

Consolidated Statements of Cash Flows

For the years ended June 30

Expressed in thousands of United States dollars

	2005	2004
OPERATING ACTIVITIES		
Net loss	\$ (8,965)	\$ (2,859)
Add (deduct) items not affecting cash:		
Depletion, amortization and depreciation	5,651	67
Equity loss (earnings) from investment in Barberton Mines Ltd (Note 5)	221	(2,068)
Gain on investment in Metorex Ltd (Note 6)	(230)	(180)
Gain on investment in Asia Pacific Resources Ltd	(24)	(601)
Gain on disposal of Seqi Olivine I/S (Note 6 (b))	(9,686)	-
Gain on sale of geothermal asset (Note 6 (f))	-	(985)
Stock option expense (Note 11(g))	326	308
Other	1,259	-
Non-controlling interest	(1,916)	(72)
Change in non-cash operating working capital items (Note 15(a))	(1,943)	1,907
	\$ (15,307)	\$ (4,483)
FINANCING ACTIVITIES		
Net proceeds on new bonds	23,380	-
Net proceeds on convertible bonds	-	16,659
Issuance of share purchase warrants (Note 11 (e))	-	78
Issuance of common share for cash	22,306	2,104
Repayments of amount due from Metorex Ltd	422	76
Others	343	-
Dividends received	389	40
	46,840	18,957
INVESTING ACTIVITIES		
Proceeds on disposal of investment in Metorex Ltd	2,139	1,326
Proceeds on disposal of investment in Asia Pacific resources Ltd	66	1,846
Proceeds on disposal of Seqi Olivine I/S (Note 6 (b))	9,686	-
Proceeds on disposal of geothermal asset (Note 6 (f))	-	173
Expenditures on Nalunaq mineral property, plant & equipment (Note 3)	(7,117)	(20,343)
Security deposit for mine closure costs (Note 3)	(12)	(442)
Expenditures on other mineral property interests (Note 6)	(312)	(742)
Other	(341)	729
	4,109	\$ (17,453)
EFFECT OF FOREIGN EXCHANGE TRANSLATION ON CASH AND CASH EQUIVALENTS		
	163	-
NET CASH INFLOW (OUTFLOW)	35,805	(2,979)
CASH, BEGINNING OF YEAR	1,994	4,973
CASH, END OF YEAR	\$ 37,799	\$ 1,994

SUPPLEMENTAL CASH FLOW INFORMATION (Note 15)

See accompanying Notes to the Consolidated Financial Statements.