



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(Expressed in Canadian Dollars, unless otherwise stated)

ANOORAQ RESOURCES CORPORATION

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	December 31 2007	December 31 2006
Assets		
Current assets		
Cash and equivalents	\$ 7,131,821	\$ 12,775,145
Amounts receivable	167,779	159,079
Due from related parties (note 9)	–	138,616
Prepaid expenses	469,555	104,164
	7,769,155	13,177,004
Deferred financing costs (note 7)	–	337,852
Equipment (note 5)	105,494	73,315
Mineral property interests (note 6)	9,078,714	8,240,751
	\$ 16,953,363	\$ 21,828,922
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 475,102	\$ 1,027,709
Due to related parties (note 9)	45,609	6,435
Current portion of term loan (note 7)	1,892,197	–
	2,412,908	1,034,144
Term loan (note 7)	9,806,636	11,818,677
	12,219,544	12,852,821
Shareholders' equity		
Share capital (note 8(a))	51,855,350	50,207,363
Contributed surplus	13,254,905	4,849,043
Deficit	(60,376,436)	(46,080,305)
	4,733,819	8,976,101
Nature of operations (note 1)		
Commitments (notes 6(b) and 8(c))		
Proposed transaction (note 12)		
	\$ 16,953,363	\$ 21,828,922

See accompanying notes to consolidated financial statements

Approved by the Board of Directors

/s/ Tumelo M. Motsisi

Tumelo M. Motsisi
Director

/s/ Popo Molefe

Popo Molefe
Director

ANOORAQ RESOURCES CORPORATION
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31		
	2007	2006	2005
Expenses			
Accounting, audit and legal	\$ 416,745	\$ 690,132	\$ 474,422
Accretion on term loan	112,459	13,879	–
Conference and travel	492,106	360,959	646,992
Consulting	177,809	154,578	965,720
Exploration (schedule)	876,900	751,325	5,240,321
Foreign exchange loss (gain)	(588,115)	(34,817)	68,720
Gain on disposal of equipment	–	(41,291)	–
Interest expense	2,042,711	399,062	–
Interest income	(799,985)	(263,820)	(119,779)
Office and administration	451,908	354,353	551,278
Salaries and benefits	2,016,689	1,511,874	1,659,465
Stock-based compensation - office and administration (note 8(b))	7,215,670	9,137	1,822,010
Stock-based compensation - exploration (note 8(b))	1,491,849	15,209	714,243
Shareholders communications	258,882	289,824	260,155
Trust and filing	269,503	415,440	85,254
Loss before the following	14,435,131	4,625,844	12,368,801
Future income tax recovery (note 10)	(139,000)	(121,000)	(65,000)
Loss for the year	14,296,131	4,504,844	12,303,801
Other comprehensive loss	–	–	–
Total Comprehensive Loss	\$ 14,296,131	\$ 4,504,844	\$ 12,303,801
Basic and diluted loss per share	\$ 0.08	\$ 0.03	\$ 0.08
Weighted average number of common shares outstanding	168,377,927	148,220,407	148,107,407

See accompanying notes to consolidated financial statements

ANOORAQ RESOURCES CORPORATION

Consolidated Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

	Year ended December 31, 2007		Year ended December 31, 2006	
Share capital	<u>Number of</u>		<u>Number of</u>	
	<u>shares</u>		<u>shares</u>	
Balance at beginning of the year	148,220,407	\$ 50,207,363	148,220,407	\$ 50,207,363
Share purchase options exercised at \$1.40 per share	883,200	1,236,480	–	–
Share purchase options exercised at \$0.95 per share	100,000	95,000	–	–
Share purchase options exercised at \$2.97 per share	5,000	14,850	–	–
Fair value of stock options allocated to shares issued on exercise	–	301,657	–	–
Common shares issued (note 6(b))	36,000,000	–	–	–
Balance at end of the year	185,208,607	\$ 51,855,350	148,220,407	\$ 50,207,363
Contributed surplus				
Balance at beginning of the year		\$ 4,849,043		\$ 4,824,697
Stock-based compensation		8,707,519		24,346
Fair value of stock options allocated to shares issued on exercise		(301,657)		–
Balance at end of the year		\$ 13,254,905		\$ 4,849,043
Deficit				
Balance at beginning of the year		\$ (46,080,305)		\$ (41,575,461)
Loss for the year		(14,296,131)		(4,504,844)
Balance at end of the year		\$ (60,376,436)		\$ (46,080,305)
TOTAL SHAREHOLDERS' EQUITY		\$ 4,733,819		\$ 8,976,101

The accompanying notes are an integral part of these consolidated financial statements.

ANOORAQ RESOURCES CORPORATION

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended December 31		
	2007	2006	2005
Operating activities			
Loss for the year	\$ (14,296,131)	\$ (4,504,844)	\$ (12,303,801)
Items not involving cash			
Amortization included in exploration expenses	24,009	30,862	48,503
Accretion on term loan	112,459	13,879	–
Future income tax recovery	(139,000)	(121,000)	(65,000)
Accrued interest on term loan (note 7)	1,775,862	253,071	–
Stock-based compensation (note 8(b))	8,707,519	24,346	2,536,253
Gain on disposal of equipment	–	(41,291)	–
Unrealized foreign exchange gain	(410,350)	(114,000)	(165,312)
Equity loss in exploration expenditures (note 6)	920,608	555,677	317,709
Changes in non-cash operating working capital			
Amounts receivable	(8,700)	(80,307)	434,717
Amounts due to and from related parties	177,790	235,692	(184,266)
Prepaid expenses	(365,391)	11,905	22,573
Accounts payable and accrued liabilities	(200,966)	303,416	(1,034,237)
Cash and equivalents used by operating activities	(3,702,291)	(3,432,594)	(10,392,861)
Investing activities			
Purchase of equipment	(56,188)	(9,066)	(24,671)
Proceeds on disposal of equipment	–	120,343	–
Equity investment (note 6)	(1,481,571)	(59,428)	(95,039)
Cash and equivalents provided by (used by) investing activities	(1,537,759)	51,849	(119,710)
Financing activities			
Issuance of common shares	1,346,330	–	157,500
Financing costs paid	(445,917)	–	–
Term loan	–	10,710,078	–
Cash and equivalents provided by financing activities	900,413	10,710,078	157,500
Effect of exchange rate changes on cash and equivalents	(1,303,687)	855,528	–
Increase (decrease) in cash and equivalents	(5,643,324)	8,184,861	(10,355,071)
Cash and equivalents, beginning of year	12,775,145	4,590,284	14,945,355
Cash and equivalents, end of year	\$ 7,131,821	\$ 12,775,145	\$ 4,590,284

Supplementary information

Interest paid	\$ 266,849	\$ 145,991	\$ 73,855
Interest received	\$ (799,985)	\$ (239,329)	\$ (193,634)
Miscellaneous income	\$ –	\$ (24,491)	\$ –
Taxes paid	\$ –	\$ –	\$ –

Non-cash operating, financing and investing activities

Financing costs accrued in accounts payable and accrued liabilities	\$ –	\$ 351,641	\$ –
Fair value of options allocated to shares issued on exercise	\$ 301,657	\$ –	\$ 75,506

See accompanying notes to consolidated financial statements

ANOORAQ RESOURCES CORPORATION**Consolidated Schedules of Exploration Expenses**

(Expressed in Canadian Dollars)

Republic of South Africa	Year ended December 31		
	2007	2006	2005
Northern Limb of the Bushveld Complex			
Amortization	\$ 24,009	\$ 30,862	\$ 48,503
Assays and analysis	200	17,125	1,112,445
Drilling	–	–	2,023,315
Engineering	19,784	53,423	501,068
Environmental and socioeconomic	–	10,126	63,316
Geological and consulting	41,369	55,582	718,439
Graphics	5,104	2,426	2,661
Property fees and assessments	9,303	18,168	78,777
Property option payments	12,016	32,548	31,108
Site activities	12,717	34,484	247,249
Transportation	4,036	2,098	99,561
	128,538	256,842	4,926,442
Eastern Limb of the Bushveld Complex			
Assays and analysis	–	21,268	20,963
Drilling	–	376,406	182,014
Engineering	–	88,361	37,101
Geological and consulting	748,362	8,448	40,896
Graphics	–	–	1,200
Property fees and assessments	–	–	1,440
Site activities	–	–	29,950
Transportation	–	–	315
	748,362	494,483	313,879
Exploration expenses before the following	876,900	751,325	5,240,321
Stock-based compensation (note 8(b))	1,491,849	15,209	714,243
Exploration expenses	2,368,749	766,534	5,954,564
Cumulative expenditures, beginning of year	23,613,314	22,846,780	16,892,216
Cumulative expenditures, end of year	\$ 25,982,063	\$ 23,613,314	\$ 22,846,780

See accompanying notes to consolidated financial statements