



CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2007

(Expressed in Canadian Dollars, unless otherwise stated)

*(un-audited)*

*These financial statements have not been reviewed by the Company's auditors*

# ANOORAQ RESOURCES CORPORATION

## Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	March 31 2007	December 31 2006
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 10,954,055	\$ 12,775,145
Amounts receivable	128,382	159,079
Due from related parties (note 6)	162,734	138,616
Prepaid expenses	80,448	104,164
	11,325,619	13,177,004
<b>Deferred financing costs</b>	316,095	337,852
<b>Equipment</b>	71,137	73,315
<b>Mineral property interests (note 4)</b>	8,398,661	8,240,751
	<b>\$ 20,111,512</b>	<b>\$ 21,828,922</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 238,029	\$ 1,034,144
<b>Term loan</b>	11,703,066	11,818,677
	11,941,095	12,852,821
<b>Shareholders' equity</b>		
Share capital	50,383,206	50,207,363
Contributed surplus	4,793,645	4,849,043
Deficit	(47,006,434)	(46,080,305)
	8,170,417	8,976,101
Nature of operations (note 1)		
Subsequent events (note 7))		
	<b>\$ 20,111,512</b>	<b>\$ 21,828,922</b>

*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

(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31	
	2007	2006
<b>Expenses</b>		
Accounting, audit and legal	\$ 102,785	\$ 166,812
Conference and travel	103,122	87,663
Consulting	78,729	52,553
Exploration (schedule)	33,020	91,994
Foreign exchange loss (gain)	(262,248)	9,401
Interest expense	469,124	—
Interest income	(219,778)	(27,646)
Office and administration	91,212	70,687
Salaries and benefits	329,754	375,394
Stock-based compensation - office and administration	1,044	12,967
Stock-based compensation - exploration	401	24,352
Shareholders communications	58,367	61,421
Trust and filing	141,598	84,116
Loss before the following	927,130	1,009,714
Future income tax recovery (note 4)	(1,000)	—
<b>Loss for the period</b>	<b>\$ 926,130</b>	<b>\$ 1,009,714</b>
Basic and diluted loss per share	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding	148,227,907	148,220,407

*See accompanying notes to consolidated financial statements*

# ANOORAQ RESOURCES CORPORATION

## Consolidated Statements of Shareholders' Equity and Deficit

(Expressed in Canadian Dollars)

	Three months ended March 31, 2007 <i>(unaudited)</i>		Year ended December 31, 2006	
	<u>Number of shares</u>		<u>Number of shares</u>	
<b>Share capital</b>				
Balance at beginning of the period	148,220,407	\$ 50,207,363	148,220,407	\$ 50,207,363
Share purchase options exercised at \$1.40 per share	85,000	119,000	–	–
Fair value of stock options allocated to shares issued on exercise	–	56,843	–	–
Balance at end of the period	148,305,407	\$ 50,383,206	148,220,407	\$ 50,207,363
<b>Contributed surplus</b>				
Balance at beginning of the period		4,849,043		4,824,697
Stock-based compensation		1,445		24,346
Fair value of stock options allocated to shares issued on exercise		(56,843)		–
Balance at end of the period		\$ 4,793,645		\$ 4,849,043
<b>Deficit</b>				
Balance at beginning of the period		(46,080,305)		(41,575,461)
Loss for the period		(926,130)		(4,504,844)
Balance at end of the period		\$ (47,006,434)		\$ (46,080,305)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		\$ 8,170,417		\$ 8,976,101

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

# ANOORAQ RESOURCES CORPORATION

## Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31 2007	Three months ended March 31 2006
<b>Operating activities</b>		
Loss for the period	\$ (926,130)	\$ (1,009,714)
Items not involving cash		
Amortization included in exploration expenses	4,734	12,872
Amortization of deferred finance costs	21,757	–
Future income tax recovery	(1,000)	–
Accrued interest on term loan	416,099	–
Stock-based compensation	1,445	37,319
Unrealized foreign exchange gain	(163,000)	–
Equity loss in exploration expenditures (note 4)	18,803	9,203
Changes in non-cash operating working capital		
Amounts receivable	30,697	84,164
Amounts due to and from related parties	(24,118)	38,756
Prepaid expenses	23,716	(1,146)
Accounts payable and accrued liabilities	(796,115)	(104,571)
Cash and equivalents used by operating activities	(1,393,112)	(933,117)
<b>Investing activities</b>		
Purchase of equipment	(2,556)	–
Equity investment (note 4)	(12,713)	–
Cash and equivalents (provided by) used by investing activities	(15,269)	–
<b>Financing activities</b>		
Issuance of common shares	119,000	–
Cash and equivalents provided by financing activities	119,000	–
Effect of exchange rate changes on cash and equivalents	(531,710)	–
<b>Increase (decrease) in cash and equivalents</b>	<b>(1,821,090)</b>	<b>(933,117)</b>
Cash and equivalents, beginning of period	12,775,145	4,590,284
<b>Cash and equivalents, end of period</b>	<b>\$ 10,954,055</b>	<b>\$ 3,657,167</b>

### Supplementary information

Interest paid	\$ –	\$ 13,965
Interest received	\$ (219,778)	\$ (41,611)
Taxes paid	\$ –	\$ –

### Non-cash operating, financing and investing activities

Fair value of options allocated to shares issued on exercise	\$ 56,843	\$ –
--	-----------	------

See accompanying notes to consolidated financial statements

## ANOORAQ RESOURCES CORPORATION

### Consolidated Schedules of Exploration Expenses

(Unaudited - Expressed in Canadian Dollars)

Republic of South Africa	Three months ended March 31	
	2007	2006
<b>Northern Limb of the Bushveld Complex</b>		
Amortization	\$ 4,734	\$ 12,872
Assays and analysis	2,427	1,851
Engineering	8,377	23,271
Geological and consulting	5,125	28,964
Graphics	1,984	354
Property fees and assessments	–	(16,941)
Property option payments	5,608	32,548
Site activities	2,081	20,382
Transportation	–	1,408
	<b>30,336</b>	<b>104,709</b>
<b>Eastern Limb of the Bushveld Complex</b>		
Drilling	–	(26,020)
Engineering	–	12,812
Geological and consulting	2,684	493
	<b>2,684</b>	<b>(12,715)</b>
<b>Exploration expenses before the following</b>	<b>33,020</b>	<b>91,994</b>
Stock-based compensation	401	24,352
<b>Exploration expenses</b>	<b>33,421</b>	<b>116,346</b>
Cumulative expenditures, beginning of period	23,613,314	22,846,780
<b>Cumulative expenditures, end of period</b>	<b>\$ 23,646,735</b>	<b>\$ 22,963,126</b>

*See accompanying notes to consolidated financial statements*

## **ANOORAQ RESOURCES CORPORATION**

Notes to Consolidated Financial Statements

For the three months ended March 31, 2007

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

---

### **1. NATURE OF OPERATIONS**

Anooraq Resources Corporation (the "Company" or "Anooraq") is incorporated in the Province of British Columbia, Canada and its principal business activity is the exploration of mineral property interests. Since 1999, the Company has focused on mineral property interests located in the Republic of South Africa, with particular attention on the Bushveld Complex.

Operating results for the three month period ended March 31, 2007 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value and the recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, and future profitable production or proceeds from the disposition of the mineral property interests.

The consolidated financial statements are prepared on the basis that the Company will continue as a going concern. Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives. However, there can be no assurances that the Company will continue to obtain additional financial resources and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

### **2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION**

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The interim consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The Company's investment in the Ga-Phasha joint venture is accounted for using the equity method.

These interim financial statements do not include all the disclosures required for annual financial statements under generally accepted accounting principles. However, these interim financial statements follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements except for the changes described in note 3 below. These interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements.

## **ANOORAQ RESOURCES CORPORATION**

Notes to Consolidated Financial Statements

For the three months ended March 31, 2007

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

---

### **3. CHANGES IN ACCOUNTING POLICIES**

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(a) *Section 3855 – Financial Instruments – Recognition and Measurement.*

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company’s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company’s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- ⌘ Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost.
- ⌘ Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- ⌘ Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- ⌘ All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise.

(b) *Section 3865 – Hedges.*

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.



**ANOORAQ RESOURCES CORPORATION**

Notes to Consolidated Financial Statements

For the three months ended March 31, 2007

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

*(c) Section 1530 – Comprehensive Income.*

Comprehensive income is the change in the Company's net assets that results from transactions, events, and circumstances from other than the Company's shareholders. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

Accordingly, the Company now reports a consolidated statement of comprehensive income (loss) and includes the account "accumulated other comprehensive income" in the shareholders' equity section of the consolidated balance sheet.

**4. MINERAL PROPERTY INTERESTS**

	Three months ended March 31, 2007	Year ended December 31, 2006
Ga-Phasha Project		
Balance, beginning of year	\$ 4,040,751	\$ 4,302,000
Equity loss – exploration expenses	(18,803)	(555,677)
Net investments during the period	12,713	59,428
Equity gain – future income tax recovery	1,000	121,000
Equity gain – foreign exchange	163,000	114,000
Ga-Phasha Project, end of period	4,198,661	4,040,751
Platreef Properties – acquisition costs	4,200,000	4,200,000
<b>Balance, end of period</b>	<b>\$ 8,398,661</b>	<b>\$ 8,240,751</b>

**ANOORAQ RESOURCES CORPORATION**

Notes to Consolidated Financial Statements

For the three months ended March 31, 2007

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

**5. SHARE CAPITAL***(a) Authorized share capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value.

*(b) Share option plan*

The continuity of share purchase options is as follows:

	Weighted average exercise price	Number of options	Contractual weighted average remaining life (years)
<b>Balance, December 31, 2004</b>	\$ 1.87	2,610,000	1.54
Granted	1.39	4,233,200	
Exercised	0.79	(200,000)	
Expired	2.00	(1,522,500)	
Cancelled	1.60	(342,500)	
<b>Balance, December 31, 2005</b>	\$ 1.47	4,778,200	3.61
Cancelled	1.90	(235,000)	
Expired	1.84	(555,000)	
<b>Balance, December 31, 2006</b>	<b>\$ 1.39</b>	<b>3,988,200</b>	<b>3.23</b>
Exercised	1.40	(85,000)	
Cancelled	1.40	(60,000)	
<b>Balance, March 31, 2007</b>	<b>\$ 1.39</b>	<b>3,843,200</b>	<b>3.08</b>

Options outstanding and exercisable at March 31, 2007 were as follows:

Expiry date	Option price	Number of options outstanding
July 1, 2007	\$ 0.95	100,000
September 28, 2007	\$ 1.40	345,000
December 14, 2007	\$ 1.40	333,200
December 17, 2010	\$ 1.40	3,065,000
<b>Total</b>		<b>3,843,200</b>
<b>Average option price</b>		<b>\$ 1.39</b>

There were no options granted during the 3 months ended March 31, 2007.

*(c) Commitment to issue common shares*

Pursuant to the Settlement Agreement in December 2006 between the Company and Pelawan Investments (Proprietary) Limited ("Pelawan") as described in note 5(a) of the audited consolidated financial statements for the year ended December 31, 2006, Pelawan has waived the deemed dilutive financing contemplated in the 2004 share exchange agreement. Under the terms of the Settlement Agreement:

- (i) Anooraq will issue to Pelawan 36 million common shares ("Adjustment Consideration Shares"). The Company is currently awaiting regulatory approval for the issuance of the Adjustment Consideration Shares.
- (ii) Anooraq will issue to Pelawan share purchase warrants for the purchase of 167 million common shares in Anooraq ("BEE Warrants"). The BEE Warrants are

## **ANOORAQ RESOURCES CORPORATION**

Notes to Consolidated Financial Statements

For the three months ended March 31, 2007

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

---

exercisable until December 31, 2008. The BEE Warrants can be exercised at the higher of (a) \$1.35 if exercised on or before December 31, 2007 or \$1.48 if exercised after December 31, 2007 or (b) at a price that is 50% less than the price per Anooraq common share payable by arms length parties under an equity financing undertaken by the Company that either raises an amount of at least \$98.4 million or is undertaken pursuant to a material transaction (a “Concurrent Financing”). The Company is currently awaiting regulatory approval for the issuance of the BEE Warrants.

- (iii) From the date of issue of the Adjustment Consideration Shares to Pelawan in (i) above or as a result of the exercise of any of the BEE Warrants up to the closing date of the Concurrent Financing, the common shares issued to Pelawan pursuant thereto will be subject to a lock up arrangement and Pelawan will not be entitled to dispose of any of these shares, save for the exemption referred to in (iv) below and the payment of taxes. After the closing date of the Concurrent Financing, the disposal of such shares shall remain subject to the original lock up agreement entered into between Pelawan and Anooraq under the terms of the original RTO transaction (“the BEE Lock Up”), which is the earlier of September 29, 2010 or twelve months after the commencement of commercial production from the Ga-Phasha Project.
- (iv) Anooraq has agreed to grant Pelawan an exemption to the BEE Lock Up for the purposes of facilitating Pelawan’s financing of the exercise of the BEE Warrants. In the event that Pelawan exercises any BEE Warrants, Pelawan shall, in its sole discretion, be entitled to dispose that number of common shares up to 25% (or such greater amount as is required to facilitate the financing of the exercise of the BEE Warrants) of the aggregate common shares issued to Pelawan pursuant to such exercise, provided that all of the proceeds received by Pelawan from such disposal shall be applied by Pelawan to support the financing of the exercise of the BEE Warrants and reasonable expenses related to such exercise.
- (v) On the occurrence of a Concurrent Financing, Pelawan shall be obliged to exercise the BEE Warrants to ensure, at a minimum, that Anooraq retains its status as a 52% controlled BEE company, in compliance with undertakings given by Pelawan and the Company in favour of the South African Reserve Bank and Anglo Platinum Limited.

## ANOORAQ RESOURCES CORPORATION

Notes to Consolidated Financial Statements

For the three months ended March 31, 2007

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

---

### 6. RELATED PARTY TRANSACTIONS AND BALANCES

	Note	Three months ended March 31 2007	Year ended December 31 2006
Services rendered by			
Hunter Dickinson Inc.	(a)	\$ 154,004	\$ 1,023,633
CEC Engineering Ltd.	(b)	13,501	127,781
		<b>As at March 31 2007</b>	<b>As at December 31 2006</b>
<b>Related party balances receivable</b>			
Hunter Dickinson Inc.	(a)	\$ 143,366	\$ 98,820
Southgold Exploration (Proprietary) Limited	(c)	19,368	39,796
Receivable from related parties		\$ 162,734	\$ 138,616
		<b>March 31 2007</b>	<b>December 31 2006</b>
<b>Related party balances payable (included in accounts payable)</b>			
CEC Engineering Ltd.	(b)	–	6,435

- (a) Hunter Dickinson Inc. ("HDI") is a private company owned equally by ten public companies, one of which is the Company. HDI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis pursuant to an agreement dated December 31, 1996.
- (b) During the three months ended March 31, 2007, the Company paid or accrued \$13,501 (2006 – \$27,101) to CEC Engineering Ltd, a private company owned by a former director, for engineering and project management services at market rates.
- (c) Southgold Exploration (Proprietary) Limited ("Southgold") is a wholly-owned subsidiary of Great Basin Gold Ltd., a Canadian public company which has certain directors in common with the Company. Southgold shared certain premises and other facilities in 2006 with the Company pursuant to a cost-sharing arrangement based on a full cost recovery basis.

### 7. SUBSEQUENT EVENT

Subsequent to March 31, 2007, the Company issued 175,000 common shares pursuant to the exercise of share purchase options at \$1.40 per share.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**TABLE OF CONTENTS**

1.1	DATE .....	2
1.2	OVERVIEW .....	2
1.2.1	GA-PHASHA JV PROJECT, EASTERN LIMB.....	3
1.2.2	PLATREEF PROJECTS, NORTHERN LIMB .....	6
1.2.3	BOIKGANTSHO JV PROJECT .....	7
1.2.4	MARKET TRENDS.....	8
1.3	SELECTED ANNUAL INFORMATION.....	9
1.4	SUMMARY OF QUARTERLY RESULTS .....	10
1.5	RESULTS OF OPERATIONS .....	11
1.6	LIQUIDITY.....	12
1.7	CAPITAL RESOURCES .....	13
1.8	OFF-BALANCE SHEET ARRANGEMENTS.....	13
1.9	TRANSACTIONS WITH RELATED PARTIES.....	13
1.10	FOURTH QUARTER.....	13
1.11	PROPOSED TRANSACTIONS .....	13
1.12	CRITICAL ACCOUNTING ESTIMATES.....	14
1.13	CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION.....	15
1.14	FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS.....	15
1.15	OTHER MD&A REQUIREMENTS.....	15
1.15.1	ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE	16
1.15.2	DISCLOSURE OF OUTSTANDING SHARE DATA .....	16
1.15.3	DISCLOSURE CONTROLS AND PROCEDURES .....	17

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

## **1.1 Date**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited financial statements of Anooraq Resources Corporation ("Anooraq", or the "Company") for the three months ended March 31, 2007 and the audited financial statements for the year ended December 31, 2006. All dollar amounts herein are expressed in Canadian Dollars unless otherwise stated.

This MD&A is prepared as of May 3, 2007.

This discussion includes certain statements that may be deemed "forward-looking statements". These forward-looking statements constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those stated herein.

## **1.2 Overview**

Anooraq is engaged in the exploration and development of platinum group metals ("PGM") prospects in the Bushveld Complex of the Republic of South Africa.

The large Bushveld Complex covers a total area of approximately 67,000 square kilometers and is divided into four main areas or "limbs". Most PGM production from the Bushveld Complex to date has been derived from the Merensky and UG2 reefs, which are the main PGM-bearing horizons on the Eastern and Western Limbs of the Bushveld. The PGM-bearing horizon on the Northern Limb, called the Platreef, tends to be nearer to the surface and is wider than those on the other limbs, and so has potential for the discovery and development of large-scale deposits that are amenable to open pit mining.

In 2007, Anooraq has interests in early to advanced stage exploration properties on the Northern and Eastern Limbs of the Bushveld Complex, called the Platreef and Ga-Phasha Projects. Anooraq's exploration work in 2006, and so far in 2007, has mainly been focused on advancing the Ga-Phasha Project in the Eastern Bushveld.

In November 2006, Anooraq concluded an agreement with Anglo Platinum, whereby Anglo Platinum provided South African Rand ("ZAR") 70 million in funding to Anooraq via a term loan.

In December 2006, the Company entered into a Settlement Agreement with Pelawan Investments (Proprietary) Limited ("Pelawan") to waive the deemed dilutive financing contemplated in the 2004 share exchange agreement. The equity issuance terms of this settlement are subject to regulatory approval and are currently being reviewed by the regulators.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

### **1.2.1 Ga-Phasha JV Project, Eastern Limb**

Anooraq has a 50% interest in the Ga-Phasha PGM Project (the "Ga-Phasha Project"), located on the North-Eastern Limb of the Bushveld, approximately 250 kilometers northeast of Johannesburg. Anooraq acquired the project by way of a reverse takeover transaction ("RTO") with Pelawan Investment Holdings (Pty) Ltd. in 2004 (further details below). Ga-Phasha has significant PGM mineral resources outlined in the Merensky and UG2 Reefs that are open to further expansion. In 2006, a program targeting the UG2 Reef was completed.

The Ga-Phasha Project is a 50/50 joint venture with Anglo Platinum Limited ("Anglo Platinum"). Anglo Platinum is the operator.

#### **Agreement**

In January 2004, the Company entered into an agreement with Pelawan, a private South African Black Economic Empowerment ("BEE") company, pursuant to which the Company and Pelawan would combine their respective PGM assets, comprising the Company's Northern Limb PGM projects and Pelawan's 50% participation interest in the Ga-Phasha Project. The transaction between Anooraq and Pelawan was completed on September 29, 2004.

Pursuant to the terms of the agreement between the Company and Pelawan, the Company acquired Pelawan's 50% shareholding in Micawber and the rights to its 50% participation interest in the Ga-Phasha Project in return for 91.2 million common shares of the Company (the "Consideration Shares") and cash payments totalling ZAR 15,652,744 (\$3,055,416). Approximately 83 million Consideration Shares are being held in escrow until the earlier of September 29, 2010 or twelve months after the commencement of commercial production from the Ga-Phasha Project at which time they will be released.

The Ga-Phasha property consists of four farms, covering an area of approximately 9,700 hectares, held by Micawber 277 (Proprietary) Limited ("Micawber"), a private South African corporation owned 50% by Anglo Platinum through its wholly owned subsidiary Rustenburg Platinum Mines ("RPM") and 50% by Anooraq through its wholly owned South African subsidiary Plateau Resources (Pty) Ltd ("Plateau"). The 50/50 joint venture between Plateau and RPM is governed by, among other things, a shareholders agreement relating to Micawber dated September 22, 2004.

On March 28, 2005, Pelawan sold 7.9 million of the Anooraq shares it was permitted to sell under the agreement to strategic stakeholders in Anooraq and the proceeds from such sales were remitted to Pelawan shareholders through the Pelawan Trust. The proceeds received by the Pelawan Trust from the sale of certain shares held by the Pelawan Trust were distributed to Pelawan's shareholder base, comprising 15 broadly-based BEE entities, including women investment groups, cultural trusts and Limpopo-based groups within those areas where Anooraq's proposed mining activities are situated.

The share exchange agreement which gave effect to the combination provided that if any financings in relation to the Ga-Phasha and Drenthe-Overysel (subsequently renamed "Boikgantsho") Projects (the "Projects") took place prior to a particular date (the "Finalization Date") and the shareholder dilution associated with such financings caused Pelawan's shareholding in Anooraq to fall below a 52% minimum shareholding, Anooraq would issue additional common shares to Pelawan in order to maintain that minimum. Such 52% minimum shareholding allowed for compliance with BEE equity requirements

**ANOORAQ RESOURCES CORPORATION**  
**THREE MONTHS ENDED MARCH 31, 2007**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

under South African mineral legislation and was also a requirement of the South African Reserve Bank for approving the transaction. Originally, the Finalization Date was September 30, 2005 but that date, by agreement in November 2005 between Anooraq and Pelawan, was extended.

The share exchange agreement further provided that, to the extent that if no such dilutive financings had taken place by the Finalization Date, certain dilutive financings were deemed to have occurred by that date. The purpose was to make allowance for the dilutive effect on Pelawan's shareholding of the anticipated financings for mine development of the Projects and safeguard the status of Anooraq as a BEE company. For the purposes of calculating whether, by virtue of such deemed dilutive financings, any common shares are required to be issued to Pelawan in order to maintain a minimum 52% shareholding, the share exchange agreement provided that the quantum of such deemed financings would equal: (a) 30% of the estimated development costs in accordance with the bankable feasibility studies in respect of the Projects, less cash on hand, or (b) to the extent that such bankable feasibility studies had not been prepared as at the Finalization Date, \$70.8 million related to the Ga-Phasha Project and \$27.6 million related to the Drenthe-Overysel Project, less cash on hand (the "Deemed Dilutive Financings"). Following the Finalization Date, Anooraq has the right but not the obligation to issue additional common shares to Pelawan in order to maintain Pelawan's minimum shareholding.

As neither additional financings nor bankable feasibility studies for the Projects had been completed by Anooraq as at September 30, 2005 and, in the absence of an amending agreement between the parties, a dilutive financing totaling \$98.4 million and share issuances (based on the share price at the date of the deemed dilutive financing) would have been deemed to have taken place as at such date and the Company would have been obligated to issue to Pelawan that number of shares which, after notionally giving effect to the Deemed Dilutive Financings, would have resulted in Pelawan continuing to hold a 52% interest in the Company. In November 2005, Anooraq and Pelawan agreed to extend the Finalization Date to the earlier of:

- (a) the first date at which both the Drenthe-Overysel financing and the Ga-Phasha financings shall, in fact, have occurred;
- (b) any date which is within a 60-day period following an announcement by Anooraq of a further material transaction, as defined; and
- (c) December 31, 2006.

In December 2006, the Company entered into a Settlement Agreement with Pelawan to waive the deemed dilutive financing contemplated in the 2004 share exchange agreement. Under the terms of the Settlement Agreement:

- (i) Anooraq will issue to Pelawan 36 million common shares ("Adjustment Consideration Shares"), representing a 50% reduction in the number of shares potentially to be issued under the original RTO transaction terms. The Company is currently awaiting regulatory approval for the issuance of the Adjustment Consideration Shares.
- (ii) Anooraq will issue to Pelawan share purchase warrants for the purchase of 167 million common shares in Anooraq ("BEE Warrants"). The BEE Warrants are exercisable until December 31, 2008. The BEE Warrants can be exercised at the higher of (a) \$1.35 if



**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

exercised on or before December 31, 2007 or \$1.48 if exercised after December 31, 2007 or (b) at a price that is 50% less than the price per Anooraq common share payable by arms length parties under an equity financing undertaken by the Company that either raises an amount of at least \$98,400,000 or is undertaken pursuant to a material transaction (a "Concurrent Financing"). The Company is currently awaiting regulatory approval for the issuance of the BEE Warrants.

- (iii) From the date of issue of the Adjustment Consideration Shares to Pelawan in (i) above or as a result of the exercise of any of the BEE Warrants up to the closing date of the Concurrent Financing, the common shares issued to Pelawan pursuant thereto will be subject to a lock up arrangement and Pelawan will not be entitled to dispose of any of these shares, save for the exemption referred to in (iv) below and the payment of any taxes. After the closing date of the Concurrent Financing, the disposal of such shares shall remain subject to the original lock up agreement entered into between Pelawan and Anooraq under the terms of the original RTO transaction ("the BEE Lock Up"), which is the earlier of September 29, 2010 or twelve months after the commencement of commercial production from the Ga-Phasha Project..
- (iv) Anooraq has agreed to grant Pelawan an exemption to the BEE Lock Up for the purposes of facilitating Pelawan's financing of the exercise of the BEE Warrants. In the event that Pelawan exercises any BEE Warrants, Pelawan shall, in its sole discretion, be entitled to dispose of that number of common shares up to 25% (or such greater amount as is required to facilitate the financing of the exercise of the BEE Warrants) of the aggregate common shares issued to Pelawan pursuant to such exercise, provided that all of the proceeds received by Pelawan from such disposal shall be applied by Pelawan to support the financing of the exercise of the BEE Warrants and reasonable expenses related to such exercise.
- (v) On the occurrence of a Concurrent Financing, Pelawan shall be obliged to exercise the BEE Warrants to ensure, at a minimum, that Anooraq retains its status as a 52% controlled BEE company, in compliance with undertakings given by Pelawan and the Company in favour of the South African Reserve Bank and Anglo Platinum Limited.

### **Financings**

In November 2006, the Company, through its wholly owned subsidiary Plateau, entered into a 70 million ZAR term loan agreement with Rustenburg Platinum Mines Limited, a wholly owned subsidiary of Anglo Platinum Limited. The loan bears interest at prime plus two percent, as quoted by the Standard Bank of South Africa. The first interest payment is due and payable in January 2008, with other subsequent interest payments due and payable in six month intervals thereafter. The final repayment date for the loan will be on September 30, 2010, however, the agreement allows for early repayment. The Company is required to spend 85% of the loan amount to fund work towards the preparation of and operational expenditures contemplated in a bankable feasibility study for the Ga-Phasha project. Pursuant to security agreements entered into in connection with the loan, the Company has ceded, as security, its interest in Micawber.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**Project Activities**

Prior to the involvement of Anooraq, Anglo Platinum (and others) had carried out extensive drilling as well as preliminary engineering and mine planning studies on the Ga-Phasha property. Significant mineral resources were outlined in the UG2 and Merensky Reefs. South African consultants, Global Geo Services (Pty) Ltd. carried out a resource estimate on behalf of Anooraq in early 2004 based on information received to that time from Anglo Platinum, outlining significant mineral resources in both the UG2 and Merensky Reefs.

Under a preliminary development plan, proposed in 2001-2002, the UG2 Reef was seen as the principal target reef horizon for mining, with mineralization being processed through a joint concentrator situated on Anglo Platinum's adjacent Twickenham property.

A program review took place between April and October 2006, in which several approaches were considered to optimize mining of the deposits at Ga-Phasha. The review confirmed that the UG2 reef deposit remains the primary focus for development and the Merensky reef warrants further study through additional drilling programs.

As a result of this work, Anooraq and Anglo Platinum agreed on the parameters of, and engaged an independent project manager to conduct, a Pre-feasibility Study ("PFS") for the Project. The PFS will consist of a Phase 1 study to exploit the UG2 reef to a depth of some 650 meters below surface, and will also seek to identify a single preferred option by which to proceed to the bankable feasibility phase. The PFS will also contemplate optimizing economies of scale between the Parties' operations on the North-Eastern Limb of the Bushveld Complex, and in that regard, will evaluate the possible usage of joint infrastructure and processing facilities between Anglo Platinum's Twickenham Platinum Mine and Ga-Phasha.

Read, Swatman & Voigt (Pty) Ltd ("RSV") has been appointed as the independent project manager to conduct the PFS.

**Plans for 2007**

A detailed timetable of further studies as well as a project timetable toward a Bankable Feasibility Study will be released after the PFS.

**1.2.2 Platreef Projects, Northern Limb**

Prior to January 2004, Anooraq mainly focused on the acquisition and exploration of mineral properties (called "farms" in South Africa) on the Bushveld's Northern Limb. Anooraq initially outlined a mineral resource in the Drenthe deposit on its Drenthe and Witrivier farms in 2000. In November 2003, Anooraq and RPM, which has an open pit operation nearby, formed the Boikgantsho Joint Venture ("Boikgantsho JV"), with Anooraq as the operator. Most of Anooraq's work on the Northern Limb has been focused on the Boikgantsho JV ground, mainly taking place prior to the end of 2005. In December 2006, Anooraq

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

received new order rights for the farms Rietfontein 2 KS, Malokongskop 780 LR and Drenthe 778 LR, which are a portion of its properties on the Northern Limb of the Bushveld Complex.<sup>1</sup>

Anooraq also holds several other early exploration stage properties on the Northern Limb. At Rietfontein, Ivanhoe Nickel and Platinum Ltd. ("Ivanplats") is earning an interest by carrying out exploration in conjunction with work on its adjacent Turfspruit farm. Ivanplats outlined mineralization on the Rietfontein farm through drilling in 2001. There is disagreement over budgets, compilation and analysis of the exploration results, and the overall adequacy and completeness of Ivanplats' exploration activities. The Company and Ivanplats are currently in discussions over these matters, both outside of and within a formal arbitration process, pursuant to the terms of the earn-in agreement.

### **1.2.3 Boikgantsho JV Project**

The objective of the Boikgantsho JV is to explore and develop PGM deposits on the Drenthe and Witrivier farms and the northern portion of the Overysel farm, located immediately to the south of the Drenthe farm. Drilling under the JV in 2004 expanded the Drenthe deposit and resulted in the discovery of the Overysel North deposit.

In March 2005, Anooraq completed a preliminary economic assessment of a potential open pit development on the Drenthe and Overysel North deposits, which gave positive returns. Anooraq also completed an additional 24,000 meters of drilling on the Drenthe deposit in 2005. The program was designed to define measured mineral resources within the deposit and advance the project toward a feasibility study.

#### **Agreement**

In November 2003, Anooraq, through its wholly-owned South African subsidiary Plateau, entered into a joint venture agreement with Potgietersrust Platinum Limited, a wholly owned subsidiary of Anglo Platinum, to explore and develop PGM, gold, nickel and copper mineralization on Anooraq's Drenthe and Witrivier farms and the northern portion of Anglo Platinum's adjacent Overysel farm. Anooraq made its required expenditures by the end of 2004, and now has the option to proceed on a year-by-year basis and to take the project to a bankable feasibility study ("BFS") level.

Once a BFS has been completed, either or both of the partners in the Boikgantsho JV will have the option to proceed to exploitation. If both partners decide to proceed, then a joint management committee will be established to oversee development and operations. The ultimate joint venture interest allotted to Anooraq and Anglo Platinum will be determined according to the proportion of contained metal within the Drenthe deposit that lies on the ground contributed by each, as determined by the BFS. Anglo Platinum has the option to be diluted to a minimum 12.5% non-contributory interest, adjusted depending on the final PGM royalty to be established under the Mineral and Petroleum Royalty Bill, to a maximum of 15%.

---

<sup>1</sup> New Order Prospecting Rights have been converted from 'old order prospecting rights' into prospecting rights in terms of the Mineral and Petroleum Resources Development Act, 2002.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Anglo Platinum has the right to enter into a PGM Ore or Concentrate Purchase and Disposal Agreement with the Company at the exploitation phase, based on standard commercial terms, whereby PGM produced from the operation would be treated at Anglo Platinum's facilities. Anglo Platinum owns and operates a PGM smelter at Polokwane, which is approximately 80 kilometers east of the property.

**Project Activities**

A preliminary assessment of a potential open pit development of the Drenthe and Overysel North Deposits, based on mineral resources outlined to September 2004, was completed during the first quarter of 2005. As the preliminary assessment is based, in part, on inferred resources that are geologically speculative, there is no certainty that the economic considerations or results will be realized. The preliminary assessment indicates favorable financial results for an open pit and conventional mill operation. Further details are provided in a technical report filed at [www.sedar.com](http://www.sedar.com).

Drilling in 2005 focused on the Drenthe deposit. The program tested the entire area within the provisional open pit design for the Drenthe deposit that was used for the March 2005 preliminary assessment. One hundred and thirty six vertical holes, totaling approximately 24,400 meters, were drilled at 50-meter intervals along 50-meter spaced lines. The program confirmed the continuity of the PGM mineralization within the Drenthe deposit. An independent consultant was engaged to update the deposit database and estimate of the mineral resources.

Results from the updated resource model and recommendations from the preliminary assessment will be followed up by pre-feasibility work. Currently, however, the Company is focused on advancing the Ga-Phasha Project.

**Plans for 2007**

Planning is underway to resume work on the Boikgantsho pre-feasibility study in 2007.

**1.2.4 Market Trends**

Platinum prices have been increasing for the past three years and averaged US\$1145/oz in 2006. Platinum has continued to increase in 2007, averaging approximately US\$1215/oz to early May. Palladium prices declined in 2005, averaging approximately US\$201/oz, but have been increasing since that time. Palladium prices averaged US\$323/oz in 2006, and have averaged US\$350/oz to early May 2007. Gold prices continued a strong uptrend in 2006, averaging US\$604/oz, compared to US\$445/oz in 2005. Gold prices decreased in late 2006-early 2007, but have been increasing since mid January 2007, and have averaged US\$657/oz to early May.

**ANOORAQ RESOURCES CORPORATION**  
**THREE MONTHS ENDED MARCH 31, 2007**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.3 Selected Annual Information**

	December 31 2006	December 31 2005	December 31 2004
Current assets	\$ 13,177,004	\$ 5,159,433	\$ 15,787,528
Mineral property interests	8,240,751	8,502,000	8,494,358
Other assets	411,167	174,163	197,995
<b>Total assets</b>	<b>21,828,922</b>	<b>13,835,596</b>	<b>24,479,881</b>
Current liabilities	1,034,144	378,997	1,413,234
Long term liabilities	11,818,677	-	-
Shareholders' equity	8,976,101	13,456,599	23,066,647
<b>Total liabilities and shareholders' equity</b>	<b>\$ 21,828,922</b>	<b>\$ 13,835,596</b>	<b>\$ 24,479,881</b>
	<b>Year ended Dec 31, 2006</b>	<b>Year ended Dec 31, 2005</b>	<b>14 months ended Dec 31, 2004</b>
<b>Expenses</b>			
Amortization	30,862	48,503	39,121
Conference and travel	\$ 360,959	\$ 646,992	\$ 486,481
Consulting	168,457	965,720	536,216
Exploration	720,463	5,191,818	7,821,145
Foreign exchange	(34,817)	68,720	145,199
Gain on disposal of equipment	(41,291)	-	-
Interest expense	253,071	-	-
Interest income	(117,829)	(119,779)	(485,452)
Legal, accounting and audit	690,132	474,422	479,731
Office and administration	354,353	551,278	457,571
Salaries and benefits	1,511,874	1,659,465	834,223
Shareholders communications	289,824	260,155	342,848
Trust and filing	415,440	85,254	159,633
Subtotal	4,601,498	9,832,548	10,816,716
Stock based compensation	24,346	2,536,253	2,466,548
Future income tax recovery	(121,000)	(65,000)	-
Write-off (recovery) of amounts receivable	-	-	(256,000)
<b>Loss for the year</b>	<b>\$ 4,504,844</b>	<b>\$ 12,303,801</b>	<b>\$ 13,027,264</b>
<b>Loss per share</b>	<b>\$ 0.03</b>	<b>\$ 0.08</b>	<b>\$ 0.18</b>
Weighted average number of common shares outstanding (thousands)	148,220	148,107	73,017

**ANOORAQ RESOURCES CORPORATION**  
**THREE MONTHS ENDED MARCH 31, 2007**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.4 Summary of Quarterly Results**

Expressed in thousands of dollars, except per-share amounts. Small differences are due to rounding.

	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006	Mar 31 2006	Dec 31 2005	Sep 30 2005	Jun 30 2005
Current assets	11,326	13,177	2,337	3,143	4,103	5,159	6,369	8,327
Mineral properties	8,399	8,241	8,600	8,211	8,493	8,502	8,661	8,495
Other assets	387	411	98	103	161	174	181	179
<b>Total assets</b>	<b>20,112</b>	<b>21,829</b>	<b>11,035</b>	<b>11,457</b>	<b>12,757</b>	<b>13,835</b>	<b>15,211</b>	<b>17,001</b>
Current liabilities	238	1,034	478	311	273	379	351	1,248
Long term liabilities	11,703	11,819	–	–	–	–	–	–
Shareholders' equity	8,171	8,976	10,557	11,146	12,484	13,456	14,860	15,753
<b>Total liabilities and shareholders' equity</b>	<b>20,112</b>	<b>21,829</b>	<b>11,035</b>	<b>11,457</b>	<b>12,757</b>	<b>13,835</b>	<b>15,211</b>	<b>17,001</b>
<b>Expenses</b>								
Exploration	33	152	42	466	92	15	526	2,318
Conference and travel	103	218	17	38	88	208	26	191
Consulting	79	(133)	222	27	53	86	127	440
Foreign exchange loss (gain)	(262)	231	(117)	(159)	9	202	(113)	(119)
Interest on term loan	416	253	–	–	–	–	–	–
Interest expense (income)	(167)	(95)	16	(12)	(28)	(27)	12	(60)
Legal, accounting and audit	103	102	205	216	167	173	(7)	178
Gain on disposal of fixed asset	–	(19)	(11)	(11)	–	–	–	–
Office and administration	91	102	79	102	71	121	158	96
Salaries and benefits	330	394	335	408	375	465	422	412
Shareholder communications	58	112	38	78	61	40	54	90
Trust and filing	142	288	29	15	84	3	(2)	8
Subtotal	926	1,605	855	1,168	972	1,286	1,203	3,554
Stock-based compensation - exploration	–	–	(2)	(6)	24	(155)	32	843
Stock-based compensation - office and administration	1	–	(1)	(3)	13	(367)	124	2,069
Future income tax expense (recovery)	(1)	(25)	4	(100)	–	117	(182)	–
<b>Loss for the period</b>	<b>926</b>	<b>1,580</b>	<b>856</b>	<b>1,059</b>	<b>1,009</b>	<b>881</b>	<b>1,177</b>	<b>6,466</b>
Basic and diluted loss per share	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.04
Weighted average number of common shares outstanding	148,228	148,220	148,220	148,220	148,220	148,107	148,069	148,028

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.5 Results of Operations**

The loss for the three months ended March 31, 2007 was \$926,130 compared to a loss of \$1,009,714 for the first quarter 2006. This decrease primarily resulted from interest income of \$219,778, foreign exchange gains of \$262,248 which offset interest on the term loan of \$416,099. The Company recorded a loss of \$0.01 per share for the first quarter of 2007, which equates to a loss of \$0.01 per share for the same quarter of 2006.

Exploration expenditures decreased in the first quarter of the year to \$33,020 from \$91,994 in the first quarter of fiscal 2006 due to decreased activities at the Boikgantsho and Ga-Phasha projects. The exploration expenses for the first quarter of 2007 were mainly incurred on the Boikgantsho project.

Legal, accounting and audit for the period ended March 31, 2007 amounted to \$102,785 in comparison to \$166,812 for the first quarter of fiscal 2006, mainly due to reduced legal advisory fees. Office and administration for the first quarter of 2007 amounted to \$91,156 in comparison to \$70,687 spent for the first quarter of fiscal 2006.

Conference and travel costs increased to \$103,122 for the first quarter of 2007 from \$87,663 in the first quarter 2006 due to travel by management personnel to mining conferences.

Consulting costs increased to \$78,729 in comparison to \$52,553 spent in the first quarter of fiscal 2006. Salaries and benefits for the first quarter of 2007 amounted to \$329,754 in comparison to \$375,394 spent in the first quarter of fiscal 2006. This fluctuation is within the course of normal operations.

Trust and filing for the period ended March 31, 2007 amounted to \$141,598 in comparison to the \$84,116 incurred in the first quarter of fiscal 2006. The increase is due to additional regulatory filing costs associated with the Company's listing on the Johannesburg Stock Exchange.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.6 Liquidity**

At March 31, 2007, the Company had working capital of approximately \$11.1 million as compared to \$12.1 million at the end of the 2006 fiscal year. The cash position at March 31, 2007 was approximately \$10.9 million.

Anooraq's sources of capital are primarily equity investment and most recently a term loan. The Company's access to capital sources is dependant upon general financial market conditions, especially those that pertain to venture capital situations such as mineral exploration and development. There can be no assurance that Anooraq's future capital requirements can be met in the long term, or that adequate financing will be obtained on a timely basis or at all. Failure to obtain adequate financing will result in significant delays of exploration programs and a substantial curtailment of operations. The Company's cash resources at March 31, 2007 are sufficient for its present needs, specifically to continue administrative and exploration operations at current levels through the end of the year 2007. Future programs may be deferred and operations curtailed if additional funding is not secured. However, the Company anticipates being able to raise additional financing.

The Company had 148,305,407 common shares outstanding at March 31, 2007. As the Company proceeds on its exploration programs in the Bushveld, it will need to raise additional funds for such expenditures from time to time. Anooraq will issue to Pelawan 36 million common shares ("Adjustment Consideration Shares"), representing a 50% reduction in the number of shares potentially to be issued under the original RTO transaction terms. The Company is currently awaiting regulatory approval for the issuance of the Adjustment Consideration Shares.

The Company's tabular disclosure of contractual obligations at March 31, 2007 is as follows:

	Payments due by period				
	Total	Less than 1 year	1 to 3 years	3-5 years	More than 5 years
Contractual obligation	Nil	Nil	Nil	Nil	Nil
Long term debt obligations	17.5m	Nil	4.5m	13.0m	Nil
Operating lease obligations	Nil	Nil	Nil	Nil	Nil
Purchase obligations	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>17.5m</b>	<b>Nil</b>	<b>4.5m</b>	<b>13.0m</b>	<b>Nil</b>

Other than previously disclosed, the Company has no other capital lease obligations, operating leases or any other long term debt. The Company has routine market-price leases on its office premises in Johannesburg.

The Company has no "Purchase Obligations" defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.



**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

The Company's long term debt obligations are denominated in South African Rand ("ZAR"). Payments and settlement on the obligation is denominated in ZAR. Long term obligations have been presented at an exchange rate of 1 Canadian dollar = 6.33ZAR.

**1.7 Capital Resources**

At March 31, 2007, Anooraq had working capital of approximately \$11.1 million as compared to \$12.1 million at the end of the 2006 fiscal year. The Company had approximately 148 million common shares outstanding at March 31, 2007.

**1.8 Off-Balance Sheet Arrangements**

None.

**1.9 Transactions with Related Parties**

Hunter Dickinson Inc. ("HDI") is a private company owned equally by ten public companies, one of which is Anooraq. HDI provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of the Company on a full cost recovery basis, pursuant to an agreement dated December 31, 1996. During the first quarter of 2007 HDI billed Anooraq \$154,004 as compared to \$322,047 for the first fiscal quarter of 2006 for such services and cost reimbursements.

Southgold Exploration (Proprietary) Limited ("Southgold") is a wholly-owned subsidiary of Great Basin Gold Ltd., a Canadian public company which has certain directors in common with the Company. Southgold shared certain premises and other facilities in 2006 with the Company pursuant to a cost-sharing arrangement based on a full cost recovery basis.

During the period ended March 31, 2007, the Company paid or accrued \$13,501 (first fiscal quarter 2006 – \$27,101) to CEC Engineering Ltd, a private company owned by a former director, for engineering and project management services at market rates.

**1.10 Fourth Quarter**

None.

**1.11 Proposed Transactions**

None.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.12 Critical Accounting Estimates**

The Company's accounting policies follow the same accounting policies and methods of application as presented in note 3 of the consolidated financial statements for the year ended December 31, 2006, and as presented in changes in accounting policies item 1.13 and note 3 of the consolidated financial statements for the three months ended March 31, 2007 which have been publicly filed on SEDAR at www.sedar.com. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. These estimates include:

- ## mineral resources and reserves,
- ## the carrying values of mineral property, plant and equipment,
- ## restoration costs following completion of the mining activities, and
- ## the valuation of stock-based compensation expense.

Actual amounts could differ from the estimates used and, accordingly, effect the results of operation.

*Mineral resources and reserves, and the carrying values of mineral property, plant and equipment*

Mineral resources and reserves are estimated by professional geologists and engineers in accordance with recognized industry, professional and regulatory standards. These estimates require inputs such as future metals prices, future operating costs, and various technical geological, engineering, and construction parameters. Changes in any of these inputs could cause a significant change in the estimated resources and reserves which, in turn, could have a material effect on the carrying value of mineral property, plant and equipment.

*Site restoration costs*

Upon the completion of any mining activities, the Company will ordinarily be required to undertake environmental reclamation activities in accordance with local and/or industry standards. The estimated costs of these reclamation activities are dependent on labour costs, the environmental impacts of the Company's operations, the effectiveness of the chosen reclamation techniques, and applicable government environmental standards. Changes in any of these factors could cause a significant change in the reclamation expense charged in a period.

*Stock-based compensation expense*

From time to time, the Company may grant share purchase options to employees, directors, and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, requires inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense charged in a period.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.13 Changes in Accounting Policies including Initial Adoption**

The CICA issued Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, “Financial Instruments – Disclosure and Presentation”, Section 3865, “Hedges”, and Section 1530, “Comprehensive Income”, all applicable to the Company for annual or interim accounting periods beginning on January 1, 2007.

Section 3855 requires all financial assets, financial liabilities and non-financial derivatives to be recognized on the balance sheet and measured based on specified categories. Section 3861 identifies and details information to be disclosed in the financial statements.

Section 3865 sets out when hedge accounting can be applied and builds on existing Canadian GAAP guidance by specifying how hedge accounting is applied and disclosed.

Section 1530 introduces new standards for the presentation and disclosure of the components of comprehensive income. Comprehensive income is defined as the change in net assets of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources.

The CICA also issued Section 1506, Accounting Changes, which revises the current standards on changes in accounting policy, estimates or errors as follows: voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information; changes in accounting policy are to be applied retrospectively unless doing so is impracticable; changes in estimates are to be recorded prospectively; and prior period adjustments are to be corrected retrospectively. In addition, this standard calls for enhanced disclosure about the effects of changes in accounting policies, estimates and errors on the financial statements.

**1.14 Financial Instruments and Other Instruments**

The carrying amounts of cash and equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The carrying values of the term loan approximate its fair value based on market rates of interest. It is not practicable to determine the fair values of amounts receivable due from related parties due to the related party nature of such amounts and the absence of a secondary market for such instruments.

**1.15 Other MD&A Requirements**

Not applicable.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue**

Not applicable. The Company is not a venture issuer.

**1.15.2 Disclosure of Outstanding Share Data**

The following details the share capital structure as at May 3, 2007. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry date	Exercise price	Number	Number
Common shares				148,410,907
Share purchase options	September 28, 2007	\$ 1.40	301,500	
	December 14, 2007	\$ 1.40	298,200	
	December 17, 2010	\$ 1.40	<u>3,065,000</u>	3,664,700

Subject to the settlement agreement with Pelawan discussed in Section 1.2.1, the Company is required to issue to Pelawan 36 million common shares and 167 million warrants. Each warrant is exercisable until December 31, 2008 and can be exercised at the higher of (a) \$1.35 if exercised on or before December 31, 2007 or \$1.48 if exercised after December 31, 2007 or (b) at a price that is 50% less than the price per Anooraq common share payable by arms length parties under an equity financing undertaken by the Company that either raises an amount of at least \$98,400,000 or is undertaken pursuant to a material transaction (a "Concurrent Financing").

The Company is currently awaiting approval from the respective regulatory agencies for the issuance of the shares.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

**ANOORAQ RESOURCES CORPORATION  
THREE MONTHS ENDED MARCH 31, 2007  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**1.15.3 Disclosure Controls and Procedures**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information.

There have been no significant changes in the Company's disclosure controls during the quarter ended March 31, 2007 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.