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**Faraway plc**

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**Faraway plc**  
**2008 Annual Report**

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# **FARAWAY PUBLIC LIMITED COMPANY**

Gibraltar Registered No. 57887

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## **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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# FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

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## Faraway plc Management's Letter to Members

19 June 2008

Fellow Members:

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 1960s and have continually held this property since the 1980s. Thanks to the amount of work done to date, we now hold what we call "Freuchen Bay" under long term renewable Government of Canada leases.

This is what we know, thanks to the work of renowned geophysicists/geochemists like Anthony Barringer, and Johnny Walker who helped put 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 of some exploration geologists who were sorely lacking in any understanding of geochemical exploration techniques, , once surface samples were taken and assayed, it was found that the surface samples at Freuchen Bay did not have very much by way of base metals. In other words, while it looks like a fantastic property, feels like a fantastic property, and acts like a fantastic property, the sampling of the surface rock suggests there are no commercial base metals on the property.

Until you get thirsty, that is.

While the surface rock does not show very much nickel or zinc or copper or lead, the local lakes have heavy doses of the stuff. Zinc is chronically toxic at 120ppm. Freuchen Bay's lakes and lake sediments 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 geophysicists/geochemists 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 and has no significant runoff, 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](http://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](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](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](http://www.faraway.gi/library/F.Bay_Barringer.LtrTo.Kennecott_1990.pdf)

Faraway Document Library

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

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METALLOGENY OF PHANEROZOIC INTRACRATONIC RIFT BASINS by

EMSBO, Poul, U.S. Geol Survey

[http://gsa.confex.com/gsa/2002AM/finalprogram/abstract\\_41213.htm](http://gsa.confex.com/gsa/2002AM/finalprogram/abstract_41213.htm)

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. The next best thing is to do a modern "Fly" of the property which we do hope to arrange for in fiscal 2009. Modern Geophysics is a wonder to behold. The fly will give us to a high degree of probability a serious estimation of the size and potential of Freuchen Bay. We will know probably before the annual meeting if the Fly has been arranged for fiscal 2009. We feel confident that we can get the Fly funded, and if the fly looks promising your company should be able to raise serious funds on acceptable terms to mount a program which both determines the ideal targets and drills them for core samples which will then be analyzed.

We believe that Freuchen Bay has always been a prospect worth holding on to. Both Tony and Johnny convinced us decades ago of the value of the property. With the continual 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.

Although little funding was raised recently, there are reasons to believe that sufficient funds can be raised in the coming 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, incredibly 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



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Rodney T. Cox  
Chairman and Chief Executive Officer



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Isaiah W. Cox  
President and Chief Operating Office

# **FARAWAY PUBLIC LIMITED COMPANY**

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## **Management's Discussion and Analysis of Financial Results**

Faraway's net assets decreased from US\$257,936 to a shortfall of US\$22,064 during 2008. The profit and loss account deficit grew from (US\$60,188) to (US\$340,188). The share premium account had no changes from the US\$ 213,362 figure during Fiscal Year 2008 as no shares were sold in 2008. Faraway for 2008 had its bills paid by Borealis Exploration Limited, except for the costs of the mineral leases of US\$10,085 and an administrative fee of US\$280,000 which were charged to Faraway. For the shares sold in Faraway in previous years at US\$5/share, the proceeds were lent to Borealis and the total amount is due back to Faraway, less charged expenses. Beginning in fiscal 2009, as Faraway plc becomes more active, with funding Faraway will become an independent profit centre. There are 727,000 options outstanding out of an authorized 750,000 at US\$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.

# **FARAWAY**

**PUBLIC LIMITED COMPANY**

Gibraltar Registered No. 57887

## **Financial Statements**

**for the year ended 31 March 2008**

# FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

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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
Nechama J. Cox	05 Oct 2004	Director

### Secretary

STM Fidecs Management (Gibraltar) Limited  
Montagu Pavilion  
8-10 Queensway  
Gibraltar

### Registered Office

Suite 3G, Eurolife Building  
1 Corral Road  
Gibraltar

### Auditors

Moore Stephens  
Suite 5 Watergardens 4  
Waterport  
Gibraltar

# **FARAWAY PUBLIC LIMITED COMPANY**

Gibraltar Registered No. 57887

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## **DIRECTORS' REPORT**

The directors submit their report and the audited financial statements for the year ended 31 March 2008.

### **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:FWYPF) market. No public share trades on the market have taken place to date.

### **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 GBP.

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 US\$10,085 at current exchange rates. The Company intends to retain its interest in the mineral properties for future development.

The Company, if it can secure the necessary funding, aims to complete additional exploration activity in the coming year.

These financial statements have been prepared in accordance with Gibraltar Generally Accepted Accounting Principles (GAAP) 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 2008, the Company had a net asset deficit of US\$22,064 (2007 - net asset surplus US\$257,936) 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, although, 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.

# FARAWAY PUBLIC LIMITED COMPANY

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## DIRECTORS' REPORT (Continued)

### 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 US\$10,085 per year at current exchange rates. 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 6.

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

	Shares held at 31 March 2008	Shares held at 31 March 2007	Options held at 31 March 2008
Rodney T. Cox	100,001	100,001	30,000
Iris Oren Cox	4,991	4,991	0
Isaiah W. Cox	24,951	24,951	17,000
Wayne S. Marshall	24,901	24,901	0
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 all outstanding 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. At 31 March 2008, there were 727,000 options remaining.

# FARAWAY PUBLIC LIMITED COMPANY

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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 Act 1930 and the Gibraltar Companies (Accounts) Act 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 19 June 2008



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Isaiah W. Cox  
Director



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Rodney T. Cox  
Director

## **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 2008 set out on pages 12 to 16. These financial statements have been prepared under 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 Act 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.

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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 2008, and of the loss for the year then ended in accordance with Gibraltar Accounting Standards and have been properly prepared in accordance with Gibraltar Companies Act 1930, the Gibraltar Companies (Accounts) Act 1999, and the Gibraltar Companies (Consolidated Accounts) Act 1999

A handwritten signature in black ink that reads "Moore Stephens". The signature is written in a cursive, flowing style.

Gibraltar  
19 June 2008

**Moore Stephens**  
CHARTERED ACCOUNTANTS

# FARAWAY PUBLIC LIMITED COMPANY

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## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2008

	Notes	2008 \$	2007 \$
<b>Expenditure</b>			
Administrative fees		<u>(280,000)</u>	<u>(21,600)</u>
<b>Loss for the year</b>		(280,000)	(21,600)
<b>Accumulated loss brought forward</b>		<u>(60,188)</u>	<u>(38,588)</u>
<b>Accumulated loss carried forward</b>		<u>\$ (340,188)</u>	<u>\$ (60,188)</u>

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.

# FARAWAY PUBLIC LIMITED COMPANY

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## BALANCE SHEET as at 31 March 2008

	Notes	2008 \$	2007 \$
<b>Investments – Mining Properties</b>	2	153,326	143,171
<b>Current Assets</b>			
Debtors	3	-	114,765
<b>Current Liabilities</b>			
Creditor - amounts falling due within one year	4	<u>(175,390)</u>	<u>-</u>
<b>Total Net (Liabilities)/Assets</b>		<u>\$ (22,064)</u>	<u>\$ 257,936</u>
<b>Capital and Reserves</b>			
Called up Share Capital	5,6	104,762	104,762
Share Premium Account	5,6	213,362	213,362
Profit and Loss Account	6	<u>(340,188)</u>	<u>(60,188)</u>
<b>Total Shareholders' Funds</b>		<u>\$ (22,064)</u>	<u>\$ 257,936</u>

Signed on behalf of the Board of Directors on 19 June 2008



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Isaiah W. Cox  
Director



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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 2008

### 1. PRINCIPAL ACCOUNTING POLICIES

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

**a. Basis of accounting**

These financial statements have been prepared under the Accounting Policies set out below .

**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 7 to 9.

**e. Cash Flow Statements**

The Company meets the size criteria for a small company set by the Gibraltar (Companies Accounts) Act 1999, 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.

# FARAWAY PUBLIC LIMITED COMPANY

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2008 (Continued)

### 2. INVESTMENT – MINING PROPERTIES

	2008	2007
	\$	\$
Mining Properties	<u>\$ 153,326</u>	<u>\$ 143,171</u>

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

	2008	2007
	\$	\$
Loan to parent company	<u>\$ -</u>	<u>\$ 114,765</u>

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

### 4. CREDITORS

	2008	2007
	\$	\$
Loan from parent company	<u>\$ 175,390</u>	<u>\$ -</u>

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

# FARAWAY PUBLIC LIMITED COMPANY

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2008 (Continued)

### 5. CALLED UP SHARE CAPITAL

			<b>2008</b>	<b>2007</b>
			<b>\$</b>	<b>\$</b>
Authorised share capital 10,000,000 ordinary shares @ £0.01 each			<u>\$ 160,000</u>	<u>\$ 160,000</u>
	<b>Number of Shares</b>	<b>Share Capital \$</b>	<b>Share Premium Account \$</b>	<b>Total \$</b>
<b>At 31 March 2006</b>	6,283,085	104,762	213,362	318,124
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2007</b>	6,283,085	104,762	213,362	318,124
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2008</b>	<u>6,283,085</u>	<u>\$ 104,762</u>	<u>\$ 213,362</u>	<u>\$ 318,124</u>

### 6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<b>Share \$</b>	<b>Share Premium Account \$</b>	<b>Profit &amp; Loss Account \$</b>	<b>Total \$</b>
<b>At 31 March 2006</b>	104,762	213,362	(38,588)	279,536
Shares issued during the year	-	-	-	-
Loss for the year	<u>-</u>	<u>-</u>	<u>(21,600)</u>	<u>(21,600)</u>
<b>At 31 March 2007</b>	104,762	213,362	(60,188)	257,936
Shares issued during the year	-	-	-	-
Loss for the year	<u>-</u>	<u>-</u>	<u>(280,000)</u>	<u>(280,000)</u>
<b>At 31 March 2008</b>	<u>\$ 104,762</u>	<u>\$ 213,362</u>	<u>\$ (340,188)</u>	<u>\$ (22,064)</u>

### 7. 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.