

FARAWAY
PUBLIC LIMITED COMPANY
Financial Statements
for the year ended 31 March 2003

FARAWAY PUBLIC LIMITED COMPANY

Registered No (Gibraltar) 57887

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FARAWAY PUBLIC LIMITED COMPANY

Registered No (Gibraltar) 57887

DIRECTORS AND OFFICERS

Directors

Isaiah W Cox
Rodney T Cox
Wayne S Marshall
Peter Vanderwicken
Iris Oren Cox

Secretary

BDO Fidecs Management Limited

Registered Office

Suite 3G, Eurolife Building
1 Corral Road
Gibraltar

Auditors

Moore Stephens
Suite 5 Watergardens 4
Waterport
Gibraltar

FARAWAY PUBLIC LIMITED COMPANY

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DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 2003.

Corporate Profile

The Company was incorporated on 11th February 1997 in Gibraltar.

Activities

The Company is holding mineral rights and arranging for their possible future development.

Results and Review of Business

The results for the year are shown in the profit and loss account on page 7.

Borealis Exploration Limited ("Borealis"), the ultimate parent company, transferred certain mineral rights to the Company pursuant to the terms of a Mining Rights Transfer Agreement. In exchange for acquiring these rights, the Company issued 5,200,000 shares valued at \$52,000.

The Company intends to retain its interest in the remaining mineral properties for future development. These financial statements have been prepared in accordance with Gibraltar GAAP (generally accepted accounting principles) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at 31st March 2003, the Company had a surplus of \$ 52,460 (2002 - \$) and to date has relied on the support of Borealis, which is also in the development stage. The Company's only assets are the investment in the mining property which is illiquid. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The continued operation of the Company is dependent on its ability to receive continued financial support from shareholders, complete sufficient equity financing or generate profitable operations in the future. However, there can be no assurance that the Company's efforts to generate profitable operations will be successful. The financial statements do not contain any adjustments which might be necessary if the Company is unable to continue as a going concern.

Business Review

Faraway Magnetite Project

The Company owns the interest in various mineral leases located near Roche Bay, Nunavut, Canada. These lease require annual lease payments of \$ 16,800 per year for those leases expire in 2024. All leases are renewable and are expected to be renewed. The leases are located in the Baffin Mining District of Nunavut, Canada.

On the minerals side, in 2003 and subsequent years the company anticipates that significant expenditures will be incurred on the development at Faraway as work is progressing on putting the Faraway mineral resource into production. Finance will be provided by the issuance of further shares in the subsidiary. Various proposals for development and or sale are under discussion.

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DIRECTORS' REPORT (Continued)

Dividends

There were no dividends declared during the year.

Directors and their Interests

The directors who served during the year were as stated on page 1.

The interest of the directors in the shares of the Company in the year were as follows.

Shares held at 31 March 2003

Isaiah W. Cox	1
Rodney T Cox	1
Wayne S Marshall	1
Peter Vanderwicken	0
Iris Oren Cox	1

Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that year and which comply with the Gibraltar Companies Ordinance 1930, the Gibraltar Companies (Accounts) Ordinance 1999. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements and estimates have been made, and applicable accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

Auditor

A resolution to reappoint Moore Stephens will be proposed at the Annual General Meeting.

By order of the Board



.....
Isaiah W Cox
Director
10 June 2003



.....
Rodney T Cox
Director

FARAWAY PUBIC LIMITED COMPANY

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REPORT OF THE AUDITORS

To the members of Faraway Public Limited Company

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members as a body, in accordance with the Companies Ordinance 1930. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the report of the Directors, the company's Directors and management are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

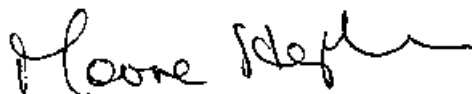
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board in the United Kingdom. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming our opinion, we have considered the disclosures made in note 2 of the financial statements in connection with the application of the going concern basis and the uncertainty with regards to securing continued financial support. In view of the significance of these matters we consider they should be drawn to your attention but our opinion is not qualified in these respects.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st March 2003 and of the result for the year then ended in accordance with Gibraltar Accounting Standards and have been properly prepared in accordance with the Gibraltar Ordinance 1930 and the Gibraltar Companies (Accounts) Ordinance 1999.



Moore Stephens
CHARTERED ACCOUNTANTS

Gibraltar
2 June 2003

FARAWAY PUBLIC LIMITED COMPANY

Registered No (Gibraltar) 57887

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2003

	Note	2003 \$	2002 \$
Expenditure			
Administration fees		360	_____
Retained loss for the year		360	_____
Retained losses brought forward		0	_____
Retained losses carried forward		\$ 360	_____
		_____	_____

The company has had no discontinued activities during the year, accordingly, the above result for the company relates solely to continuing activities.

No statement of recognised gains and losses has been produced as the only recognised gains and losses occurring in the year are those disclosed in the Profit and Loss Account.

The notes on pages 7 to 9 form part of these Financial Statements.

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BALANCE SHEET as at 31 March 2003

	Notes	2003 \$	2002 \$
Investments – Mining Properties	2	100,495	
Debtors	3		
Creditors: amounts falling due after more than one year	3	48,035	
Total Net Assets		<u>\$ 52,460</u>	<u> </u>
Capital and Reserves			
Called up Share Capital	4,5	52,100	
Share Premium Account	4,5	0	
Profit and Loss account	5	360	
Total Shareholders' Funds		<u>\$ 52,460</u>	<u> </u>

The notes on pages 7 to 9 form part of these Financial Statements.

FARAWAY PUBLIC LIMITED COMPANY

Registered No (Gibraltar) 57887

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Gibraltar Accounting Standards and the Gibraltar Companies Ordinance 1930, the Gibraltar (Companies Accounts) Ordinance 1999 and the Gibraltar (Consolidated Accounts) Ordinance 1999 (together, 'Gibraltar GAAP')

a. Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

b. Reporting currency

The Company's financial statements are presented in US dollars, which is the functional currency for operations.

c. Foreign currency translation

Transactions in foreign currency are recorded at the rate at the date of the transaction. Any monetary assets or liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

d. Going Concern

These financial statements have been prepared under the going concern concept which assumes that the Company will continue in operational existence for the foreseeable future having adequate funds to meet their obligations as they fall due. Further information is set out in the Directors' Report on pages 2 to 5.

e. Cash Flow Statements

The company meets the size criteria for a small company set by the Companies Act 1985 and therefore, in accordance with FRS1: Cash Flow Statements, it has not prepared a cash flow statement.

f. Taxation

The company and its subsidiaries have been granted exempt status under the Gibraltar Companies (Taxation and Concessions) Ordinance. Providing the company continues to satisfy the criteria for such status, including the payment of an annual government charge of £225 it will not be subject to Gibraltar Corporation Tax for a period of twenty five years from 24 August 1999, the date on which it was granted such status.

g. Mineral resources

These are stated at cost, less any provision for diminution in value that may, in the opinion of the directors, have taken place. Under Gibraltar GAAP these costs include developing and maintaining the property. The policy on amortisation is that this will be charged on a straight line basis over the period over which commercial mining operations are expect to continue. At present no amortisation is being charged until exploitation begins.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

2. INVESTMENT – MINING PROPERTIES

	2003 \$	2002 \$
Mining Properties	\$ 100,495	

The investment in the Mining Properties, located at Faraway related to leases granted by the Government of Canada for the exploitation of these sites with regard to their mineral reserves. To date, costs for the maintenance of these leases, along with costs in preliminary studies of the properties have been capitalised. The directors are confident that a mineral resource has been established in the properties and it is their intention to commence production in the near future.

3. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 \$	2002 \$
Loan from related party	\$ 48,035	

Amounts due from the Company's immediate parent company are non-interest bearing, unsecured, and with no fixed terms of repayment.

4. CALLED UP SHARE CAPITAL

	2003 \$	2002 \$
Authorised share capital 10,000,000 ordinary shares @ \$0.01 each	\$ 100,000	\$ 100,000

	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
Issued share capital At 31 March 2003	5,210,006	52,100		52,100
At 31 March 2003	5,210,006	\$ 52,100		\$ 52,100

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital	Share Premium Account \$	Profit & Loss Account \$	Total \$
At 31 March 2002	52,100	–		52,100
Shares issued during the year		–		
Loss for the year	–		360	360
At 31 March 2003	\$ 52,100	\$ –	\$ 360	\$ 52,460

6. ULTIMATE PARENT COMPANY

The ultimate parent company is Borealis Exploration Limited, a company incorporated in Gibraltar whose registered office is at Suite 3G, Eurolife Building, 1 Corral Road, Gibraltar.