

BOREALIS EXPLORATION LIMITED

INTERIM REPORT - SEPTEMBER 30, 2000

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

For the six month period ended September 30	2000	1999
Assets		
Current		
Cash	\$ 4,601	\$ 4,981
Mining and other equipment	29,522	33,028
Patents	275,259	75,881
	<u>\$ 309,382</u>	<u>\$ 113,890</u>
Liabilities and Shareholders' Deficiency		
Current		
Accounts payable	\$ 2,198,251	\$ 1,841,670
Due to certain shareholders	125,106	127,422
	<u>2,323,357</u>	<u>1,969,092</u>
Deposits on share issue	---	2,811,000
Royalty payable	1,874,675	1,874,675
	<u>4,198,032</u>	<u>6,654,767</u>
Share capital	24,290,979	24,290,979
Due to directors	557,835	398,395
Contributed surplus	9,718,226	4,611,583
Minority Interest	870,588	---
Cumulative translation adjustment	164,816	197,553
Deficit	(39,491,094)	(36,039,387)
	<u>(3,888,650)</u>	<u>(6,540,877)</u>
	<u>\$ 309,382</u>	<u>\$ 113,890</u>

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

For the six month period Ended September 30	2000	1999
Expenses		
General and administrative Expenses	\$ 920,249	832,131
Amortization	4,718	6,687
Interest	11,575	3,728
Mineral property expenditures	11,564	10,182
	<u>948,106</u>	<u>852,728</u>
Net loss for the period	(948,106)	(852,728)
Deficit, beginning of period	(38,542,988)	(35,186,659)
Deficit, end of period	\$ (39,491,094)	\$ (35,186,659)
Basic loss per share		
	\$ (0.19)	\$ (0.17)
Weighted average number of shares		
	4,982,605	4,986,000



Borealis Exploration Limited
Consolidated Statement of Changes in Financial Position in US Dollars
(Unaudited – Prepared by Management)

For the six month period ended September 30	2000	1999
Cash provided (used) by:		
Operating activities		
Operations	\$ (948,106)	\$ (852,728)
Net loss for the period	(948,106)	(852,728)
Items not involving cash		
Amortization	4,718	6,687
	<u>(943,388)</u>	<u>(846,041)</u>
Changes in non-cash working capital balances		
Accounts payable	\$ 565,978	\$ 420,227
Foreign exchange on working capital items		37,816
	<u>(377,410)</u>	<u>(387,998)</u>
Financing activities		
Issue of share capital		
Deposits on issue of shares by subsidiary, cash received	431,378	379,087
General & Administrative Expense Allocation	(95,100)	(95,100)
Advances (to) from shareholders	96,075	109,827
	<u>432,353</u>	<u>393,814</u>
Investing activity		
Mining and other equipment and patent additions	(60,298)	(13,280)
Increase (decrease) in cash	(5,355)	(7,464)
Cash, beginning of period	9,956	12,445
Cash, end of period	\$ 4,601	\$ 4,981