



Borealis Exploration Limited

Gibraltar Company Number 66632
INFORMATION CIRCULAR
Fiscal Year 2005

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 28 June 2005 in Gibraltar and via the Internet at www.borealis.gi, with the Record Date of the meeting being 29 April 2005, for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be by mail, e-mail, fax, Internet web site, telephone or in person by Officers and Directors of the Company. The cost of solicitation will be borne by the Company. The information contained herein is given as of 31 March 2005, unless otherwise indicated. All dollar figures set forth are expressed in United States Dollars. All accounting is done in accordance with Gibraltar Generally Accepted Accounting Principles (GAAP).

2. QUORUMS AND VOTING:

The authorised share capital of the Company is \$50,000, consisting solely of one class of common shares divided into 5,000,000 shares with par value of \$0.01 per share, of which 5,000,000 shares were outstanding at the close of business 31 March 2005. Each holder of record of a common share as of the Record Date for the meeting is entitled to attend the meeting and to cast one vote for each share. Proxies are being accepted by hand delivery, mail, e-mail, fax, and the Company's Internet website at www.borealis.gi. Any resolution to be voted upon at the meeting must be approved by a majority of the votes cast, unless the Company's 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 including the voted proxies.

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 manner permitted by law, a member giving a proxy pursuant to this solicitation who wishes to revoke the proxy instrument may do so in writing. This revocation must be executed by the member, or by his attorney authorised in writing, or, if the member is a Corporation, under its Corporate seal or by an officer or attorney thereof duly authorised, and received by mailed, or deposited, at any office of the Company, via e-mail to proxy@borealis.gi, or by fax to +44.207.504.3593 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, no person 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 31 March 2005 except:

CEDE and Co., holds 2,580,420 shares, or 51.608% of outstanding shares; and The Parmenides Group holds 1,733,893 Shares, or 33.344% of outstanding shares. CEDE and Co and The Parmenides Group hold these shares as fiduciaries for multiple beneficial owners and disclaim ownership or control of these shares.

5. ELECTION OF DIRECTORS:

Present Directors

Nechama J. Cox, Ph.D.
David M. Goldenberg, L.L.B.
Stuart Harbron, Ph.D.
Wayne S. Marshall, Ph.D.
Peter Vanderwicken, A.B.
Benjamin J. Cox, M.B.A.
Joseph J. Cox, B.A.
Rodney T. Cox, Ph.D.
Giulio Pontecorvo, Ph.D.
Robert T. Bauer, M.S.
Isaiah W. Cox, A.B.
Donald N. Jones, M.Sc.
A. Asher Turin, Ph.D.

Remaining Term

up for election
up for election
up for election
up for election
up for election
1 year
1 year
1 year
1 year
2 years
2 years
2 years
2 years

The 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 Articles of Association of the Company. Respective reported share totals are as at 29 April 2005.

NECHAMA J. COX became a Director of the Company on 1 August 2001. In 1999, she founded the Mishkan School as well as being a Founding Governor of the Noam Primary School. Dr. Cox is currently also a Director of Chorus Motors plc, Cool Chips plc, Photon Power plc and Power Chips plc. She is a Member of the Council of a number of foundations based in Gibraltar. Nechama J. Cox beneficially owns directly or indirectly 16,700 shares of Borealis Exploration Limited.

DAVID M. GOLDENBERG became a Director of the Company on 18 September 1996, having previously been a director from 15 April 1988 until 1994. Mr. Goldenberg is currently retired as a Barrister and Solicitor. Previously he was with the firm Goldenberg Crisfield Zimmerman Barristers & Solicitors, which grew out of David M. Goldenberg, Professional Corporation. He was previously a Partner in the law firm of Beaumont Church until 1998. Mr. Goldenberg is a Member of the council of The David M. Goldenberg Foundation Limited. David M. Goldenberg beneficially owns directly or indirectly 100 shares of Borealis Exploration Limited.

STUART HARBRON became a Director of the Company on 3 January 2005. Dr Harbron is Chief Patent Officer for the Company. He is the owner of The Enzyme Technology Consultancy, a consulting business specializing in providing IP intelligence to the biotechnology industry. He is currently also a Director of Avto Metals plc, Chorus Motors plc, Cool Chips plc, and Power Chips plc. Dr. Harbron is a Member of the Council of The Edgar Research Foundation. Stuart Harbron beneficially owns directly or indirectly 1 share of Borealis Exploration Limited.

WAYNE S. MARSHALL became a Director of the Company on 11 September 1985. He retired as a Professor of Business Administration from Long Island University, where he remains an Emeritus Professor. Dr. Marshall is Chairman of the Executive, Audit and Compensation Committees of the Company. He is currently also a Director of Borealis Technical Limited, Avto Metals plc, Chorus Motors plc, Cool Chips plc, Photon Power plc, Power Chips plc, Roche Bay Holdings Limited, Roche Bay Holdings (Barbados) Limited, Roche Bay plc, Credits Holdings Limited, Borealis Roche Bay Limited, WheelTug plc, Cool Chips Military Sales plc, and Faraway plc. Dr. Marshall is a Member of the Council of The VSBM Foundation Limited among other foundations based in Gibraltar. Wayne S. Marshall beneficially owns directly or indirectly 100,540 shares of Borealis Exploration Limited.

PETER VANDERWICKEN became a Director of the Company on 3 August 1999. He is also a member of the Audit Committee of the Company. Mr. Vanderwicken is a private investor who retired in 2004 as president of Plumstead Group, Inc., a publishing and consulting firm. He is currently also a Director of Avto Metals plc, Chorus Motors plc, Cool Chips plc, Photon Power plc, Power Chips plc, Faraway plc, and Roche Bay plc. Peter Vanderwicken beneficially owns directly or indirectly 35,500 shares of Borealis Exploration Limited.

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.

BENJAMIN J. COX became a Director of the Company on 31 March 2003. Since 6 September 2000, Mr. Cox has been the President of Roche Bay plc, and was appointed Chief Executive Officer of Roche Bay plc on 22 May 2003, and was appointed a Director of Roche Bay plc 1 August 2001. He was the Founder and Chief Executive Penguin of the LinuxFund.org, a charity devoted to advancing Linux and other Open Source Software, where he worked from March 1999 to February 2002. From June 2000 to November 2000 he was Vice President of Business Development of New Sphere Inc. Mr. Cox is a Member of the Council of the Benjamin J. Cox Foundation Limited, The Jeremiah Toyam Cox Foundation Limited and The Hart Cox Foundation Limited, among other foundations based in Gibraltar. Benjamin J. Cox beneficially owns directly or indirectly 35,490 shares of Borealis Exploration Limited.

JOSEPH J. COX became a Director of the Company on 16 September 1998. Mr. Cox is a technical contractor for the Company. He was a Product Manager at PinPoint Corporation from March 1999 to September 2000, and from November 2000 to June 2002, he was with Sabirx, Inc. where he worked in the field of international taxation. From June 2002 through February 2004 he was a business consultant for Roche Bay plc. From February 2004 to March 2005, he contracted as a functional analyst for Intel Corp. In March 2005 he founded SuckerFish Books. He was a Director of Chorus Motors plc, Cool Chips plc, Photon Power plc, and Power Chips plc until 23 June 2003. Mr. Cox currently also is a Director of Roche Bay plc. He is a Member of the Council for The Cox Hart Foundation Limited, The Jeremiah Toyam Cox Foundation Limited, and The Joseph J. Cox Foundation Limited among other foundations based in Gibraltar. Joseph J. Cox beneficially owns directly or indirectly 31,729 shares of Borealis Exploration Limited.

RODNEY T. COX became a Director of the Company on 27 December 1978. Dr. Cox is Chief Executive Officer and Chairman of the Board of the Company. He is a member of the Executive, Audit and Compensation Committees. He was a Partner in The Parmenides Group until February 2000. He is currently also a Director of Borealis Technical Limited, Avto Metals plc, Cool Chips plc, Chorus Motors plc, Faraway plc, Photon Power plc, Power Chips plc, Roche Bay Holdings Limited, Roche Bay Holdings (Barbados) Limited, Roche Bay plc, Credits Holdings Limited, WheelTug plc, Cool Chips Military Sales plc, and Borealis Roche Bay Limited. Dr. Cox is a Member of the Council of The Hart Cox Foundation Limited and The Jeremiah Toyam Cox Foundation Limited among other foundations based in Gibraltar. Rodney T. Cox beneficially owns directly or indirectly 20,549 shares of Borealis Exploration Limited.

GIULIO PONTECORVO became a Director of the Company on 28 August 2003. Dr. Pontecorvo is a Professor Emeritus at the Columbia University Graduate School of Business, and has served on numerous National Academy of Science committees. Professor Pontecorvo has advised the United Nations, the World Bank and other multilateral organizations on a variety of economic and environmental issues, and has published widely on many economic, financial and environmental topics. Dr. Pontecorvo is currently also a Director of Cool Chips plc, Power Chips plc, and Chorus Motors plc. Giulio Pontecorvo beneficially owns directly or indirectly 16,000 shares of Borealis Exploration Limited.

ROBERT T. BAUER became a Director of the Company on 17 May 2004. Mr. Bauer is an Advisory Software Engineer at IBM Corporation and holds adjunct faculty positions at the Oregon Graduate Institute, Portland State University, and Portland Community College. Mr. Bauer is also a Director of Chorus Motors plc, Cool Chips plc, and Power Chips plc. Robert T. Bauer beneficially owns directly or indirectly 100 shares of Borealis Exploration Limited.

ISAIAH W. COX became a Director of the Company on 15 February 1994. Mr. Cox is President, Chief Operating Officer, a member of the Executive Committee and Compensation Committee of the Company. He is currently also a Director of Borealis Technical Limited, Avto Metals plc, Chorus Motors plc, Cool Chips plc, Photon Power plc, Power Chips plc, Roche Bay Holdings Limited, Roche Bay Holdings (Barbados) Limited, Credits Holdings Limited, Borealis Roche Bay Limited, WheelTug plc, Cool Chips Military Sales plc, and Faraway plc. Mr. Cox is a Member of the Council of The Hart Cox Foundation Limited and The Jeremiah Toyam Cox Foundation Limited, among other foundations based in Gibraltar. Isaiah W. Cox beneficially owns directly or indirectly 158,048 shares of Borealis Exploration Limited.

DONALD N. JONES became a Director of the Company on 19 December 1991. Mr. Jones retired from the Greater Victoria School District, Victoria, B.C, Canada in June 1999. In November 1999, he founded North American Teaching Technologies Inc., a software company, for which he serves as a Director and CFO. He also manages personal and family investments. Mr. Jones is a Member of The Council of the Pacific Grebe Foundation Limited. Donald N. Jones beneficially owns directly or indirectly 55,548 shares of Borealis Exploration Limited.

A. ASHER TURIN became a Director of the Company on 6 April 1988. Dr. Turin 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. Mr. Turin is a Member of the Council of The Arnold Asher Turin Foundation Limited. A. Asher Turin beneficially owns directly or indirectly 100 common shares of the Company.

Fidecs Management Limited became Corporate Secretary of the Company on 21 May 2001.

6. APPOINTMENT OF AUDITORS:

Unless otherwise specified therein, it is presently intended to vote the proxy to appoint Moore Stephens, Chartered Accountants, Gibraltar, 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:

There are now 239,679 shares from exercises of options that are the obligation of the Company to issue on a timely basis. It should be noted that, as the Company has authorised capitalization of 5,000,000 shares, the Company will have to acquire shares from private purchases or public transactions or share exchange offers in order to honour its obligation to deliver these 239,679 shares. Although the Company could increase its capitalization under the Company's Memorandum of Association and Articles of Association, Management has chosen not to do so. The Company intends to honour its obligations to deliver shares under these option agreements by acquiring the shares in the market when it is able to do so. No demand for the delivery of the exercised shares has been made and none is expected until the acquisition of the shares can take place within the normal course of business. The Company has no other options authorised or outstanding.

8. INSURANCE:

The Company has liability insurance for its various offices and facilities worldwide. The Company indemnifies all of its Officers and Directors against any legal actions or threatened legal actions that are in any way related to their relationship to the Company. The indemnification includes paying all legal bills and all costs of any kind 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 guaranteed Company obligations without compensation and lent funds to the Company without interest or any related fees being charged for these services. Dr. Cox and The Parmenides Group have also paid many Company bills without reimbursement and delivered gifts of shares to numerous people associated with the Company and its affiliated companies. The Company's previous 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 and Rodney T. Cox, without compensation, to protect their investment in the Company and its affiliated companies, have totaled at least \$4 million over the past 27 years. In 2005, The Parmenides Group was paid for consulting services \$432,000, compared to \$432,000 in 2004. Since February of 2000, The Parmenides Group, has been owned by The Jeremiah Toyam Cox Foundation Limited. Rodney T. Cox and other Cox family members have leased office space to the Company in the U.S. and England. In 2005, rents totaled approximately \$95,400 compared to \$125,572 in 2004. In addition, the Company and its affiliated companies have been 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 Company and its affiliated companies.

For 2005, the Directors or Foundations, totaling 23 separate entities, were paid a total of \$1,210,700 for services.

In previous years, members of the Executive Committee and a Principal Scientist agreed to lend to Borealis Technical Limited (which is a 98% owned subsidiary of Borealis Exploration Limited) common shares of Borealis Exploration Limited to be used in funding the operations of the Company. As of 31 March 2005, 172,044 remain to be delivered against the original number of shares loaned.

The market value of the shares borrowed and the 239,679 option exercise shares whose delivery has been deferred as of 31 March 2005 was approximately \$ 3,540,818 compared to \$ 2,635,158 for 2004. This obligation is marked to market. The Company is buying shares and doing share exchanges from private shareholders to cover this position. For the 12 month period ending 31 March 2005 a total of 6,556 shares were repurchased. No demand for the delivery of the borrowed shares has been made and none is expected until it can be made in the normal course of business. All such transactions have been anti-dilutive.

Borealis has entered into two long-term contracts with members of its technical staff, having 10-year periods with two 10-year renewals. The first of these contracts is in its second 10-year period, with one 10-year period remaining. This first contract comes with substantial penalties if control of the Company should change. The penalty is a \$27 million cash payment, adjusted by inflation, to a Principal Scientist of the Company. The Company's policy, within the limits of its financial resources, is to offer all senior consultants lifetime work with the Company and its affiliated companies, subject only to the consultant's continued satisfactory work for the Company and its affiliated companies, and the Company being able to afford the services provided.

10. SUMMARY OF PRINCIPAL SUBSIDIARY COMPANIES IN THE BOREALIS FAMILY OF COMPANIES

Borealis Technical Limited, Gibraltar Company Number 57884, was incorporated 23 April 1996. It is 98% 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 Avto Metals plc, 5,266,631 shares of Chorus Motors plc, 5,202,081 shares of Cool Chips plc, 5,221,451 shares of Power Chips plc, and 5,200,000 shares of Photon Power plc.

Avto Metals plc, Gibraltar Company Number 92964, CUSIP # X0269H 10 2, was incorporated 6 October 2004. It has 10,000,000 shares authorised, with 5,296,765 shares outstanding, of which Borealis Technical Limited owns 5,200,000.

Chorus Motors plc, Gibraltar Company Number 68312, CUSIP # X1305M 10 5, was incorporated 18 March 1999. It has 10,000,000 shares authorised, with 6,493,769 shares outstanding, of which Borealis Technical Limited owns 5,266,631. It owns 6,933,342 shares of WheelTug plc.

WheelTug plc, Gibraltar Company Number 94119, was incorporated 9 February 2005. It has 10,000,000 shares authorised, with 6,933,348 shares outstanding, of which Chorus Motors plc owns 6,933,342.

Cool Chips plc, Gibraltar Company Number 57885, CUSIP # X16065 10 8, was incorporated 23 April 1996. It has 10,000,000 shares authorised, with 8,245,347 shares outstanding, of which Borealis Technical Limited owns 5,202,081. It owns 6,933,348 shares of Cool Chips Military Sales plc.

Cool Chips Military Sales plc, Gibraltar Company Number 94111, was incorporated 8 February 2005. It has 10,000,000 shares authorised, with 6,933,348 shares outstanding, of which Cool Chips plc owns 6,933,342.

Power Chips plc, Gibraltar Company Number 60528, CUSIP #X6919W 10 0, was incorporated 11 February 1997. It has 10,000,000 shares authorised, with 8,035,118 shares outstanding, of which Borealis Technical Limited owns 5,221,451.

Photon Power plc, Gibraltar Company Number 68278, CUSIP # X 8698W 10 3, was incorporated 16 March 1999. It has 10,000,000 shares authorised, with 5,211,742 shares outstanding, of which Borealis Technical Limited owns 5,200,000.

Roche Bay Holdings Limited, Gibraltar Company Number 50515, was incorporated 4 February 1994. It is 98% owned by Borealis Exploration Limited, and itself owns 100 shares of Roche Bay Holdings (Barbados) Limited.

Roche Bay Holdings (Barbados) Limited, Barbados Company Number 21740 was incorporated on 31 October 2002. It has 100 shares issued which Roche Bay Holdings Limited owns 100%. It owns 5,200,000 shares of Roche Bay plc.

Roche Bay plc, Gibraltar Company Number 60527, CUSIP # X73580 10 6, was incorporated 11 February 1997. It has 10,000,000 shares authorised, with 6,101,610 shares outstanding, of which Roche Bay Holdings (Barbados) Limited owns 5,200,000.

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.

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

Faraway Holdings Limited, Gibraltar Company Number 83093, was incorporated 9 November 2001. It is 100% owned by Borealis Exploration Limited, and itself owns 100 shares of Faraway Holdings (Barbados) Limited.

Faraway Holdings (Barbados) Limited, Barbados Company Number 23694 was incorporated on 11 May 2004. It has 100 shares issued which Faraway Holdings Limited owns. It owns 5,200,000 shares of Faraway plc.

Faraway plc, Gibraltar Company Number 57887, CUSIP # X23794 10 4, was incorporated 23 April 1996. It has 10,000,000 shares authorised, with 6,256,685 shares outstanding, of which Faraway Holdings (Barbados) Limited owns 5,200,000.

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

Dated 30 May 2005

Borealis Exploration Limited



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



Isaiah W. Cox
President and COO