

The logo features the word "BOREALIS" in a bold, white, italicized sans-serif font. It is centered within a dark blue rectangular background that has a subtle, lighter blue horizontal wavy pattern behind the text.

BOREALIS

Borealis Exploration Limited

2021 Annual Report

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 judgement 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.

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Chairman's Letter to Members

1/26/2022

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To Our Friends and Members of the Borealis Family:

On 1 October 2019, after the end of fiscal year 2019, we transferred 100% of our right, title and interest in, to and under our subsidiaries to Borealis Holdings Limited, an Isle of Man limited company (the "Transaction"), for consideration of \$50m. This includes the shareholdings that ultimately control WheelTug plc, Chorus Motors plc, and other associated companies.

In an attempt to protect shareholder value, every share of Borealis Exploration Limited ("BOREF shares") may be exchanged for one share in Borealis Holdings Limited. ("BHL"). BHL is structured to ensure there is no dilution: the only allowed share issuances are for one-to-one exchanges for BOREF shares. Accordingly, the total number of shares of BHL will be 5,000,000 in a single class. Any BOREF shares that are not exchanged before 27 September 2029, may also be redeemed for ten US dollars (US\$10) per share plus interest from 1 October 2019 at the rate of 2% per annum.

In the meantime, BOREF expects to remain quoted on the OTC Markets.

Information on the Transaction, the rules and procedures for participating in share exchanges for Borealis Holdings, and the options open to them now and in the future are available to BOREF shareholders upon request. To learn more, email Borealis Exploration at conversion@borealis.gi with your contact details.

On 20 October 2020, our former subsidiaries – Borealis Technical Limited, Chorus Motors plc, WheelTug plc and WheelTug Sales Limited were re-domiciled from Gibraltar to the Isle of Man.

As the success of the company relates to the success of the developing technologies developed by the former subsidiaries, this report provides shareholders with an overview of the activities and operations of these entities, but those interested can find more information about the operations of each of the company on their websites.

BHL continues to develop WheelTug plc to bring WheelTug® to market. Please go to <https://www.youtube.com/user/WheelTugPLC/videos> to see its latest developments. BHL is completing the work necessary to bring to market WheelTug, its revolutionary application of our proprietary Chorus Motors technology. WheelTug makes possible a goal that has eluded the aerospace industry for over 100 years - enabling airplanes to drive themselves on the ground without turning on their engines or using a tow tug. BHL has resolved all the technical hurdles that are known and is finishing all the final engineering and licensing work preparatory to building and installing actual FAA-certified devices for Boeing 737NG Aircraft.

Proving to electric motor engineers that two small motors embedded in an airplane wheel can generate the tremendous torque needed to move an 180,000-pound airplane has also encouraged requests for our technology in other, easier, applications for the Chorus Motor. As the unprecedented capabilities of Chorus Motors become evident with WheelTug, we expect that engineers will imagine further uses for this wonderful technology, and that Chorus Motors will start to produce revenues and income from additional applications of its technology. BHL continues to look for additional "killer applications" and when it finds them, given the maturity of WheelTug, it will carefully examine these other opportunities. If any exist that meet the Borealis family of companies' very high return on investment criteria, BHL will start additional development programs as seem appropriate.

BHL is also making progress with the technology called AMPCC: Avto Metals, Power Chips, and Cool Chips, three related technologies based on a new discovery in quantum mechanics (described briefly later in this report). For about five years, we and now BHL have been working with nanoelectronic and nanophysics experts at major university laboratories to learn how to optimise the performance of and efficiently build these devices, and BHL is making good progress, but progress is still very slow. BHL has built structures that are now being tested at two major university labs, but have yet to settle all the scientific issues.

Chairman's Letter to Members (Continued)

BHL is driving for demonstrable working Power Chips. At that point, BHL could begin to show potential licensees and customers in multiple industries how they might use Power Chips to transform many products and services - from transistors and electronic equipment to power generation in fossil or nuclear power stations. BHL has not finished this work, and there can be no guarantee that its work will prove successful in producing working, high efficiency Power Chips.


It should be noted that significant resources have been spent worldwide trying to achieve what may be finally within BHL's grasp. BHL has seen the necessary effect again and again, where if we can understand what is actually happening and harness the output, energy production for the world will slowly be put on the road to a very low-cost basis. BHL hopes to benefit economically as the cost curve is relentlessly driven down, while BHL captures ever-increasing percentages of the world's power production with its devices. Again, there can be no guarantees that BHL will be successful in this endeavour.

None of BHL's technologies has yet to generate revenue or profits in the decades we and now BHL have been working to create reality out of our technological aspirations. But WheelTug, Chorus, and AMPCC all have the potential to become multi-billion-dollar businesses, and BHL is working hard to make that happen. We thank all our shareholders for their support and help, assistance, and counsel through the decades. It is our shareholders' willingness to support our continued quest for game changing technologies that drives us to aim for long-term benefits for society and wealth for our shareholders on many fronts.

We thank you all for your support through the decades, and we hope to reward our shareholders accordingly.

With warmest personal regards,

Borealis Exploration Limited

DocuSigned by:

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Rodney T. Cox, PhD

Chairman, Chief Executive Officer, and
Chief Financial Officer

BOREALIS EXPLORATION LIMITED

Corporate Information

Gibraltar Registered Number 66632

Registered Office

Suite 1
43 Main Street
GX11 1AA
Gibraltar

Auditors

Moore Stephens
Suite 5, Watergardens 4
Waterport Wharf
GX11 1AA
Gibraltar

Company Secretary

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

Stock Trading Information

Borealis shares are quoted in the United States over-the-counter market on the OTC Markets Group 'Pink' market at www.otcmarkets.com under the symbol BOREF.

Registrar and Transfer Agent

Transfer Online, Inc.
512 SE Salmon St., 2nd Floor
Portland, OR 97214, USA
Tel: +1.503.227.2950
Fax: +1.503.227.6874

BOREALIS EXPLORATION LIMITED

Directors' Report

The directors of Borealis Exploration Limited present their report for the year ended 30 September 2021 together with the financial statements of the company and the auditor's report to the members.

1. RESULTS

The results for the year ended 30 September 2021 are shown on page 17. The profit for the period has been carried to reserves. No dividends have been proposed for the year (2020: nil).

2. PRINCIPAL ACTIVITIES

The Company was incorporated on 26 August 1968 by Canadian Dominion Charter. On 19 October 1998, the Company changed its domicile to Gibraltar. In the current year the Company's principal activity is to hold a loan due from Borealis Holdings Limited and accrue interest on the outstanding balance of this loan.

3. DIRECTORS

The Directors who served during the year and their interest in the company at the year end were as follows:

		2021	2020
Rodney T. Cox, PhD	Appointed 27 December 1978	-	-
Wayne S. Marshall, PhD	Appointed 11 September 1985	-	-
Isaiah W. Cox	Appointed 15 February 1994	-	-
Nechama J. Cox PhD	Appointed 1 August 2001	-	-
Ing. Jan Váňa	Appointed 1 January 2013	-	-
Moshe Cohen	Appointed 15 January 2020	-	-

Each director converted his/her shares of the company into shares of BHL in fiscal year 2020. The present position and office with the company if applicable, and the present principal occupation or employment of the incumbent directors and officers are as follows. Unless otherwise stated, such occupation or employment has continued for more than the last five years.

RODNEY T. COX became a Director on 27 December 1978. Dr. Cox is Chairman of the Board, Chief Executive Officer and Chief Financial Officer of the Company.

WAYNE S. MARSHALL became a Director of the Company on 11 September 1985. He is Professor Emeritus of Business Administration at Long Island University. Dr. Marshall is Chairman of the Executive and Compensation Committees, and a member of the Audit Committee of the Company.

ISAIAH W. COX became a Director of the Company on 15 February 1994. Mr. Cox is President, Chief Operating Officer, a member of the Executive Committee and Compensation Committee of the Company.

NECHAMA J. COX became a Director of the Company on 1 August 2001.

JAN VÁŇA became a Director of the Company on 01 January 2013.

MOSHE COHEN became a director of the company on 15 January 2020. He is a Chartered Accountant (S.A.) and is responsible for accounting and administration.

With respect to its directors, the Company hereby confirms the following:

- There are no potential conflicts of interests between any duties to the Company and the private interests and or other duties of any director.
- There have been no bankruptcies, receiverships or liquidations with which any director was associated for the previous five years.

BOREALIS EXPLORATION LIMITED

Directors' Report

3. DIRECTORS (Continued)

- There has been no official public incrimination and/or sanctions of any director by statutory or regulatory authorities (including designated professional bodies) and no director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory body of the Company (or any other company) or from acting in the management or conduct of the affairs of the Company (or any other company) for the previous five years.

As at the date of this annual report, Borealis has no employment or consulting agreements with any persons. Borealis confirms that there are no programs applicable to employees, consultants and members of the governing board of directors of the company that offer such persons the right to acquire securities, options or any other rights under preferential conditions.

4. BUSINESS REVIEW

Borealis was a Canadian mineral exploration company until 1992, when we established a subsidiary, Borealis Technical Limited ("Technical"), to develop and improve existing Borealis family technologies. At that time, we felt that no matter how valuable our Canadian mining assets were, and would be over time, the potential of the technologies to be developed by Technical (described in more detail below) would be likely to produce sustained long-term profits sooner than the exploration and development of our mineral holdings. The development times for both classes of assets have proven to be decades.

Technical was the holding company for all of the Borealis scientific research and technology development programs. Technical developed technologies designed to transform basic industries. Borealis has invested heavily for over two decades now in basic scientific research in many fields, developing new solutions that were patented and proprietary to Borealis and were intended to provide significant technological, economic, and environmental advantages over existing competitive products and technologies.

All the technology investment decisions were driven by the concept of Present Discounted Expected Value ("PDEV"). This was standard Columbia Business School thinking, circa 1960s, where several of the current and past directors and advisors either taught, were deans, or graduated. We were the only family of companies that we know of, out of that milieu, that have used PDEV to build companies. These were companies that should dominate entire industries based on better patented technology, instead of using PDEV to engineer mostly short-term financial gains (even if those gains prove to be huge).

Borealis continually investigated business opportunities in fields that our management estimates have the potential to produce substantial profits. We were especially interested in "mature" markets that have had generally no fundamental scientific advances in decades, where game changing innovators can reap tremendous profits.

A good example occurred over 20 years ago: Borealis Chief Scientist Jonathan S. Edelson claimed he could build a better electric motor than then-existing technology, and he made a simple demonstration of the power of a multiphase motor. We then started Chorus Motors plc, which has developed that multiphase motor technology to where it is now - a key enabling technology for the WheelTug system.

On 1 October 2019, the company transferred 100% of its right, title and interest in all subsidiaries and technologies to Borealis Holdings Limited, an Isle of Man limited company for a consideration of \$50m. At this date the principal activity of the company changed to a company accruing interest in long term loan.

As the success of the company relates to the success of the technologies developed by the former subsidiaries, specifically the ones developed by WheelTug plc and Chorus Motors plc, a brief overview of the activities of these entities that now are owned by Borealis Holdings Limited is set forth below.

BOREALIS EXPLORATION LIMITED

Directors' Report

4. BUSINESS REVIEW (Continued)

The Chorus Meshcon technology is a novel electric motor/drive combination that uses electromagnetic harmonics to greatly increase the motor's torque. A Chorus system is smaller, lighter, and is expected to sell for a premium over a conventional motor with the same output. It is ideal for traction applications such as electric cars and trains.

The work on WheelTug began in 2004, when The Boeing Company proposed to Chorus Motors plc a joint test project to determine whether something the aerospace industry was able to be achieved: whether an AC electric motor, designed to fit within the small nose gear wheels of an aircraft, could produce sufficient torque to drive an airplane. Could this motor enable forward and backward mobility at airports without using jet engines or a tow tug? In the summer of 2005, tests conducted on a Boeing 767 using Chorus Meshcon™ motors were successful, and we then launched a multiyear effort to develop, certify, and market the WheelTug electric drive system.

In fiscal year 2019, WheelTug plc made considerable progress toward completing development of and preparing for regulatory certification for its transformative technology for the aviation industry, including, but not limited to, the entry into a definitive agreement with an institutional investor with respect to a \$12,000,000 (the "Investment Amount") investment in WheelTug with the possibility of an additional \$8,000,000 (subject to certain milestones) and the subsequent receipt of the Investment Amount. In October 2020, following on from the successful completion of the public TestDrive demonstration of the WheelTug product, such investor exercised its option to invest the additional \$8,000,000, which was received by the Company on 30 October 2020. The Investment Amount will contribute to bringing WheelTug closer to enter into service (subject to FAA certification and other factors). Prior to fiscal year 2021, WheelTug plc marked an important milestone in December 2016 when the US Federal Aviation Administration (FAA) accepted its certification plan. This is the official 'roadmap' WheelTug plc will use to carry out its development and ultimately gain certification by the FAA. While most of the year's efforts were focused on the highly complex task of engineering and developing a radically new technology, WheelTug also demonstrated the product to highly interested airlines.

As of the end of FY2021, over 23 airlines worldwide have reserved delivery positions for WheelTug systems to be installed on over 2,000 Boeing 737 and Airbus A320 aircraft, the initial targeted aircraft models. This represents in excess of 15% of 737 and 320 model aircraft flying today.

During the previous fiscal year, WheelTug plc was served with a damages action by Aversan Inc, a former risk sharing partner. The claim relates to a contract with Aversan that WheelTug cancelled due to Aversan's uncured and material breaches of the contract.

During March 2020, COVID-19 was declared a pandemic and has continued to be so after 30 September 2021. Management assessed the impact of this event on the Company and concluded that the only impact would be on the recoverability by BHL of the Loans due from former subsidiaries. These entities are reliant on the success of the WheelTug. All are distracted and undergoing considerable distress. Nevertheless, the management believes that by the time we enter in service (during 2023), the industry will have largely rebounded. The lease rates for WheelTug are not based on what airlines can afford to pay, but instead on the value of the savings and opportunity value that WheelTug unlocks. Whether in good times or in bad, nobody wants to poorly utilize their assets, and WheelTug's value for airlines remains unchanged. Therefore, the management do not expect that COVID-19 will alter either our value proposition or the lease rates. The only uncertainty would be related to the market share, being between 15,000 airplanes or 20,000 airplanes.

Our registered office and legal domicile are in Gibraltar. Borealis operates as a virtual company, and the Internet plays a dominant role in our day-to-day work. It is the means by which we manage our businesses, discuss new ideas, and promote ourselves to the outside world. Modern communications technology has allowed us to circumvent the traditional problems associated with working on four continents and twenty time zones. Because of this we have access to facilities and personnel of which a company of our size would normally only be able to dream.

BOREALIS EXPLORATION LIMITED

Directors' Report

4. BUSINESS REVIEW (Continued)

Investor Information

Extensive information for investors is available upon written request.

Following the sale of investments to Borealis Holdings Limited, every share of Borealis Exploration Limited may be exchanged for one share in Borealis Holdings Limited. Information on the rules and procedures for participating in share exchanges for Borealis Holdings Limited, and the options open to BOREF shareholders now and in the future are available upon request. To learn more, email Borealis Exploration at conversion@borealis.gi with your contact details.

Borealis Share Capital

100% of the issued and outstanding shares of Borealis common stock, which represents 3,836,464 shares of common stock, each with a par value of U.S. \$0.01 (the "Shares"), is quoted on the OTC Pink market under the symbol "BOREF".

As stated in the Memorandum and Articles of Association of Borealis, there are no limitations on transferability of the Shares. As at the date hereof, there are no restrictions of any nature on voting rights and there are no special or different voting rights with respect to any Shares insofar as all Shares have identical voting rights. To the knowledge of Borealis, as at the date hereof, there are no agreements between any shareholders that restrict transferability of Shares.

There are no special rules with respect to the election and recall of the statutory body, amendment to the Articles of Association or similar document of Borealis except that the capital or authorised capital of Borealis can only be increased beyond 5,000,000 shares by a two-thirds (2/3) approval of not less than 75% of the total outstanding shares of Borealis voting at a meeting of the members.

Borealis Board of Directors

The business and affairs of the Company shall be managed by the directors who may exercise all such powers of the Company as are noted by the Ordinance or by the Memorandum or the Articles of Association required to be exercised by the members of the Company, subject to any delegation of such powers as may be authorised by the Articles of Association and to such requirements as may be prescribed by a resolution of shareholders of the Company; but no requirement made by a resolution of shareholders shall prevail if it be inconsistent with the Articles of Association nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

Dividend Policy

Borealis did not pay any dividends in fiscal years 2012 through 2021. Given that Borealis transferred its operating subsidiaries to Borealis Holdings Limited on 01 October 2019, Borealis does not anticipate paying cash dividends in fiscal year 2022 or at any other time.

Governmental, Legal and Arbitration Proceedings

The Company is aware of no governmental, legal arbitration proceedings, including, but not limited to, actual, threatened or pending, with respect to the Company.

Administrative, Management and Supervisory Bodies and Senior Management

Borealis has an Audit Committee, Remuneration Committee, and an Executive Committee though none are required under applicable Gibraltar law. All these committees are comprised of Wayne S. Marshall, Isaiah W. Cox and Rodney T. Cox. These committee members communicate multiple times every working day by phone and e-mail on company business.

BOREALIS EXPLORATION LIMITED

Directors' Report

4. BUSINESS REVIEW (Continued)

Administrative, Management and Supervisory Bodies and Senior Management (Continued)

Members of the Executive Committee communicate with all the Directors and a wide range of shareholders (who have signed very stringent Non-Disclosure Agreements - NDAs) no less than several times each week on wide-ranging Borealis activities. The Board of Directors and shareholders who have signed NDAs hold weekly open board meetings where company business is discussed in detail. These meetings are open to all shareholders who are willing to sign the required NDAs. All of our directors and many of our shareholders take an active interest in and are great supporters and participants in our various activities.

Borealis complies with the corporate governance regime in force in Gibraltar (wholly codified in Gibraltar's Companies Act 2014) as set forth below in pertinent part:

1. For the purpose of incorporation, the Gibraltar Companies Act 2014 (the "Act") requires that Gibraltar companies produce a Memorandum of Association, setting out the objects of the company, in addition to stating the share capital, allotment of shares, as well as Articles of Association, which set out the rules and regulations of the company. Together these make up the constitution of the company.
2. The Act also provides for a set of model articles. These may, but are not required to, be adopted by a company expressly, in whole or in part.
3. A company's Articles must deal, inter alia, with the buying and selling of shares, pre-emption rights, the increase or reduction of share capital and how decisions by the board of directors or by the shareholders can and will be passed by resolution, but always within the framework provided by the Act.
4. The Act deals with procedures in relation to mergers and divisions, and the distribution of assets and profits.
5. The Act requires the keeping and registration of company registers such as register of directors, register of members (shareholders). It also requires changes to directors and members to be notified to the registrar of companies, usually within 14 days of such a change.
6. The Act also deals with directors' duties and obligations, in particular by requiring directors to declare any interest they may have in contracts being negotiated on behalf of the company. There are also provisions in relation to qualifications required by directors and secretaries.
7. The Act requires the filing of annual returns, the keeping and auditing of accounts and sets out requirements for annual general meetings and extraordinary general meetings.

Internal Control

Borealis has a committee of directors consisting of Rodney T. Cox, Wayne Marshall, Jan Vana and Isaiah Cox that review and approve all material payments and receipt of funds so that access to Borealis' finances, bank accounts, and outgoing and incoming transfers of funds is at all times subject to the review and oversight of such director committee. Apart from this, Borealis has no internal control system in place.

BOREALIS EXPLORATION LIMITED

Directors' Report

4. BUSINESS REVIEW (Continued)

Annual Meetings

The procedure at each Borealis annual meeting is as follows:

1. SOLICITATION OF PROXIES:

Borealis prepares and delivers to each shareholder a notice of annual meeting and an information circular in connection with the solicitation of proxies for use at its annual meeting of members to be held in January of each year in Gibraltar and via the Internet at www.borealis.gi, with the record date of the meeting being no more than two months prior to the date of the annual meeting.

2. QUORUMS AND VOTING:

The authorised share capital of the Company is \$50,000, consisting solely of one class of common shares divided into 5,000,000 shares with par value of \$0.01 per share, of which 3,836,464 shares are outstanding. Each holder of record of a common share as of the Record Date for the meeting is entitled to attend the meeting and to cast one vote for each share. Proxies are accepted by hand delivery, mail, e-mail, fax, and the Company's Internet website at www.borealis.gi. Any resolution to be voted upon at the meeting must be approved by a simple majority of the votes cast, unless the Company's Articles of Association stipulate a number or proportion of the votes cast in excess of a simple majority. The meeting will proceed as long as there is a quorum at the meeting place, as determined by the participation of shareholders present and those who have submitted proxies.

3. REVOCATION OF PROXIES:

Each shareholder has the power to revoke a proxy at any time as long as it has not been exercised. In addition to revocation in any other manner permitted by law, a member giving a proxy pursuant to this solicitation who wishes to revoke the proxy instrument may do so in writing. A revocation must be executed by the member, or by his attorney authorised in writing, or, if the member is a corporation, under its corporate seal or by an officer or attorney thereof duly authorised, and received by mailed, or deposited, at any office of the Company, via e-mail to proxy@borealis.gi, or by fax to +1.503.296.2163 at any time up to and including 1700 GMT of the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or with the chairman of such meeting on the day of the meeting, or adjournment thereof.

4. DIRECTORS, AUDITORS AND OTHER MATTERS:

At each annual meeting, the shareholders vote on directors whose terms have expired and are re-running for nomination to the board, the auditors and any other matters that have been properly brought before the shareholders for a vote.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company for that period. In preparing those financial statements, the directors are required to:

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

BOREALIS EXPLORATION LIMITED

Directors' Report

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.


6. AUDITORS


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 has expressed their willingness to continue in office. A resolution for their reappointment will be proposed at the next annual general meeting.

1/26/2022

By order of the Board of Directors,

DocuSigned by:

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Rodney T. Cox
Director

DocuSigned by:

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Isaiah W. Cox



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Borealis Exploration Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Borealis Exploration Limited, which comprise the statement of comprehensive income for the year 30 September 2021, the statement of financial position as at 30 September 2021, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2014.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the notes to the financial statements. The Company reports a net assets position of \$8,101,031 of which \$8,258,640 represents net amounts due from former subsidiaries, which are subject to material uncertainties in relation to going concern. These events and conditions indicate that a material uncertainty exists that may cast doubt about the Company and Family of Companies' ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and International Financial Reporting Standards as adopted by in the European Union, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Borealis Exploration Limited

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Family of Companies' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Family of Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Family of Companies to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Borealis Exploration Limited

Report on the Audit of the Financial Statements

Report on Other Legal and Regulatory Requirements

Opinion on other matter prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the 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.

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.

DocuSigned by:

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Rosaleen Reilly
Statutory auditor
For and on behalf of
Moore Stephens Limited
Gibraltar

Date: 1/26/2022

BOREALIS EXPLORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
year ended 30 September 2021

	Notes	30 September 2021 \$	30 September 2020 \$
REVENUE		-	-
EXPENDITURE		(11,761)	(30,679)
OPERATING LOSS	6	(11,761)	(30,679)
Other gains and losses			
Foreign exchange (loss) / gain		(67)	1,018
Gain on sale of assets		-	4,847,523
Loss on cancellation of shares used for repayment of loan		(472,211)	(5,510,445)
Finance income/(cost)			
Fair value gain/(loss) on a financial instrument		4,728	(422,413)
Interest income on long term loan	7	796,052	906,543
PROFIT / (LOSS) BEFORE TAX		316,741	(208,453)
Tax	9	-	-
PROFIT / (LOSS) AFTER TAX		316,741	(208,543)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR		316,741	(208,543)
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the company	10		
Basic earnings per share		0.08	(0.05)
Diluted earnings per share		0.08	(0.05)
Earnings per share for profit / (loss) from continuing operations attributable to the ordinary equity holders of the company	10		
Basic earnings per share		0.08	(1.29)
Diluted earnings per share		0.08	(1.22)

The Company had discontinued activities in previous year and these are reported in note 20.

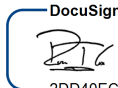
The notes on pages 20 – 32 form an integral part of these financial statements.

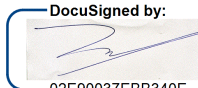
BOREALIS EXPLORATION LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Notes	30 September 2021 \$	30 September 2020 \$
ASSETS			
NON-CURRENT ASSETS			
Long term receivable	11	40,078,080	40,189,573
		40,078,080	40,189,573
CURRENT ASSETS			
Trade and other receivables	12	4,098,632	4,109,477
Cash and cash equivalents		26,188	65,177
		4,124,820	4,174,654
TOTAL ASSETS		44,202,900	44,364,227
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
Called up share capital	13	38,364	39,283
Share premium account		18,599,961	19,045,222
Retained earnings		(10,537,294)	(10,854,035)
Total equity		8,101,031	(8,230,470)
LIABILITIES			
NON-CURRENT LIABILITIES			
	14	173,397	198,224
CURRENT LIABILITIES			
Trade and other payables	15	35,928,472	35,935,533
		36,101,869	36,133,757
		44,202,900	44,364,227

1/26/2022

These financial statements were approved and authorized for issue by the Board on

DocuSigned by:

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 Rodney T. Cox
 Director

DocuSigned by:

 02E90037EBB340E...
 Isaiah W. Cox
 Director

The notes on pages 20 – 32 form an integral part of these financial statements.

BOREALIS EXPLORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
As at 30 September 2021

	Called up Share Capital	Share Premium Account	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 30 September 2019	50,000	24,241,030	(55,622,036)	(31,331,006)
Cancellation of shares on exchange	(10,717)	(5,195,808)	-	(5,206,525)
Total comprehensive loss for the year	-	-	44,768,001	44,768,001
Balance at 30 September 2020	39,283	19,045,222	(10,854,035)	8,230,470
Cancellation of shares on exchange	(919)	(445,261)	-	(446,180)
Total comprehensive loss for the year	-	-	316,741	316,741
Balance at 30 September 2021	38,364	18,599,961	(10,537,294)	8,101,031

The notes on pages 20 – 32 form an integral part of these financial statements.

BOREALIS EXPLORATION LIMITED
STATEMENT OF CASH FLOW
year ended 31 September 2021

	30 September 2021 \$	30 September 2020 \$
Total comprehensive income / (loss) for the year	316,741	(208,453)
Adjustments for:		
Finance costs	(796,052)	(906,543)
Foreign exchange loss/(gain) on operating activities	67	(1,018)
Non cash financing (gain)/loss	(4,728)	422,413
Gain on sale of subsidiaries	-	(4,847,523)
Loss on cancellation of shares for repayment of loan	472,211	5,510,445
Admin fees paid by former subsidiaries	-	30,597
Increase in trade receivables	-	(39,035)
(Decrease)/Increase in trade, other and long term payables	(27,161)	84,837
Net cash generated from operating activities	<u>(38,922)</u>	<u>45,720</u>
Cash flows from investing activities		
Net cash generated from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(38,922)	45,720
Cash and cash equivalents at the beginning of the year	65,177	18,440
Exchange (losses)/gains on cash at bank	(67)	1,018
Cash and cash equivalents at the end of the year	<u>26,188</u>	<u>65,177</u>

The notes on pages 20 – 32 form an integral part of these financial statements.

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

1. Significant Accounting Policies

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"), and the Gibraltar Companies Act 2014.

a. Basis of accounting

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied, unless otherwise stated.

These financial statements have been prepared on the historical cost basis.

This is the Company's first year standalone financial statement. In prior year the company prepared consolidated financial statements. Effective 1 October 2019 the Company sold its holdings in all subsidiary companies to Borealis Holdings Limited. Therefore, as the sale of subsidiaries took place on the 1st day of the prior financial year, the comparative figures represent Company's figures.

b. Foreign currency translation

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

Transactions in currencies other than USD \$ are recorded at the rates of exchange prevailing on the dates of the transactions. 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. The Company holds no operational currency of a hyper-inflationary economy.

Foreign currency differences arising on retranslation are recognised in profit or loss.

c. Taxation

Income tax expense represents the sum of the current tax and deferred tax.

The charge for current tax is based on the result for the year adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is recognised in the income statement unless the item to which the tax relates was recognised outside the income statement being other comprehensive income or equity. The tax associated with such an item is also recognised in other comprehensive income or equity respectively.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

1. Significant Accounting Policies (Cont.)

c. Taxation (Cont.)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. For land and revalued investment property deferred tax is calculated on the presumption that recovery is through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

A change in deferred tax assets and liabilities as a result of a change in the tax rates or laws are recognised in profit and loss or other comprehensive income to the extent that it relates to items previously recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

d. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

e. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities 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 non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

f. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

g. Financial instruments

Financial instruments, other than derivative financial instruments, are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below.

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

1. Significant Accounting Policies (Cont.)

g. Financial instruments (cont.)

(i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade and other receivables and are recognised initially at fair value and subsequently at amortised cost. Generally, this results in their recognition at nominal value less any allowance for any doubtful debts.

(ii) Financial assets at fair value through profit or loss ('FVTPL')

If a financial asset is held for trading, or is designated as such on initial recognition, it is classified as held at fair value through profit or loss. Assets other than held for trading are designated at fair value through profit and loss when the Company manages the holdings and makes purchase and sale decisions based on fair value assessments and documented risk management and investment strategies. Attributable transaction costs and changes in fair value are recognised in profit or loss.

(iii) Other financial liabilities

Other financial liabilities include trade payables, related party loans and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

The Company's subsidiaries are listed in note 10 to the consolidated financial statements and are held at cost less provision for any impairment.

Financial hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

h. Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of the shares are recognised as a deduction from the proceeds.

i. Going concern

These financial statements have been prepared under the going concern concept that assumes that the Company will continue in operational existence for the foreseeable future having adequate funds to meet its obligations as they fall due. Further information is set out in the Note 4.

2. Adoption of new and revised International Financial Reporting Standards

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2020.

- Amendments to IFRS 3 – definition of a business
- Amendments to IAS 1 and IAS 8 – definition of material
- Revised Conceptual Framework for Financial Reporting

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

2. Adoption of new and revised International Financial Reporting Standards (Cont.)

Amendments to IFRS 3 'Business combinations' have amended the Appendix A 'Defined terms', the application guidance and the illustrative examples of IFRS 3.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' have clarified the definition of 'material' and aligned the definition used in the Conceptual Framework and the standards.

Amendments to references to the Conceptual Framework in IFRS sets out amongst other details, the objectives of general purpose financial reporting and the qualitative characteristics of useful financial information.

The impact on the financial statements of these new and revised standards has been assessed and the directors concluded there is none.

3. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early

The following standards and amendments will become effective for the annual periods beginning on or after 1 January 2020.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020

Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 1 January 2023.

Amendments to IFRS 3 'Business combinations' update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 amend:

- IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- IFRS 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements; and
- IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards.

The amendments are applicable for annual periods commencing on or after 1 January 2022.

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

4. Going Concern

On 1 October 2019, the company sold 100% of its right, title and interest in all subsidiaries to Borealis Holdings Limited an Isle of Man limited company for a consideration of \$50m. At this date the principal activity of the company changed to a company accruing interest on a long term loan, and it moved the administration for all Borealis Family of companies to WheelTug plc.

Therefore, the ability of the company to recover the remaining consideration due on the sale relates to the success of the technologies developed by the former subsidiaries, specifically the ones developed by WheelTug plc and Chorus Motors plc. The continued operation of the former subsidiaries is dependent on its ability to receive continued financial support from its shareholders and investors, to obtain sufficient equity financing and generate sufficient profits in the future. The directors are confident that sufficient support will be secured and accordingly the going concern basis of preparation of the financial statements is appropriate. 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.

There can be no assurance that the former subsidiaries' efforts to generate further financing, profitable operations, asset sales, or product sales will be successful.

During March 2020 the COVID-19 was declared a pandemic. All airlines have been harmed by the required actions to curb the spread of the infection. All are distracted and undergoing considerable distress. Nevertheless the management believes that by the time the Company enters in service (during 2023), the industry will have largely rebounded. The lease rates for WheelTug are not based on what airlines can afford to pay, but instead on the value of the savings and opportunity value that WheelTug unlocks.

Whether in good times or in bad, nobody wants to poorly utilize their assets, and WheelTug's value for airlines remains unchanged. Therefore, the management does not expect that COVID-19 will alter either the subsidiary company's value proposition or the lease rates. The only uncertainty would be related to the market share, being between 15,000 airplanes or 20,000 airplanes.

5. Critical accounting estimates and judgements

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies to the company. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are reflected in Note 11 Assets carried at amortised cost.

6. Operating profit/loss

	September 2021	September 2020
	\$	\$
<i>Operating profit/loss is stated after charging</i>		
Audit fees	10,400	10,334

7. Interest received

Interest receivable at 2% per annum was accrued on the monthly balance due to the company arising from the sale of all the subsidiary companies as described in note 11.

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

8. Employee information

The Company employed nil (2020: 3) staff during the year. Their costs were recharged to WheelTug plc.

9. Taxation

The Gibraltar Tax Act (2010) which requires companies with businesses managed and controlled in Gibraltar, to pay 10% Gibraltar Corporation Tax on profits. No provision has however been made for this tax, nor for deferred tax, as no taxable revenue was earned by the Company.

10. Earnings per share

The Company presents basic earnings per share ("EPS") information for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

	Profit	Ordinary shares	Per share amount
Basic EPS	\$		\$
Profit attributable to ordinary shareholders 2021	316,741	3,836,464	0.08

	Profit	Weighted avg. number of shares	Per share amount
Diluted EPS	\$		\$
Profit attributable to ordinary shareholders 2021	316,741	3,877,564	0.08

11. Non-current financial asset

	30 September 2021 \$	30 September 2020 \$
<i>Assets carried at amortised cost:</i>		
Amounts due to Borealis Holdings Limited	40,078,080	40,189,573
	<hr/>	<hr/>
	40,078,080	40,189,573
	<hr/>	<hr/>

The amount above relates to the sale of the Company's shareholding in all its subsidiaries to Borealis Holdings Limited for a consideration of \$50,000,000. Shareholders of Borealis Exploration Limited are given the option to come forward and exchange their shares in the Company for shares in Borealis Holdings Limited at a ratio of 1:1. The value of shares in Borealis Holdings Limited are deemed to be \$10 each and therefore the cancellation of Borealis Exploration Limited ordinary shares at \$10 each is used as repayment of the above loan. On cancellation of Borealis Exploration shares (each at \$4.85) give rise to a loss of \$5.14 per share (total for the year of \$472,211 (2020: 5,510,445) reflected in the statement of total comprehensive income).

This loan due bears an interest of 2% per annum chargeable monthly on an aggregate basis, has terms of repayment of 10 years as from 1 October 2019 and is unsecured.

BOREALIS EXPLORATION LIMITED**Notes to the Financial Statements**
year ended 30 September 2021**12. Other receivables**

	30 September 2021 \$	30 September 2020 \$
Roche Bay plc	1,697,769	1,697,769
Faraway plc	2,399,863	2,399,863
Borealis Holdings Limited	-	10,845
Advances to suppliers and consultants and other debtors	1,000	1,000
	<u>4,098,632</u>	<u>4,109,477</u>

Amounts due to previous Family undertakings are unsecured, interest free, and repayable on demand.

13. Share capital

	30 September 2021 \$	30 September 2020 \$
Authorised share capital		
5,000,000 ordinary shares @ \$0.01 each	<u>\$50,000</u>	<u>\$50,000</u>
Called up share capital		
3,836,464 (2020: 3,928,303) ordinary shares @ \$0.01 each	<u>38,364</u>	<u>39,283</u>

Effective 1 October 2019 the Company sold its holdings in all subsidiary companies to Borealis Holdings Limited for \$50 million. Shareholders of the Company were given the option to swap their shares in the company on a 1:1 basis for shares in Borealis Holdings Limited at a value per share of \$10. During year ended 30 September 2021 91,839 (2020: 1,071,697) shares were exchanged in terms of this option thereby reducing the amount in share capital by \$919 (2020: 10,717) and in share premium by \$445,261 (2020: 5,195,808).

14. Non-current liabilities

	30 September 2021 \$	30 September 2020 \$
Loan from directors	173,397	198,224
	<u>173,397</u>	<u>198,224</u>

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

14. Non-current liabilities (Cont.)

Loans from directors were made to the Company by certain directors with regards to helping to finance the operations of the family in previous years. In order to be in a position to advance these loans the directors sold on the market (net of returns to date) 25,130 shares (2020: 26,430) of Borealis Exploration Limited. The Directors have agreed not to seek repayment on these for the next 12 months and thereafter only when the Family is in a position to do so. The amount repayable will be sufficient funds to allow the directors to re-purchase the shares on the open market. The amount due to directors are revalued at each period-end.

These financial liabilities are classified within level 3 of the fair value hierarchy.

15. Trade and other payables

	30 September 2021 \$	30 September 2020 \$
Trade creditors	10,400	10,334
Amounts due to former subsidiaries	35,918,072	35,925,199
	<hr/>	<hr/>
	35,928,472	35,935,533
	<hr/>	<hr/>

Amounts due to former subsidiaries are unsecured, interest free, and repayable on demand.

16. Contingent liabilities

The former subsidiary Wheeltug plc obtained various loans from third parties totalling \$22,856,015. Of this amount \$20,700,000 is co-guaranteed by Borealis Exploration Limited and other companies in the former Family of companies. The potential obligation estimated by the entity is \$207,000,000.

17. Management of capital

The Company considers its capital structure to consist of shareholders' equity. The Company's objective in managing capital is to maintain adequate levels of funding to support organisational functions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There has been no changes in the Company's approach to capital management during the past few years.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Financial assets at fair value through profit and loss
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Other financial liabilities

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

17. Management of capital (Continued)

A summary of the financial instruments held by category is provided below:

	30 September 2021 \$	30 September 2020 \$
<i>Financial assets</i>		
Non-current financial assets	40,078,080	40,189,573
Trade and other receivables	4,098,632	4,109,477
Cash and cash equivalents	26,188	65,177
	<hr/>	<hr/>
	44,202,900	44,364,227
<i>Financial liabilities</i>	<hr/>	<hr/>
Trade creditors	10,400	10,334
Amounts due from former subsidiaries	36,918,072	35,925,199
Other financial liabilities	173,397	198,224
	<hr/>	<hr/>
	36,101,869	36,133,757
	<hr/>	<hr/>

18. Financial risk analysis

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

- Liquidity risk
- Foreign currency risk
- Credit risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market condition and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans from directors.

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

18. Financial risk analysis (Cont.)

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

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

The Company has made significant co-guarantees to third parties on behalf of subsidiary Wheeltug plc. The potential obligation estimated by the entity is \$207,000,000. The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Up to three months	One to two years
2021	\$	\$	\$
Trade and other payables	35,928,472	35,928,472	-
Other financial liabilities	173,397	-	173,397
	<u>36,101,869</u>	<u>35,928,472</u>	<u>173,397</u>

	Carrying amount	Up to three months	One to two years
2020	\$	\$	\$
Trade and other payables	35,935,533	35,935,533	-
Other financial liabilities	198,224	-	198,224
	<u>\$36,133,757</u>	<u>\$35,935,533</u>	<u>\$198,224</u>

b) Foreign currency risk

The Company does not have any material loans designated in foreign currencies that are covered under forward exchange contracts. The Company's policy is to cover forward all trade commitments. Each subsidiary manages its own trade exposure by reference to its functional currency.

The Company's financial risk arising from exchange rate fluctuations is mainly attributed to the fact that some receipts are received in other currencies such as Euro (EUR) and Canadian Dollar (CAD) and Sterling (GBP).

The Company continually monitors the foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level.

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

18. Financial risk analysis (Cont.)

The Company's significant exposures to foreign currency risk at the reporting date stated at currency amounts were as follows:

	30 September 2021 \$	30 September 2020 \$
<i>Cash and cash receivables</i>		
Canadian Dollar (CAD)	-	1,160
Euro (EUR)	-	2,291
Sterling (GBP)	-	4,531
Czech Krona (CZK)	-	1,305
	<hr/>	<hr/>
	-	9,287
	<hr/>	<hr/>

A 1% change in the exchange rates of the USD with the currencies stated above would result in a foreign exchange gain or loss of approximately \$nil (2020: \$93) based on the cash balances held in foreign currencies as stated above, at 30 September 2021.

c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial instruments represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	30 September 2021 \$	30 September 2020 \$
Non-current financial asset	40,078,080	40,189,573
Trade and other receivables	4,098,632	4,109,477
Cash and Cash equivalents	26,188	65,177
	<hr/>	<hr/>
	44,202,900	44,364,227
	<hr/>	<hr/>

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each receivable. The receivables are represented by amounts due from former subsidiaries (in prior year the receivable represented amount due from consultants for shares and advances to suppliers, with the amounts due from consultants for shares being payable on demand).

BOREALIS EXPLORATION LIMITED

Notes to the Financial Statements year ended 30 September 2021

18. Financial risk analysis (Cont.)

Cash and cash equivalents

The majority of the Company's cash is held with major financial institutions in USA. Management believes the exposure to credit risk with such institutions is not significant. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where the cash is held and the securities brokers they use.

The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties. It is Company policy to deposit short term cash investments with major institutions.

19. Related party transactions and balances

Effective 1 October 2019 the Company sold its holdings in all subsidiary companies to Borealis Holdings Limited for \$50 million. Shareholders of the Company were given the option to swap their shares in the company on a 1:1 basis for shares in Borealis Holdings Limited at a value per share of \$10. During the year ended 30 September 2021, 91,839 (2020: 1,071,697) shares were converted in terms of this option thereby reducing the amount due to the Company by \$918,390 (2020: \$10,716,970). The balance due to the Company accrues interest of 2% per annum calculated monthly on an aggregate basis.

Amounts due to Directors were included in the trade and other payables in prior year. These balances were non-interest bearing with no fixed terms of repayment.

20. Discontinued activities

There were no discontinued activities for the year ended 30 September 2021.

Effective 1 October 2019 the Company sold its holdings in all subsidiary companies to Borealis Holdings Limited for \$50 million and the associated assets and liabilities that were transferred on the sale on that date were as follows:

Details of the sale of subsidiary

	1 October 2019
	\$
Consideration receivable	50,000,000
Carrying amount of net assets	(176,023)
	<hr/>
Gain on sale of subsidiaries	49,823,977
	<hr/>

BOREALIS EXPLORATION LIMITED**Notes to the Financial Statements**
year ended 30 September 2021**20. Discontinued activities (Cont.)**Assets and liabilities of subsidiaries disposed

	1 October 2019
	\$
Intangible assets (note 14)	33,846,930
Mining resources (note 15)	2
Financial assets at fair value (note 17)	3,905
Trade and other receivables (note 18)	963,721
Cash and cash equivalent	11,398,532
	<hr/>
Total assets of disposal group	46,213,090
Trade and other payables (note 21)	6,813,270
Non-current liabilities (note 20)	24,632,886
	<hr/>
Total liabilities of disposal group	31,446,156

21. Ultimate controlling party

The ultimate controlling party is the Cox Family.

22. Subsequent events

There are no subsequent events that requires disclosure.