



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(Expressed in Canadian Dollars, unless otherwise stated)

ANOORAQ RESOURCES CORPORATION
Consolidated Balance Sheets
(Expressed in Canadian Dollars)

	December 31 2008	December 31 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 3 850 674	\$ 7 131 821
Accounts receivable	158 644	167 779
Prepaid expenses	112 910	101 409
	4 122 228	7 401 009
Deferred acquisition costs	1 587 959	368 146
Equipment (note 5)	469 635	105 494
Mineral property interests (note 6)	8 993 645	9 078 714
	\$ 15 173 467	\$ 16 953 363
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1 004 767	\$ 475 102
Due to related parties (note 9)	794 072	45 609
Accrued interest on term loan (note 7)	1 735 663	1 892 197
	3 534 502	2 412 908
Term loan (note 7)	12 967 753	9 806 636
	16 502 255	12 219 544
Shareholders' Equity (Deficit)		
Share capital	54 948 341	51 855 350
Contributed surplus	17 584 974	13 254 905
Deficit	(73 862 103)	(60 376 436)
	(1 328 788)	4 733 819
Nature of operations and going concern (note 1)		
Proposed transaction (note 12)		
	\$ 15 173 467	\$ 16 953 363

See accompanying notes to consolidated financial statements

Approved by the Board of Directors

/s/ Philip Kotze

Philip Kotze
Director

/s/ Iemrahn Hassen

Iemrahn Hassen
Director

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

	Year ended December 31		
	2008	2007	2006
Expenses			
Accounting, audit and legal	\$ 576 330	\$ 416 745	\$ 690 132
Amortization	61 140	24 009	30 862
Accretion on term loan	88 771	112 459	13 879
Conference and travel	421 469	492 106	360 959
Consulting	309 377	177 809	154 578
Exploration (schedule)	341 943	852 891	720 463
Foreign exchange gain	(426 785)	(588 115)	(34 817)
Gain on disposal of equipment	(5 779)	-	(41 291)
Interest expense	1 985 653	2 042 711	399 062
Interest income	(179 119)	(799 985)	(263 820)
Office and administration	905 877	451 908	354 353
Salaries and benefits	3 626 962	2 016 689	1 511 874
Stock-based compensation - office and administration (note 8(b))	5 385 502	7 215 670	9 137
Stock-based compensation - exploration (note 8(b))	-	1 491 849	15 209
Shareholders communications	212 015	258 882	289 824
Trust and filing	183 311	269 503	415 440
Loss before the following	13 486 667	14 435 131	4 625 844
Future income tax recovery	(1 000)	(139 000)	(121 000)
Loss for the year	13 485 667	14 296 131	4 504 844
Other comprehensive loss	-	-	-
Total Comprehensive Loss	\$ 13 485 667	\$ 14 296 131	\$ 4 504 844
Basic and diluted loss per share	\$ 0.07	\$ 0.08	\$ 0.03
Weighted average number of common shares outstanding	185 775 361	168 377 927	148 220 407

See accompanying notes to consolidated financial statements

ANOORAQ RESOURCES CORPORATION

Consolidated Statements of Shareholders' Equity(Deficit)

(Expressed in Canadian Dollars)

	Year ended December 31, 2008		Year ended December 31, 2007		Year ended December 31, 2006	
	<u>Number of shares</u>		<u>Number of shares</u>		<u>Number of shares</u>	
Share capital						
Balance at beginning of the year	185 208 607	\$ 51 855 350	148 220 407	\$ 50 207 363	148 220 407	\$ 50 207 363
Share purchase options exercised at \$1.40 per share	1 410 000	1 974 000	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	21 400	63 558	5 000	14 850	-	-
Fair value of stock options allocated to shares issued on exercise	-	1 055 433	-	301 657	-	-
Common shares issued (note 6 (b))	-	-	36 000 000	-	-	-
Balance at end of the year	186 640 007	\$ 54 948 341	185 208 607	\$ 51 855 350	148 220 407	\$ 50 207 363
Contributed surplus						
Balance at beginning of the year		\$ 13 254 905		\$ 4 849 043		\$ 4 824 697
Stock-based compensation		5 385 502		8 707 519		24 346
Fair value of stock options allocated to shares issued on exercise		(1 055 433)		(301 657)		-
Balance at end of the year		\$ 17 584 974		\$ 13 254 905		\$ 4 849 043
Deficit						
Balance at beginning of the year		\$ (60 376 436)		\$ (46 080 305)		\$ (41 575 461)
Loss for the year		(13 485 667)		(14 296 131)		(4 504 844)
Balance at end of the year		\$ (73 862 103)		\$ (60 376 436)		\$ (46 080 305)
TOTAL SHAREHOLDERS' EQUITY		\$ (1 328 788)		\$ 4 733 819		\$ 8 976 101

See accompanying notes to consolidated financial statements

ANOORAQ RESOURCES CORPORATION
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31		
	2008	2007	2006
Operating activities			
Loss for the year	\$ (13 485 667)	\$ (14 296 131)	\$ (4 504 844)
Items not involving cash:			
Amortization	61 140	24 009	30 862
Accretion on term loan	88 771	112 459	13 879
Future income tax recovery	(1 000)	(139 000)	(121 000)
Accrued interest on term loan (note 7)	1 759 645	1 775 862	253 071
Stock-based compensation (note 8 (b))	5 385 502	8 707 519	24 346
Gain on disposal of equipment	(5 779)	–	(41 291)
Unrealized foreign exchange gain	(313 541)	(410 350)	(114 000)
Equity loss from interest in Ga-Phasha project (note 6)	143 069	920 608	555 677
Changes in non-cash operating working capital:			
Amounts receivable	9 135	(8 700)	(80 307)
Amounts due to related parties	748 463	177 790	235 692
Prepaid expenses	(11 501)	2 755	11 905
Accounts payable and accrued liabilities	529 665	(200 966)	303 416
Payment of accrued interest	(1 885 517)	–	–
Cash and cash equivalents used by operating activities	(6 977 615)	(3 334 145) –	(3 432 594)
Investing activities			
Purchase of equipment	(473 642)	(56 188)	(9 066)
Proceeds received on disposal of equipment	54 140	–	120 343
Deferred acquisition costs	(1 219 813)	(368 146)	–
Equity investment	–	(1 481 571)	(59 428)
Cash and cash equivalents provided (used) by investing activities	(1 639 315)	(1 905 905)	51 849
Financing activities			
Issuance of common shares	2 037 558	1 346 330	–
Proceeds from increase in term loan	3 630 000	–	10 710 078
Financing costs paid	–	(445 917)	–
Cash and cash equivalents provided (used) by financing activities	5 667 558	900 413	10 710 078
Effect of exchange rate changes on cash and cash equivalents held in foreign jurisdictions	(331 775)	(1 303 687)	855 528
Increase (decrease) in cash and cash equivalents	(3 281 147)	(5 643 324)	8 184 861
Cash and cash equivalents, beginning of year	7 131 821	12 775 145	4 590 284
Cash and cash equivalents, end of year	\$ 3 850 674	\$ 7 131 821	\$ 12 775 145
Supplementary information			
Interest paid	\$ 1 930 842	\$ 266 849	\$ 145 991
Interest received	\$ (179 119)	\$ (799 985)	\$ (239 329)
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 of options	\$ 1 055 433	\$ 301 657	\$ –
Shares issued to Pelawan Investments (Proprietary) Limited (note 6 (b))	\$ –	\$ –	\$ –

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		
	2008	2007	2006
Northern Limb of the Bushveld Complex			
Assays and analysis	\$ –	\$ 200	\$ 17 125
Engineering	11 297	19 784	53 423
Environmental and socioeconomic	–	–	10 126
Geological and consulting	2 005	41 369	55 582
Graphics	3 279	5 104	2 426
Property fees and assessments (recovery)	(4 880)	9 303	18 168
Property option payments	10 248	12 016	32 548
Site activities	36 768	12 717	34 484
Transportation	16 352	4 036	2 098
	75 069	104 529	225 980
Eastern Limb of the Bushveld Complex			
Assays and analysis	–	–	21 268
Drilling	–	–	376 406
Engineering	–	–	88 361
Geological and consulting	103 309	748 362	8 448
	103 309	748 362	494 483
Other Exploration			
Drilling	61 287	–	–
Engineering	62 421	–	–
Geological and consulting	39 857	–	–
	163 565	–	–
Exploration expenses before the following	341 943	852 891	720 463
Stock-based compensation	–	1 491 849	15 209
Exploration expenses	341 943	2 344 740	735 672
Cumulative expenditures, beginning of year	25 927 192	23 582 452	22 846 780
Cumulative expenditures, end of year	\$ 26 269 135	\$ 25 927 192	\$ 23 582 452

See accompanying notes to consolidated financial statements