

**FARAWAY**

**PUBLIC LIMITED COMPANY**

Gibraltar Registered No. 57887

**Financial Statements**

**for the year ended 31 March 2015**

# **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).

## **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

<b>Directors</b>	<b>Appointed</b>	
Rodney T. Cox	21 Dec 1999	Director, Chairman of the Board, and Chief Executive Officer
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
Peter Vanderwicken	01 Jan 2013	Director

## Secretary

Mark Radom  
Suite 2  
Nachal Maor 1  
Ramat Bet Shemesh  
Israel 99623

## Registered Office

Suite 1  
43 Main Street  
Gibraltar

## Auditors

Moore Stephens Limited  
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 2015.

### **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. The directors do not recommend the payment of a dividend (2014: nil) and consequently the loss for the financial year has been added to the accumulated loss.

It is noted that due to the downturn in the mineral resource markets, the directors took the decision to impair the resource by \$221,426 so that the asset is now carried at a nominal value of \$1.

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 intra-cratonic rift. This type of structure, as far as your management knows and our geological consultants tell us, exists in a total of 9 locations worldwide, and 8 of these locations have been in production for many years, in some cases over 100 years. We have been unable to attract outside investment in this acreage position to date. To get terms satisfactory to your management it appears that the control shareholder will have to invest probably the next CAD\$10 million into the property. When the parent company has the funds available Faraway has been told that under current conditions and given our current state of knowledge that these funds will be forthcoming from our parent company under more favourable terms to Faraway plc than any outside third party has offered to date. 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\$8,205 at current exchange rates. The Company intends to retain its interest in the mineral properties for future development as per the position of the majority shareholder as stated above.

Exploration activity will commence as soon as the Company is able to secure the necessary funding.

These financial statements have been prepared in accordance with Gibraltar Accounting Standards 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 2015, the Company had a net liabilities of US\$1,614,349 (2014 - net liabilities US\$1,218,479) and to

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## DIRECTORS' REPORT (Continued)

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. 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.

## 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\$10,369 per year at current exchange rates. All leases are renewable, and are expected to be renewed upon expiry.

The Company anticipates that in future years 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 controlling shareholder, the issuance of further shares at not less than US\$10/share, or by conducting a joint venture with other companies under more favourable terms than the above, or by the sale of rights to the products from production which can happen after the controlling shareholder has invested the next \$10 million if the results of the exploration on the property prove encouraging. Faraway plc and its previous companies have held these properties for many decades attempting to get them developed. 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 sales are advanced to Borealis. All these transactions are debited or credited, as the case may be, against the inter company account. This current arrangement is expected to continue for the foreseeable future though all options and all future activities are completely open for further discussion.

## Dividends

There were no dividends declared during the year (2014 – \$nil).

## 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 2015	Shares held at 31 March 2014
Peter Vanderwicken	12,284	12,284
Rodney T. Cox	1	1
Isaiah W. Cox	22,955	23,001
Wayne S. Marshall	36,927	37,001
Nechama J. Cox	4,991	5,001

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## DIRECTORS' REPORT (Continued)

### Directors Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which meet the requirements of the Gibraltar Companies (Accounts) Act 1999 and Gibraltar Companies Act. In addition the Directors have elected to prepare the financial statements in accordance with Gibraltar Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Gibraltar Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Gibraltar Companies (Accounts) Act 1999 and Gibraltar Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditor

Moore Stephens Limited, the auditors during the year, being eligible for reappointment, have expressed their willingness to continue in office for the following year.

By order of the Board on 28 July 2015

Signed

\_\_\_\_\_  
Wayne S. Marshall  
Director

Signed

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Rodney T. Cox  
Director

### Independent auditors' report to the members of Faraway Public Limited Company

#### Report on the financial statements

We have audited the financial statements of Faraway plc for the year ended 31<sup>st</sup> March 2015 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, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 182 of the Companies Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and Gibraltar Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation 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.

#### Auditors' 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 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 auditors' judgement, 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.

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## **Independent auditors' report to the members of Faraway Public Limited Company – continued**

### **Basis for qualified opinion**

The financial statements do not include the Statement of Cash Flows which is required by Gibraltar Financial Reporting Standard No. 1 and by the Companies (Accounts) Act 1999.

### **Qualified opinion**

In our opinion, except for the effects of the matter referred to in the preceding paragraph, the financial statements:

- give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice of the state of the company's affairs as at 31<sup>st</sup> March 2015 and of the company's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act and the Companies (Accounts) Act 1999.

### **Emphasis of matter**

Without modifying our opinion, we draw attention to note 1(e) in the notes to the financial statements which highlights the existence of a material uncertainty relating to conditions that may cast doubt about the company's ability to continue as a going concern. The Company had net liability as at 31 March 2015 of \$1,614,349, of which \$1,6214,350 represents amount due from related parties which also show signs of going concern issues.

### **Opinion on other matter prescribed by the Companies Act**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Except for the failure to include the Statement of Cash Flows, we have nothing to report in respect of the following matters where the Companies Act requires us to report to you if, in our opinion:

- the company has not kept proper accounting records; or
- if information specified by law regarding directors' remuneration and other transactions is not disclosed; or
- we have not received all the information and explanations we require for our audit.

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Kieran Power  
Statutory Auditor  
For and on behalf of  
Moore Stephens Limited

Suite 5  
Watergardens 4  
Gibraltar  
Date: 28 July 2015

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## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2015

	Notes	2015 \$	2014 \$
<b>Expenditure</b>			
Administrative fees		(174,444)	(178,413)
Impairment of mineral resource	2	<u>(221,426)</u>	<u>-</u>
<b>Loss for the year</b>		<u>\$ (395,870)</u>	<u>\$ (178,413)</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 13 form part of these Financial Statements.

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## BALANCE SHEET as at 31 March 2015

	Notes	2015 \$	2014 \$
<b>Tangible fixed assets</b>			
<b>Investments – Mining Properties</b>	2	1	213,222
<b>Current Liabilities</b>			
Creditor	3	<u>(1,614,350)</u>	<u>(1,431,701)</u>
<b>Net Liabilities</b>		<u><u>\$ (1,614,349)</u></u>	<u><u>\$(1,218,479)</u></u>
<b>Capital and Reserves</b>			
Called up Share Capital	4,5	105,214	105,214
Share Premium Account	4,5	364,712	364,712
Profit and Loss Account	5	<u>(2,084,275)</u>	<u>(1,688,405)</u>
<b>Total Shareholders' Funds</b>		<u><u>\$ (1,614,349)</u></u>	<u><u>\$(1,218,479)</u></u>

Signed on behalf of the Board of Directors on: 28 July 2015

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Wayne S. Marshall  
Director

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Rodney T. Cox  
Director

The notes on pages 10 to 13 form part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2015

### 1. PRINCIPAL ACCOUNTING POLICIES

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

**a. Basis of accounting**

The financial statements have been prepared under the historical cost convention and on a going concern basis. These financial statements have been prepared under the historical cost convention applying the Accounting Policies set out below.

**b. Revenue**

At present the Company is engaged in development of projects which have not yet reached the point of generating revenue. Once trading commences, revenue will be recognized.

**c. Reporting currency**

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

**d. Foreign currency translation**

Transactions in foreign currency are translated in US Dollars at the exchange rate ruling at the date of the transaction. Any monetary assets or liabilities denominated in foreign currencies are translated into US Dollars at the rate of exchange ruling at the balance sheet date. All translation differences are accounted for in the profit and loss account.

**e. Going Concern**

In order to meet future expenditures and cover administrative costs, the Company may need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

The Company had net liability as at 31 March 2015 of \$1,614,349, of which \$1,6214,350 represents amount due from related parties which also show signs of going concern issues.

These financial statements have been prepared on a going concern basis that assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Further information is set out in the Directors' Report on pages 3 to 5.

**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 expected 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 2015 (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### g. Taxation

The company is subject to the Gibraltar Tax Act 2010 which requires companies with businesses managed and controlled in Gibraltar, to pay 10% Gibraltar Corporation Tax on profits to the extent that these accrue in or derive from Gibraltar.

### 2. INVESTMENT – MINING PROPERTIES

	2015	2014
	\$	\$
Mining Properties	\$ 221,427	\$ 213,222
Less impairment	<u>\$ (221,426)</u>	<u>\$ -</u>
	<u>\$ 1</u>	<u>\$ 213,222</u>

The investment in the Mining Properties, located near Freuchen Bay, Melville Peninsula, Nunavut, Canada, related to 21 year leases granted by the Government of Canada for the exploitation of these sites with regard to their mineral reserves. Up to fiscal year ended 31 March 2014, costs for the maintenance of these leases, along with costs in preliminary studies of the properties have been capitalised. Due to the extremely poor state of the mineral resources market in the current fiscal year, the carried value of the property was impaired to a nominal value of \$1, which is in line with the accounting policy in note 1(f).

### 3. CREDITOR

	2015	2014
	\$	\$
Loan from parent company	1,614,350	1,431,701
	<u>\$ 1,614,350</u>	<u>\$ 1,431,701</u>

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

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2015 (Continued)

### 4. CALLED UP SHARE CAPITAL

			<b>2015</b>	<b>2014</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</b>	<b>Share</b>	<b>Share</b>	
	<b>Shares</b>	<b>Capital</b>	<b>Premium</b>	<b>Total</b>
		<b>\$</b>	<b>Account</b>	<b>\$</b>
			<b>\$</b>	
<b>At 31 March 2013</b>	6,312,874	105,214	364,712	469,926
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2014</b>	6,312,874	105,214	364,712	469,926
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2015</b>	<u>6,312,874</u>	<u>\$105,214</u>	<u>\$364,712</u>	<u>\$469,926</u>

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2015 (Continued)

### 5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital \$	Share Premium Account \$	Profit & Loss Account \$	Total \$
<b>At 31 March 2013</b>	105,214	364,712	(1,509,992)	(1,040,066)
Share issued during the year	-	-	-	-
Loss for the year			(178,413)	(178,413)
<b>At 31 March 2014</b>	105,214	364,712	(1,688,405)	(1,218,479)
Shares issued during the year	-	-	-	-
Loss for the year			(395,870)	(395,870)
<b>At 31 March 2015</b>	<u>\$105,214</u>	<u>\$364,712</u>	<u>\$(2,084,275)</u>	<u>\$(1,614,349)</u>

### 6. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in these financial statements, during the year ended 31 March 2015, the Company was charged US\$174,444 (2014 - US\$178,413) in reallocation of overhead services provided by the ultimate Parent Company.

### 7. CONTROLLING PARTY

The ultimate controlling party is Borealis Exploration Limited, a company incorporated in Gibraltar whose registered office is Suite 1, 43 Main Street, Gibraltar.

### 8. STATEMENT OF CASH FLOWS

The financial statements do not include the Statement of Cash Flows which is required by Gibraltar Financial Reporting Standard No. 1 and by the Companies (Accounts) Act 1999. This represents a departure from Gibraltar Generally Accepted Accounting Practice. The statement has been omitted as the consolidated financial statements of the Family contain consolidated statement of cash flows. It is noted that the company does not have a bank account.