
Faraway plc

Faraway plc
2006 Annual Report

About Faraway plc

Faraway plc owns 100% of 10,350 acres of Government of Canada long-term renewable leases near Freuchen Bay, Melville Peninsula, Nunavut, Canada, and is working on arranging for their future development. Faraway plc is a majority-owned subsidiary of Borealis Exploration Limited (BOREF OTC-US).

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Management's Letter to Members

14 June 2006

Fellow Members:

It looks like this is going to be a good year.

As you know, Faraway's principal asset is 10,350 acres, slightly more than 16 square miles, located near Freuchen Bay, on Melville Peninsula, Nunavut, Canada. Faraway and its parent company have worked on this property since the 1960's and have held this property since the 1980s. A lot of work has been done on the property, enough to really make us most pleased that we now hold this property under long term renewable Government of Canada leases. The property and its value seems obvious to us. We will see if the property can hold up to its billing.

This is what we know, thanks to the work of renowned geophysicists like Anthony Barringer, who helped piece together the pieces of this puzzle:

The overall geology of Freuchen Bay suggests that it is a property quite similar to the Thompson Nickel-Copper belt of Manitoba, as well as Broken Hill in Australia and Black Mountain in South Africa. Those mines have produced billions of dollars worth of metals for their owners. So far, so good.

But counter to expectations, once tests were conducted, it was found that Freuchen Bay does not have very much by way of base metals on the surface. In other words, while it looks like a fantastic property, the surface rock suggests there is not very much out of the ordinary.

Until you get thirsty, that is.

Because while the surface rock does not show very much nickel or zinc or copper, the local lakes have more than enough of the stuff to kill a man. Zinc is chronically toxic at 120ppm. Freuchen Bay's lakes have more than 2,000 ppm. Not to mention the copper or nickel or lead also in the lake waters and the lake sediments.

Since there is no other plausible explanation for how such massive concentrations of base metals found their way into the lakes, our geologists concluded that the base metals leached out of the sulphide ground rocks and into the lake water and lake sediment. This leaching process is not overnight, but time is one thing the earth has had quite a bit of. And because the water in the desert arctic is not absorbed into the ground because of permafrost, the lakes and the lake sediments continue to hold the metals.

Between the ground water concentrations and the overall geology which reminded them of world class mines such as Broken Hill and Black Mountain, John Walker and Anthony Barringer concluded that "we believe the area has a very high potential for ... a buried large base metal deposit."

Please go to www.faraway.gi and look at the library of reports. Here are a few to get started:

Cameron Survey Report:

http://www.faraway.gi/library/F.Bay_InvestigationOfBaseMetals_Cameron_1979.pdf

Barringer Survey Report

http://www.faraway.gi/library/F.Bay_Barringer_Assess_Report_1989.pdf

Barringer (Summary) Letter

http://www.faraway.gi/library/F.Bay_Barringer.LtrTo.Kennecott_1990.pdf

Faraway Document Library

<http://www.faraway.gi/library/>

METALLOGENY OF PHANEROZOIC INTRACRATONIC RIFT BASINS by

EMSBO, Poul, U.S. Geol Survey

http://gsa.confex.com/gsa/2002AM/finalprogram/abstract_41213.htm

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The only way to prove this beyond a shadow of a doubt, however, is to drill the property and see what the non-leached fresh rock looks like. And for that, your company needs to raise some serious funds to mount a program which both determines the ideal targets and drills them for core which is then analyzed.

This is a good year in which to do that. Commodities have soared in recent years.

We believe that Freuchen Bay has always been a prospect worth holding for decades. With soaring base metal prices, it is more likely than ever that others will come to the same conclusion, and we can probably see some serious action on the ground.

It is your company's goal to raise sufficient funds this year to allow for a program which should establish what is actually under the ground.

If we are successful at raising the funds, we expect to find out within 18 months or so whether our 10,350 acres are just a fascinating naturally polluted area in Nunavut, or whether Freuchen Bay has the makings of a world-class base metal deposit.

We thank you for your continued support!

Faraway plc



Rodney T. Cox
Chairman and Chief Executive Officer



Isaiah W. Cox
President and Chief Operating Office



Management's Discussion and Analysis of Financial Results

Faraway's net assets grew from \$185,776 to \$278,536 during 2006. The profit and loss account grew from (\$17,280) to (\$38,588). The share premium account grew from \$98,822 to \$213,362. Faraway for 2006 had its bills paid by Borealis Exploration Limited, except for the costs of the mineral leases of \$33,534 and a nominal administrative fee of \$21,308. For all shares sold in Faraway, and shares were sold at \$5/share, the proceeds were lent to Borealis and the total amount is due back to Faraway. As a result the loan to the parent grew from \$85,281 to \$145,507. There are 727,000 options outstanding out of an authorized 750,000 at \$5/share that expire in 2009.

Forward Looking Statement

The discussion of the Company's business and operations in this report includes in several instances forward-looking statements, which are based upon management's good faith assumptions relating to the financial, market, operating and other relevant environments that will exist and affect the Company's business and operations in the future. All technical, scientific, and commercial statements regarding technologies and their impacts are based on the educated judgment of the Company's technical and scientific staff. No assurance can be made that the assumptions upon which management based its forward-looking statements will prove to be correct, or that the Company's business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management or beyond the Company's control.

All forward-looking statements involve risks and uncertainty. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that might be made to reflect the events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events; including those described in this report, and such statements shall be deemed in the future to be modified in their entirety by the Company's public pronouncements, including those contained in all future reports and other documents filed by the Company with the relevant Securities Commissions.

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DIRECTORS AND OFFICERS

Directors

Appointed

Rodney T. Cox	21 Dec 1999	Director, Chairman of the Board, and Chief Executive Officer
Iris Oren Cox	21 Dec 1999	Director
Isaiah W. Cox	28 Apr 2003	Director, President, and Chief Operating Officer
Wayne S. Marshall	28 Apr 2003	Director
Peter Vanderwicken	28 Apr 2003	(resigned 14 March 2006)
Nechama J. Cox	05 Oct 2004	Director

Secretary

Fidecs Management Limited

Registered Office

Suite 3G, Eurolife Building
1 Corral Road
Gibraltar

Auditors

Moore Stephens
Suite 5 Watergardens 4
Waterport
Gibraltar

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DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 2006.

Corporate Profile

The Company was incorporated on 23 April 1996 in Gibraltar. Since 3 May 2005, the Company's shares have been listed for public trading in the United States over-the-counter (OTC) market and quoted as FWYPF on the Pink Sheets at www.pinksheets.com. No public share trades on the market have taken place to date. Though there are no guarantees of success, currently private negotiations are currently underway to fund the Company at US\$10/share.

Activities

The Company owns 100% of 10,350 acres of Government of Canada long-term renewable leases near Freuchen Bay, Melville Peninsula, Nunavut, Canada, and is working on arranging for their future development.

Results and Review of Business

The results for the year are shown in the Profit and Loss Account on page 12.

Borealis Exploration Limited ("Borealis"), the ultimate parent company, transferred certain mineral rights in the form of mining claims 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 owns 100% of 10,350 acres of Government of Canada long-term renewable leases near Freuchen Bay, Melville Peninsula, Nunavut, Canada. These leases cover a series of geophysical /geochemical anomalies that our consultants tell us sit astride an intracratonic rift. These leases run for 21 years from 27 December 2001, and are expected to be renewed on the renewal dates, and will require annual payments of \$ 9,005. The Company intends to retain its interest in the 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 31 March 2006, the Company had net assets of \$ 279,536 (2005 - \$ 185,776) 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, though because it is now a long-term renewable Government of Canada lease, probably saleable. 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 that might be necessary if the Company is unable to continue as a going concern.

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Business Review

Freuchen Bay Project

The Company owns 100% interest in six Government of Canada 21-year renewable mineral leases located near Freuchen Bay, Nunavut, Canada. These leases require annual lease payments of \$ 9,005 per year. All leases are renewable, and are expected to be renewed upon expiry.

In subsequent years, the Company anticipates that significant expenditures will be incurred on development as work progresses on putting its mineral resources into production if we can establish a sufficient resource to justify the necessary costs. Finance in this case will be provided by the issuance of further shares, or by conducting a joint venture with other companies or by the sale of rights to the products from production, or from direct future sales of product. Various proposals for development and/or sale of the mineral properties are under discussion. In the meantime, all of the Company's expenses are paid by Borealis Exploration Limited and the proceeds from all share deposits are advanced to Borealis in exchange for an accounts receivable and all bills being paid by the ultimate parent company.

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 5.

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

	Shares held at 31 March 2006	Shares held at 31 March 2005	Options held at 31 March 2006
Rodney T. Cox	100,001	100,001	30,000
Iris Oren Cox	4,980	4,990	0
Isaiah W. Cox	27,951	24,951	17,000
Wayne S. Marshall	24,901	24,901	0
Peter Vanderwicken	12,284	0	7,500
Nechama J. Cox	5,001	5,001	0

Share Options

The Company created 750,000 share options on 31 December 2004. There were 528,500 granted as of that date. The exercise price of those options is \$5.00 per share. The options are for a five-year term, and are subject to terms and conditions on the part of the option holder. During Fiscal year 2006, 23,000 options were exercised. At 31 March 2006, there were 727,000 options remaining.

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DIRECTORS' REPORT (Continued)

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 and 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 on 14 June 2006



Isaiah W. Cox
Director



Rodney T. Cox
Director

FARAWAY

PUBLIC LIMITED COMPANY

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Financial Statements

for the year ended 31 March 2006

FARAWAY PUBLIC LIMITED COMPANY

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARAWAY PUBLIC LIMITED COMPANY

We have audited the financial statements of Faraway plc for the year ended 31 March 2006 set out on pages 12 to 16. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 14.

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 are responsible for the preparation of financial statements in accordance with applicable law and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant Gibraltar legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework and are properly prepared in accordance with Gibraltar Law. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). 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 1 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 connection with the other information contained in the Annual Report we also draw attention to the content of the Forward-Looking Statement on page 4.

FARAWAY PUBLIC LIMITED COMPANY

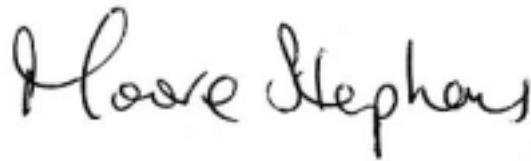
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AUDITORS' REPORT (Continued)

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 31 March 2006, in accordance with Gibraltar Accounting Standards and have been properly prepared in accordance with Gibraltar Companies Ordinance 1930, the Gibraltar Companies (Accounts) Ordinance 1999, and the Gibraltar Companies (Consolidated Accounts) Ordinance 1999.



Gibraltar
14 June 2006

Moore Stephens
CHARTERED ACCOUNTANTS

FARAWAY PUBLIC LIMITED COMPANY

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PROFIT AND LOSS ACCOUNT for the year ended 31 March 2006

	Notes	2006 \$	2005 \$
Expenditure			
Administrative fees		(21,308)	(17,640)
		<hr/>	<hr/>
Retained loss for the year		(21,308)	(17,640)
Retained losses brought forward		(17,280)	360
		<hr/>	<hr/>
Retained losses carried forward		\$ (38,588)	\$ (17,280)
		<hr/> <hr/>	<hr/> <hr/>

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 14 to 16 form part of these Financial Statements.

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BALANCE SHEET as at 31 March 2006

	Notes	2006 \$	2005 \$
Investments – Mining Properties	2	134,029	100,495
Current Assets			
Debtors	3	145,507	85,281
		<hr/>	<hr/>
Total Assets less current liabilities		279,536	185,776
		<hr/>	<hr/>
Total Net Assets		\$ 279,536	\$ 185,776
		<hr/> <hr/>	<hr/> <hr/>
Capital and Reserves			
Called up Share Capital	4,5	104,762	104,234
Share Premium Account	4,5	213,362	98,822
Profit and Loss Account	5	(38,588)	(17,280)
		<hr/>	<hr/>
Total Shareholders' Funds		\$ 279,536	\$ 185,776
		<hr/> <hr/>	<hr/> <hr/>

Signed on behalf of the Board of Directors on 14 June 2006



Isaiah W. Cox
Director



Rodney T. Cox
Director

The notes on pages 14 to 16 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Gibraltar Accounting Standards and the Gibraltar Companies Ordinance 1930 and the Gibraltar (Companies 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 6 to 8.

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. Mining properties

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 2006 (Continued)

2. INVESTMENT – MINING PROPERTIES

	2005 \$	2004 \$
Mining Properties	\$ 134,029	\$ 100,495

The investment in the Mining Properties, located near Freuchen Bay, Melville Peninsula, Nunavut, Canada, 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. Once a mineral resource has been established on the properties, it is the companies intention begin the necessary and time consuming task to start the work to place the property into production.

3. DEBTORS

	2006 \$	2005 \$
Loan to parent company	\$ 145,507	\$ 85,281

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

4. CALLED UP SHARE CAPITAL

	2006 \$	2005 \$
Authorised share capital 10,000,000 ordinary shares @ £0.01 each	\$ 160,000	\$ 160,000

	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
At 31 March 2004	5,225,006	83,600	26,940	110,540
Shares issued during the year	1,031,679	20,634	71,882	92,516
At 31 March 2005	6,256,685	104,234	98,822	203,056
Shares issued during the year	26,400	528	114,540	115,068
At 31 March 2006	6,283,085	\$ 104,762	\$ 213,362	\$ 318,124

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2006 (Continued)

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital \$	Share Premium Account \$	Profit & Loss Account \$	Total \$
At 31 March 2004	83,600	26,940	360	110,900
Shares issued during the year	20,634	71,882	–	92,516
Loss for the year	–	–	(17,640)	(17,640)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	104,234	98,822	(17,280)	185,776
Shares issued during the year	528	114,540	–	115,068
Loss for the year	–	–	(21,308)	(21,308)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	<u>\$ 104,762</u>	<u>\$ 213,362</u>	<u>\$ (38,588)</u>	<u>\$ 279,536</u>

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.