

FARAWAY

PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

Financial Statements

for the year ended 31 March 2010

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

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).

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.

Contents

Officers and Directors	2
Directors' Report	3
Auditors' Report	6
Financial Statements and Notes	8

FARAWAY PUBLIC LIMITED COMPANY

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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 Limited
Montagu Pavilion
8-10 Queensway
P.O. Box 575
Gibraltar

Registered Office

Suite 2F/2, Eurolife Building
1 Corral Road
P.O. Box 575
Gibraltar

Auditors

Moore Stephens Limited
Suite 5 Watergardens 4
Waterport
Gibraltar

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 2010.

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 8.

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\$9,490 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 2010, the Company had a net asset deficit of US\$442,262 (2009 - net asset deficit US\$292,061) 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 even given the crash in mineral prices. The state of the mineral industry in Canada does 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

Gibraltar Registered No. 57887

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\$9,490 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. Various proposals for development and/or sale of the mineral properties continue 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 2.

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

	Shares held at 31 March 2010	Shares held at 31 March 2009	Options held at 31 March 2009
Rodney T. Cox	100,001	100,001	30,000
Iris Oren Cox	5000	1	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 2009, there were 727,000 options remaining. They expired on 31 December 2009. Hence there are now no share options outstanding.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

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 judgments 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 Limited was passed at the Annual General Meeting.

By order of the Board on 24 August 2010.



Isaiah W. Cox
Director



Rodney T. Cox
Director

Independent auditors' report to the shareholders of Faraway Public Limited Company

We have audited the financial statements of Faraway plc for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 182 of the Gibraltar Companies Act. 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.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair representation of these financial statements in accordance with applicable law and Gibraltar Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In forming our opinion, we considered the disclosures in Note 1 of the Financial Statements in connection with the application of the going concern basis and the uncertainty with regard to securing continued financial support.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

AUDITORS' REPORT (Continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Standards, of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended.

Report on other legal and regulatory matters

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- b. Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act 1930, the Gibraltar Companies (Accounts) Act 1999 and other applicable legislation.
- c. State in our report whether in our opinion the information given in the directors' report is consistent with the financial statements.
- d. Report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Opinion

In our opinion the financial statements have been properly prepared in accordance with the Gibraltar Companies Act 1930, the Gibraltar Companies (Accounts) Act 1999 and other applicable legislation; and the information given in the directors' report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.



Bernard Hazell

Statutory Auditor
For and on behalf of
MOORE STEPHENS LIMITED

Suite 5
Watergardens 4
Waterport
Gibraltar

25 August 2010

FARAWAY PUBLIC LIMITED COMPANY

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PROFIT AND LOSS ACCOUNT for the year ended 31 March 2010

	Notes	2010 \$	2009 \$
Expenditure			
Administrative fees	6	<u>(280,000)</u>	<u>(280,000)</u>
Loss for the year		(280,000)	(280,000)
Accumulated loss at 1 April 2009		<u>(620,188)</u>	<u>(340,188)</u>
Accumulated loss at 31 March 2010		<u><u>\$(900,188)</u></u>	<u><u>\$(620,188)</u></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 10 to 12 form part of these Financial Statements.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

BALANCE SHEET as at 31 March 2010

	Notes	2010 \$	2009 \$
Investments – Mining Properties	2	171,127	161,503
Current Liabilities			
Creditor	3	<u>(613,389)</u>	<u>(453,564)</u>
Total Net (Liabilities)/Assets		<u><u>\$(442,262)</u></u>	<u><u>\$(292,061)</u></u>
Capital and Reserves			
Called up Share Capital	4,5	105,180	104,790
Share Premium Account	4,5	352,746	223,337
Profit and Loss Account	5	<u>(900,188)</u>	<u>(620,188)</u>
Total Shareholders' Funds		<u><u>\$(442,262)</u></u>	<u><u>\$(292,061)</u></u>

Signed on behalf of the Board of Directors on 25 August 2010



Isaiah W. Cox
Director



Rodney T. Cox
Director

The notes on pages 10 to 12 form part of these Financial Statements.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

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 historical cost convention and applying the Accounting Policies set out below.

e. Revenue

At present the Company is engaged in development of projects which have not yet reached the point of generation revenue. Once revenue commences, it will be accounted for on the basis of the accounting period in which the work was carried out or invoiced.

f. Reporting currency

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

g. 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.

h. 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 3 to 5.

i. 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 the Gibraltar Financial Reporting Standard 1: Cash Flow Statements, it has not prepared a cash flow statement.

j. 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 expected to continue. At present no amortisation is being charged until exploitation begins.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010 (Continued)

2. INVESTMENT – MINING PROPERTIES

	2010	2009
	\$	\$
Mining Properties	<u>\$171,127</u>	<u>\$161,503</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 company's intention to begin the necessary and time consuming task to start the work to place the property into production.

3. CREDITORS

	2010	2009
	\$	\$
Loan from parent company	605,212	445,387
Other	8,177	8,177
	<u>\$613,389</u>	<u>\$453,564</u>

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

4. CALLED UP SHARE CAPITAL

	2010	2009
	\$	\$
Authorised share capital 10,000,000 ordinary shares @ £0.01 each	<u>\$160,000</u>	<u>\$160,000</u>

	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
At 31 March 2008	6,283,085	104,762	213,362	318,124
Shares issued during the year	<u>1,429</u>	<u>28</u>	<u>9,975</u>	<u>10,003</u>
At 31 March 2009	6,284,514	104,790	223,337	328,127
Shares issued during the year	<u>27,389</u>	<u>390</u>	<u>129,409</u>	<u>129,799</u>
At 31 March 2010	<u>6,311,903</u>	<u>\$105,180</u>	<u>\$352,746</u>	<u>\$457,926</u>

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010 (Continued)

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2010	2009
	\$	\$
Authorised share capital 10,000,000 ordinary shares @ £0.01 each	<u>\$160,000</u>	<u>\$160,000</u>

	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
At 31 March 2008	6,283,085	104,762	213,362	318,124
Shares issued during the year	<u>1,429</u>	<u>28</u>	<u>9,975</u>	<u>10,003</u>
At 31 March 2009	6,284,514	104,790	223,337	328,127
Shares issued during the year	<u>27,389</u>	<u>390</u>	<u>129,409</u>	<u>129,799</u>
At 31 March 2010	<u>6,311,903</u>	<u>\$105,180</u>	<u>\$352,746</u>	<u>\$457,926</u>

6. ULTIMATE PARENT COMPANY

The ultimate parent company is Borealis Exploration Limited, a company incorporated in Gibraltar whose registered office is at Suite 2F/2, Eurolife Building, 1 Corral Road, Box 575, Gibraltar.