

Consolidated Statements of Loss and Deficit

For the years ended June 30

Expressed in thousands of United States dollars

| | 2005 | 2004 |
|--|--------------------|-------------|
| MINERAL ORE SALES | \$ 20,366 | \$ - |
| DIRECT COSTS OF MINERAL ORE SALES | (21,220) | - |
| DEPLETION, AMORTIZATION AND DEPRECIATION | (5,632) | - |
| | (6,486) | - |
| EXPENSES | | |
| Administration, office and general | (6,955) | (5,237) |
| Professional fees | (847) | (705) |
| | (7,802) | (5,942) |
| OTHER INCOME (EXPENSES) | | |
| Equity (loss) earnings from investment in Barberton Mines Ltd (Note 5) | (221) | 2,068 |
| Gain on disposal of investment in Metorex Limited | 230 | 180 |
| Gain on disposal of investment in Asia Pacific Resources Ltd | 24 | 601 |
| Gain on disposal of Seqi Olivine I/S (Note 6 (b)) | 9,686 | - |
| Gain on geothermal asset (Note 6 (f)) | - | 985 |
| Interest and finance charges (Note 18 (b)) | (4,176) | (1,771) |
| Foreign exchange (loss) gain | (1,886) | 313 |
| Interest and other (expenses) income | (202) | 635 |
| | 3,455 | 3,011 |
| LOSS BEFORE PROVISION FOR INCOME TAXES AND NON-CONTROLLING INTEREST | (10,833) | (2,931) |
| PROVISION FOR INCOME TAXES (Note 10) | (48) | - |
| LOSS BEFORE NON-CONTROLLING INTEREST | (10,881) | (2,931) |
| NON-CONTROLLING INTEREST | 1,916 | 72 |
| NET LOSS | (8,965) | (2,859) |
| DEFICIT, BEGINNING OF YEAR | (72,105) | (69,246) |
| DEFICIT, END OF YEAR | (81,070) | (72,105) |
| LOSS PER SHARE – BASIC AND DILUTED | (0.05) | (0.02) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 167,424,369 | 143,324,571 |

See accompanying Notes to the Consolidated Financial Statements.