

BOREALIS EXPLORATION LIMITED

Gibraltar Registered Number 66632

Unaudited Financial Statements
for the three months ending 30 June 2009
the first quarter of Fiscal Year 2010

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the quarter ended 30 June 2009**

	30 June 2009	30 June 2008
	\$	\$
Expenditure	<u>(993,001)</u>	<u>(873,709)</u>
Operating loss	(993,001)	(873,709)
Loss on disposal of marketable investments	-	(12,564)
Unrealised profit (loss) on revaluation of marketable securities	9,343	(1,354,784)
Financing gain	-	162,076
Interest received	-	205
Interest paid	<u>(3,720)</u>	<u>(1,752)</u>
Loss on ordinary activities before taxation	(987,378)	(2,080,528)
Taxation	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation	(987,378)	(2,080,528)
Profit on sale of shares in subsidiary companies	26,607	19,990
Gain on decrease in stake in subsidiaries	782	2,013,813
Equity Minority interest	<u>81,568</u>	<u>(1,481,173)</u>
Loss for the period	<u><u>\$(878,421)</u></u>	<u><u>\$(1,527,898)</u></u>
Loss per share	<u><u>\$(0.18)</u></u>	<u><u>\$(0.31)</u></u>

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED BALANCE SHEET

for the quarter ended 30 June 2009

	30 June 2009	30 June 2008
	\$	\$
Fixed Assets		
Intangible assets	548,757	559,432
Tangible assets	26,306	27,303
Investments mining resources	2,577,436	12,405,066
residential properties	20,500	20,500
	<u>3,172,999</u>	<u>13,012,301</u>
Deferred compensation receivable	17,097,084	-
Marketable Securities	46,395	7,737,901
Current assets		
Cash at bank and in hand	89,136	53,048
Accounts Receivable	<u>950,316</u>	<u>426,665</u>
	1,039,452	479,713
Creditors: amounts falling due within one year	<u>(7,537,908)</u>	<u>(4,861,909)</u>
Net current (liabilities) / assets	<u>(6,498,456)</u>	<u>(4,382,196)</u>
Total assets less current liabilities	13,818,022	16,368,006
Creditors: amounts falling due after more than one year	(687,541)	(1,638,769)
Net Assets (Liabilities)	<u>\$13,130,481</u>	<u>\$14,729,237</u>
Capital and Reserves		
Called up Share Capital	50,000	50,000
Share Premium Account	24,241,030	24,241,030
Non Distributable Reserve	10,270,965	4,585,272
Profit and Loss Account	<u>(34,850,585)</u>	<u>(26,486,852)</u>
Total shareholders' funds	(288,590)	2,389,450
Minority interests - equity	<u>13,419,071</u>	<u>12,339,787</u>
Total Equity	<u>\$13,130,481</u>	<u>\$14,729,237</u>

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED CASH FLOW STATEMENT

for the quarter ended 30 June 2009

	30 June 2009	30 June 2008
	\$	\$
Net cash outflow from operating activities	<u>35,602</u>	<u>(878,674)</u>
Returns on investments and servicing of finance		
Interest received	-	205
Interest paid	(3,720)	(1,752)
Net cash outflow from servicing of finance	<u>\$(3,720)</u>	<u>\$(1,547)</u>
Capital expenditure and financial investment		
Patent acquisitions	-	(1,245)
Tangible fixed assets acquisitions	-	-
Proceeds of disposal of Marketable Securities	-	263,852
Warrants converted	-	(52,500)
Shares investments acquired	-	(21,456)
Development cost of mining resource	-	-
Lease costs of mining resources	(3,836)	(4,512)
Net cash outflow from capital expenditure and financial investment	<u>\$(3,836)</u>	<u>\$184,139</u>
Acquisitions and disposals		
Shares issued for cash consideration and for services	-	250,100
Net cash inflow from disposals	<u>\$-</u>	<u>\$250,100</u>
Financing activities		
Realised profits from sales of shares in subsidiary companies	27,389	19,990
Funds repaid for purchase of shares advanced to directors	-	162,076
Net cash inflow from financing	<u>\$27,389</u>	<u>\$182,066</u>
Net increase (decrease) in cash resources	<u>\$55,435</u>	<u>\$(263,916)</u>

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

CONSOLIDATED CASH FLOW STATEMENT (Continued)
for the quarter ended 30 June 2009**RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	30 June 2009	30 June 2008
	\$	\$
Operating loss for the year	(993,001)	(873,709)
Depreciation of fixed assets	3,700	3,700
Amortisation of patents	3,532	4,837
Decrease (Increase) in accounts receivable	(74,369)	(160,243)
Increase (Decrease) in accounts payable	1,095,740	146,741
Net cash outflow from operating activities	<u>\$35,602</u>	<u>\$(878,674)</u>

MOVEMENT IN CASH AND ANALYSIS OF CASH BALANCES

	30 June 2009	30 June 2008
	\$	\$
Changes in net cash		
At 1 April 2009	33,701	316,964
Increase (Decrease) in cash in the year	55,435	(263,916)
At 30 June 2009	<u>\$89,136</u>	<u>\$53,048</u>
Analysis of cash balances		
Cash at bank	<u>\$89,136</u>	<u>\$53,048</u>

BOREALIS EXPLORATION LIMITED

Registered No (Gibraltar) 66632

COMPANY BALANCE SHEET

for the quarter ended 30 June 2009

	30 June 2009	30 June 2008
	\$	\$
Fixed Assets		
Intangible Assets	548,757	559,432
Tangible Assets	<u>26,306</u>	<u>27,306</u>
	575,063	586,738
Investments in subsidiary undertakings	<u>83,950</u>	<u>83,950</u>
	659,013	670,688
Marketable Securities	10,706	2,602,986
Current Assets		
Debtors	820,103	724,055
Cash at bank and in hand	<u>6,815</u>	<u>13,652</u>
	826,918	737,707
Creditors: amounts falling due within one year	<u>(31,814,028)</u>	<u>(29,265,087)</u>
Net current liabilities	<u>(30,987,110)</u>	<u>(28,527,380)</u>
Total assets less current liabilities	(30,317,391)	(25,253,706)
Creditors: amounts falling due after more than one year	<u>(687,541)</u>	<u>(1,638,769)</u>
Total net liabilities	<u><u>\$(31,004,932)</u></u>	<u><u>\$(26,892,475)</u></u>
Deficiency in assets		
Called up Share Capital	50,000	50,000
Share Premium Account	24,241,030	24,241,030
Profit and Loss Account	<u>(55,295,962)</u>	<u>(51,183,505)</u>
Total deficit in shareholders' funds	<u><u>\$(31,004,932)</u></u>	<u><u>\$(26,892,475)</u></u>