

FARAWAY

PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

Annual Report

Fiscal Period 2016

for the 18 months period ended 30 September 2016

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 on Melville Peninsula in the province of Nunavut, Canada, and is working on arranging for their future development. Faraway plc is an indirectly 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

Directors and Officers	2
Directors' Report	3 - 6
Auditor's Report	7 - 8
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 17

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

DIRECTORS AND OFFICERS

Directors

Appointed

Rodney T. Cox PhD	21 Dec 1999	Director, Chairman of the Board, Chief Executive Officer
Isaiah W. Cox	28 Apr 2003	Director, President, Chief Operating Officer
Wayne S. Marshall PhD	28 Apr 2003	Director
Nechama J. Cox PhD	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
GX11 1AA
Gibraltar

Auditors

Moore Stephens Limited
Suite 5 Watergardens 4
Waterport
GX11 1AA
Gibraltar

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the 18 months ended 30 September 2016. In September 2015, the Company changed its fiscal year end from 31 March to 30 September. This had the effect of extending fiscal 2016 from 12 to 18 months from 1 April 2015 to 30 September 2016.

The reasons for changing the year-end date and extending the audit period to 30 September 2016 are as follows:

1. Management considers that it is much more practical to have the Annual General Meetings ("AGMs") in January or February as there are many more accommodation and flight options for management to ensure these attend the AGM.
2. There are critical business meetings and conferences (e.g., Farnborough/Paris Air Show) during the four-month period after a 31 March year-end date such that the audit and AGM conflict with and become a distraction to valuable management time and focus.

All references to fiscal 2016 refer to the 18 month period ended 30 September 2016. Comparatives shown in these financial statements are for the year ended 31 March 2015 therefore not entirely comparable.

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 9. The loss for the financial year has been added to the accumulated loss.

The assets of the Company are 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 abovementioned leases near Freuchen Bay 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 nine locations worldwide, and eight of these locations have been in production for many years, in some cases more than a century.

DIRECTORS' REPORT (Continued)

Exploration activity will commence as soon as the Company is able to secure the necessary funding, which looks to be coming from internal Borealis Family resources over the next 2 to 5 years. Faraway now has 36,000 shares of WheelTug plc for which it paid US\$126/share. There is a reasonable expectation that these shares will fund the operations of Faraway plc for the foreseeable future. Faraway and the Parent Company expect in the future to have sufficient internal funding to properly explore the property, and if warranted to develop and operate a mine on the property. This funding source, if ultimately fruitful, will undoubtedly represent more favourable terms to Faraway plc than any outside third party has offered to date.

As at 30 September 2016, the Company had a net liabilities of US\$1,813,080 (2015: US\$1,614,349) and to date has relied on the support of Borealis, which is also in the development stage. The Company's only assets are investments in the mining property and in WheelTug plc shares, both of which are not liquid. The WheelTug plc shares are negotiable, but only to date in private third-party sales.

The mineral properties, because they are now long-term renewable Government of Canada leases, are probably saleable. The continued operation of the Company is dependent on the future of WheelTug plc, for which we are very bullish, which will give us sufficient funds, if we are correct in our assessments, to provide the funding to see the Faraway properties to self-sustaining profitable long term mineral production. 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.

These financial statements have been prepared in accordance with Gibraltar Accounting Standards with the assumption that the Company will be able to realise its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

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\$7,389 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 most likely be provided by the controlling shareholder through WheelTug plc, which if successful will need profitable homes for potentially quite large future earnings and cash flow. There are no guarantees however that this funding source will actually provide the funds needed to develop the property. That said, if the funds are available they will be provided on as good commercial terms as any third party will provide. Faraway plc and its previous companies have held these properties for many decades attempting to get them developed. In the meantime, all of the Company's expenses have been paid by Borealis Exploration Limited.

Dividends

There were no dividends declared during the period (2015: nil).

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

DIRECTORS' REPORT (Continued)

Directors and their Interests

The directors who served during the period were as stated on page 2.

The interests of the directors in the shares of the Company in the period were as follows.

	Shares held at 30 September 2016	Shares held at 31 March 2015
Peter Vanderwicken	12,284	12,284
Rodney T. Cox	1	1
Isaiah W. Cox	22,910	22,955
Wayne S. Marshall	36,854	36,927
Nechama J. Cox	4,982	4,991

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 Act of 2014. 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, and
- 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 Act 2014. 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.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

DIRECTORS' REPORT (Continued)

Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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 3 January 2017:

Isaiah W. Cox
Director

Rodney T. Cox
Director

Independent auditors' report to the members of Farway plc

Report on the financial statements

We have audited the financial statements of Faraway plc (the "company") for the 18 months period ended 30 September 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity 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 257 of the Companies Act 2014 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 Financial Reporting Standards ("Gibraltar Generally Accepted Accounting Practice"). 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.

Independent auditors' report to the members of Faraway plc - continued Opinion

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of the company's loss for the period then ended;
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards; and
- have been properly prepared in accordance with the Companies Act 2014.

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 liabilities as at 30 September 2016 of \$1,813,081 which represents amount due to shareholder which also show signs of going concern issues.

Opinion on other matter prescribed by the Companies Act 2014

In our opinion the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the Companies Act 2014 requires us to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit

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

Date: 03 January 2017

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

PROFIT AND LOSS ACCOUNT for the 18 months period ended 30 September 2016

	Notes	2016 \$	2015 \$
Expenditure			
Administrative fees	8	(191,342)	(174,444)
Lease payments		(7,389)	-
Impairment of mineral resource	4	<u>-</u>	<u>(221,426)</u>
Loss for the period/year		<u>\$ (198,731)</u>	<u>\$ (395,870)</u>

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

The notes on pages 12-17 form part of these Financial Statements.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

BALANCE SHEET at 30 September 2016

	Notes	2016 \$	2015 \$
Mining Properties	4	1	1
Investment	5	4,536,000	-
Current Liabilities			
Accounts payable	6	<u>(6,349,081)</u>	<u>(1,614,350)</u>
Net Liabilities		<u>\$ (1,813,080)</u>	<u>\$ (1,614,349)</u>
Capital and Reserves			
Called up Share Capital	7	105,214	105,214
Share Premium Account	7	364,712	364,712
Profit and Loss Account		<u>(2,283,006)</u>	<u>(2,084,275)</u>
Total Shareholders' Funds		<u>\$ (1,813,080)</u>	<u>\$ (1,614,349)</u>

The financial statements have been prepared in accordance with the provision of the Financial Reporting Standard 102 (effective 1st January 2015).

These financial statements were approved and authorized for issue by the board on 3 January 2017:

Isaiah W. Cox
Director

Rodney T. Cox
Director

The notes on pages 12-17 form part of these Financial Statements.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

STATEMENT OF CHANGES IN EQUITY for the 18 months period ended 30 September 2016

	Share Capital \$	Share Premium Account \$	Profit & Loss Account \$	Total \$
At 31 March 2014	105,214	364,712	(1,688,405)	(1,218,479)
Share issued during the year	-	-	-	-
Loss for the year			(395,870)	(395,870)
At 31 March 2015	105,214	364,712	(2,084,275)	(1,614,349)
Shares issued during the period	-	-	-	-
Loss for the period			(198,731)	(198,731)
At 30 September 2016	<u>\$105,214</u>	<u>\$364,712</u>	<u>\$(2,283,006)</u>	<u>\$(1,813,080)</u>

The notes on pages 12-17 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS for the 18 months period ended 30 September 2016

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and on a going concern basis. The financial statements have been prepared in accordance with Gibraltar Financial Reporting Standard 102 ("GFRS 102") and the Gibraltar Companies Act 2014.

These are the company's first set of financial statements prepared in accordance with GFRS102. The previous financial statements were prepared in accordance with Gibraltar Generally Accepted Accounting Practice ("GAAP").

a. Basis of accounting

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 products which have not yet reached the point of generating revenue. Once trading commences, revenue will be recognized.

c. Reporting currency

The Company has a presentational currency of US dollars (USD).

The Company has determined that USD is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

d. Foreign currency translation

Transactions in currencies other than USD are recorded at the rate of exchange at the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss.

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. 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 3-6.

f. Cash Flow Statements

The company has taken advantage of the exemption available for subsidiaries under GFRS 102, section 1.8, not to present a cash flow statement as these are presented in the consolidated financial statements of the ultimate parent company, Borealis Exploration Limited.

NOTES TO THE FINANCIAL STATEMENTS for the 18 months period ended 30 September 2016 (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 they accrue in or derive from Gibraltar.

h. **Investments**

Investments relates to subsidiary undertakings and are stated at cost, less any provision for impairment, where recoverable amount is considered to be less than cost. The recoverable amount is reviewed at each balance sheet date to determine if there are any indicators of impairment. If such indicators exist then the assets recoverable amount is estimated. Impairment losses are recognised in the profit and loss account.

i. **Financial assets and liabilities**

General

Financial instruments are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Subsequent measurement

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period, with the resulting changes recognised in profit or loss. Where their fair value cannot be reliably measured, they are recognised at cost less impairment.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

NOTES TO THE FINANCIAL STATEMENTS for the 18 months period ended 30 September 2016 (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

j. Accounts payable

Accounts payable are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors falling due after more than one year.

k. 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. 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.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Administrative services – these represent recharges from ultimate parent company Borealis Exploration Limited. The parent company incurs all administrative expenses and recharges on a quarterly basis between 9 subsidiaries (2015: 8).

3. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Liquidity risk

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Liquidity risk management

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The Company uses revenues and costs from other activities that are predictable contractually. This assists with monitoring cash flow requirements and optimising treasury strategies.

The Company has not made any significant guarantees of third party or related party actual or potential obligations.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

NOTES TO THE FINANCIAL STATEMENTS for the 18 months period ended 30 September 2016 (Continued)

4. MINING PROPERTIES

	2016	2015
	\$	\$
Mining Properties	1	221,427
Less impairment	-	(221,426)
	<u>\$ 1</u>	<u>\$ 1</u>

The investment in the Mining Properties, located near Freuchen Bay, Melville Peninsula, Nunavut, Canada, centers on 21-year leases granted by the Government of Canada for the exploitation of these sites with regard to their mineral reserves. Up to the fiscal year ended 31 March 2014, costs for the maintenance of these leases and 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 period, 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(k).

5. INVESTMENT

	2016	2015
	\$	\$
Investment in subsidiary under common control	<u>\$4,536,000</u>	<u>\$ -</u>

6. ACCOUNTS PAYABLE

	2016	2015
	\$	\$
Loan from parent company	1,813,081	1,614,350
Loan from subsidiary under common control	4,536,000	-
	<u>\$ 6,349,081</u>	<u>\$ 1,614,350</u>

These loans are non-interest bearing, unsecured, and with no fixed terms of repayment.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

NOTES TO THE FINANCIAL STATEMENTS for the 18 months period ended 30 September 2016 (Continued)

7. CALLED UP SHARE CAPITAL

	2016 \$	2015 \$
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 2014	6,312,874	105,214	364,712	469,926
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2015	6,312,874	105,214	364,712	469,926
Shares issued during the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 September 2016	<u>6,312,874</u>	<u>\$105,214</u>	<u>\$364,712</u>	<u>\$469,926</u>

8. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in these financial statements, during the period ended 30 September 2016, the Company was charged \$191,342 (2015: \$174,444) in reallocation of overhead services provided by the parent Company. Amounts due to Borealis Exploration Limited, parent Company, as at 30 September 2016 was \$1,813,081 (2015: \$1,614,350).

During the year, the Company bought investment of 36,000 shares in subsidiary under common control, Wheeltug plc, held by subsidiary under common control, Chorus Motors plc at \$180 per share and amount due to Chorus Motors plc as at 30 September 2016 was \$4,536,000 (2015: nil).

9. 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.

FARAWAY PUBLIC LIMITED COMPANY

Gibraltar Registered No. 57887

NOTES TO THE FINANCIAL STATEMENTS for the 18 months period ended 30 September 2016 (Continued)

10. SUBSEQUENT EVENTS

The directors have nothing to report under this section.

11. TRANSITION TO GFRS 102

This is the first period that the company has presented its results under GFRS 102. The last financial statements under Gibraltar GAAP were for the year ended 31 March 2015. The date of transition to GFRS 102 was 1 April 2014.

No adjustments are required to reflect the transition in the accounting standards to GFRS 102.