	164,816
<b>Deficit</b>	<u>(28,673,992)</u>
	<u>2,836,034</u>
	\$ 5,101,361

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BOREALIS EXPLORATION LIMITED  
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**Borealis Exploration Limited**  
**Consolidated Statement of Operations and Deficit (in US Dollars)**  
**(Unaudited -Prepared by Management)**

<b>For the nine month period ended December 31</b>	<b>2000</b>
<b>Expenses</b>	
General and administrative expenses	\$ 1,686,346
Amortization	7,077
Interest	12,795
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	<u>1,706,218</u>
<b>Other items</b>	
Gain on dilution	<u>1,588,930</u>
<b>Net loss for the period</b>	( 117,288)
Deficit, beginning of period	<u>(28,556,704)</u>
<b>Deficit, end of period</b>	\$ (28,673,992)
<b>Basic loss per share</b>	\$ (0.02)

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**Borealis Exploration Limited**  
**Consolidated Statements of Cash Flows (in US Dollars)**  
**(Unaudited -Prepared by Management)**

**For the nine month period ended December 31** **2000**

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**Cash provided (used) by:**

**Operating activities**

Operations

Net loss for the period \$ (117,288)

Items not involving cash

Amortization 13,900  
(103,388)

**Changes in non-cash working capital balances**

Accounts payable \$ (1,255,837)  
Due to certain shareholders ( 33,580)  
(1,298,417)

**Financing activities**

Deposits on issue of shares by subsidiary, cash received \$ 967,150  
Advances (to) from shareholders 647,300  
1,614,450

**Investing activities**

Mining and other equipment and patent additions (101,522)  
Mortgage receivable (138,000)  
(239,522)

**Increase (decrease) in cash** (17,877)

Cash, beginning of period 9,956

**Bank Indebtness** \$ (7,921)

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