CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED 31 DECEMBER 2009 AND 2008

(Expressed in Canadian Dollars unless otherwise stated)

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated statements of financial position of Anooraq Resources Corporation (the "Corporation") as at 31 December 2009 and 2008, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended 31 December 2009. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2009 and 2008 and the results of its operations and its cash flows for each of the years in the two-year period ended 31 December 2009 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ KPMG Inc.
Registered Auditors

Johannesburg, South Africa

30 March 2010

ANOORAQ RESOURCES CORPORATION

Consolidated Statements of Financial Position
As at 31 December 2009 and 2008
(Expressed in Canadian Dollars, unless otherwise stated)

	Note	2009	2008
Assets			
Non-current assets			
Property, plant and equipment	7	**693,393,736**	469,635
Capital work-in-progress	8	**235,838,915**	–
Mineral property interests	9	**13,223,703**	4,200,000
Goodwill	10	**12,382,569**	–
Investment in joint venture	11	**–**	2,518,971
Platinum producers' environmental trust	12	**2,578,131**	–
Deferred acquisition costs	13	**–**	1,587,959
Other non-current assets		**729**	–
Total non-current assets		**957,417,783**	8,776,565
Current assets			
Inventories	14	**1,091,860**	–
Trade and other receivables	15	**23,466,503**	271,554
Cash and cash equivalents	16	**30,947,511**	3,850,674
Restricted cash	17	**1,291,348**	–
Total current assets		**56,797,222**	4,122,228
Total assets		**1,014,215,005**	12,898,793
Equity and Liabilities			
Equity			
Share capital	18	**71,713,114**	54,948,341
Treasury shares	18	**(4,991,726)**	–
Convertible preference shares	18	**162,910,000**	–
Foreign currency translation reserve		**(9,390,899)**	129,684
Hedging reserve		**(731,293)**	–
Share-based payment reserve		**19,770,786**	17,584,974
Accumulated loss		**(111,798,092)**	(76,266,461)
Total equity attributable to equity holders of the Group		**127,481,890**	(3,603,462)
Non-controlling interest		**82,025,730**	–
Total equity		**209,507,620**	(3,603,462)
Liabilities			
Non-current liabilities			
Loans and borrowings	19	**555,509,417**	12,967,753
Deferred taxation	20	**213,484,109**	–
Provisions	21	**7,021,038**	–
Derivative liability	22	**1,590,945**	–
Total non-current liabilities		**777,605,509**	12,967,753
Current liabilities			
Loans and borrowings	19	**–**	1,735,663
Trade and other payables	23	**26,948,647**	1,798,839
Current tax payable		**153,229**	–
Total current liabilities		**27,101,876**	3,534,502
Total liabilities		**804,707,385**	16,502,255
Total equity and liabilities		**1,014,215,005**	12,898,793

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

Approved by the Board of Directors on 30 March 2010

/s/ Philip Kotze

/s/ Fikile De Buck

Philip Kotze (Director)

Fikile De Buck (Director)

ANOORAQ RESOURCES CORPORATION
Consolidated Statements of Comprehensive Loss
For the years ended 31 December 2009 and 2008
(Expressed in Canadian Dollars, unless otherwise stated)

	Note	2009	2008
Revenue	24	**62,627,868**	–
Cost of sales	25	**(80,966,467)**	–
Gross loss		**(18,338,599)**	–
Depreciation		**(124,079)**	(61,140)
Administrative expenses		**(11,657,610)**	(12,010,258)
Transaction costs		**(10,401,725)**	–
Other income		**1,138,850**	5,779
Operating loss		**(39,383,163)**	(12,065,619)
Finance income	26	**529,285**	179,119
Finance expense	27	**(20,340,287)**	(1,848,574)
Net finance expense		**(19,811,002)**	(1,669,455)
Share of loss of equity accounted investees (net of income tax)		**(219,849)**	(235,022)
Loss before income tax	28	**(59,414,014)**	(13,970,096)
Income tax	29	**7,633,485**	–
Loss for the year		**(51,780,529)**	(13,970,096)
Other comprehensive income			
Foreign currency translation differences for foreign operations		**(14,072,611)**	129,684
Effective portion of changes in fair value of cash flow hedges		**(731,293)**	–
Other comprehensive income for the year, net of income tax	30	**(14,803,904)**	129,684
Total comprehensive loss for the year		**(66,584,433)**	(13,840,412)
Loss attributable to:			
Owners of the Company		**(35,531,631)**	(13,970,096)
Non-controlling interest		**(16,248,898)**	–
Loss for the year		**(51,780,529)**	(13,970,096)
Total comprehensive loss attributable to:			
Owners of the Company		**(45,783,507)**	(13,840,412)
Non-controlling interest		**(20,800,926)**	–
Total comprehensive loss for the year		**(66,584,433)**	(13,840,412)
Earnings per share			
Basic and diluted loss per share	31	**(12 cents)**	(8 cents)

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

ANOORAQ RESOURCES CORPORATION

Consolidated Statements of Changes in Equity

For the years ended 31 December 2009 and 2008

(Expressed in Canadian Dollars, unless otherwise stated)

		Attributable to equity holders of the Company											
		Share capital		Treasury shares									
	Note	Number of shares	Amount	Number of shares	Amount	Convertible preference shares	Foreign currency translation reserve	Share-based payment reserve	Hedging reserve	Accumulated loss	Total	Non-controlling interest	Total equity
Balance at 1 January 2008		185,208,607	51,855,351	–	–	–	–	13,254,905	–	(62,296,365)	2,813,891	–	2,813,891
Total comprehensive loss for the year													
Loss for the year		–	–	–	–	–	–	–	–	(13,970,096)	(13,970,096)	–	(13,970,096)
Other comprehensive income													
Foreign currency translation differences		–	–	–	–	–	129,684	–	–	–	129,684	–	129,684
Total other comprehensive income		–	–	–	–	–	129,684	–	–	–	129,684	–	129,684
Total comprehensive loss for the year		–	–	–	–	–	129,684	–	–	(13,970,096)	(13,840,412)	–	(13,840,412)
Transactions with owners, recorded directly in equity													
Fair value of stock options allocated to share issued on exercise		–	1,055,432	–	–	–	–	(1,055,432)	–	–	–	–	–
Share-based payment transactions		1,431,400	2,037,558	–	–	–	–	5,385,501	–	–	7,423,059	–	7,423,059
Total contributions by and distributions to owners		1,431,400	3,092,990	–	–	–	–	4,330,069	–	–	7,423,059	–	7,423,059
Balance at 31 December 2008		186,640,007	54,948,341	–	–	–	129,684	17,584,974	–	(76,266,461)	(3,603,462)	–	(3,603,462)
Arising from business acquisition	34	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**102,826,656**	**102,826,656**
Total comprehensive loss for the year													
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(35,531,631)**	**(35,531,631)**	**(16,248,898)**	**(51,780,529)**
Other comprehensive loss													
Foreign currency translation differences		**–**	**–**	**–**	**–**	**–**	**(9,520,583)**	**–**	**–**	**–**	**(9,520,583)**	**(4,552,028)**	**(14,072,611)**
Effective portion of changes in fair value of cash flow hedges, net of tax		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(731,293)**	**–**	**(731,293)**	**–**	**(731,293)**
Total other comprehensive loss		**–**	**–**	**–**	**–**	**–**	**(9,520,583)**	**–**	**(731,293)**	**–**	**(10,251,876)**	**(4,552,028)**	**(14,803,904)**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**(9,520,583)**	**–**	**(731,293)**	**(35,531,631)**	**(45,783,507)**	**(20,800,926)**	**(66,584,433)**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Ordinary shares issued	18	**14,296,567**	**15,869,148**	**(4,497,062)**	**(4,991,726)**	**–**	**–**			**–**	**10,877,422**	**–**	**10,877,422**
Preference shares issued	18	**–**	**–**	**–**	**–**	**162,910,000**		**–**	**–**	**–**	**162,910,000**	**–**	**162,910,000**
Share options repriced		**–**	**–**	**–**	**–**	**–**	**–**	**1,117,441**	**–**	**–**	**1,117,441**	**–**	**1,117,441**
Share-based payment transactions		**806,898**	**895,625**	**–**	**–**	**–**	**–**	**1,068,371**	**–**	**–**	**1,963,996**	**–**	**1,963,996**
Total contributions by and distributions to owners		**15,103,465**	**16,764,773**	**(4,497,062)**	**(4,991,726)**	**162,910,000**	**–**	**2,185,812**	**–**	**–**	**176,868,859**	**–**	**176,868,859**
Balance at 31 December 2009		**201,743,472**	**71,713,114**	**(4,497,062)**	**(4,991,726)**	**162,910,000**	**(9,390,899)**	**19,770,786**	**(731,293)**	**(111,798,092)**	**127,481,890**	**82,025,730**	**209,507,620**

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

ANOORAQ RESOURCES CORPORATION
Consolidated Statements of Cash Flows
For the years ended 31 December 2009 and 2008
(Expressed in Canadian Dollars, unless otherwise stated)

	Note	2009	2008
Cash flows from operating activities			
Cash utilised by operations	32	**(27,793,326)**	(5,348,995)
Interest received		**426,621**	179,119
Interest paid		**(1,258,710)**	(1,885,517)
Cash utilised by operating activities		**(28,625,415)**	(7,055,393)
Cash flows from investing activities			
Investment in environmental trusts		**(216,245)**	-
Acquisition of cash in a business combination - Bokoni Mine	34	**3,576,912**	-
Bokoni mine acquisition	34	**(119,956,375)**	-
Asset acquisition	34	**(6,592,523)**	-
ESOP Trust contribution	34	**(6,741,102)**	-
Proceeds on disposal of property, plant and equipment		**118,311**	54,140
Acquisition of property, plant and equipment	7/8	**(24,450,310)**	(473,642)
Deferred acquisition costs		**-**	(1,219,813)
Proceeds on disposal of financial assets		**14**	-
Cash utilised from investing activities		**(154,261,318)**	(1,639,315)
Cash flows from financing activities			
Long term borrowings raised		**-**	3,630,000
Long term borrowings raised - Senior debt	19	**74,050,000**	-
Long term borrowings raised - OCSF	19	**51,330,745**	-
Common shares issued		**15,869,148**	2,037,558
"A" Preference shares issued	19	**177,720,000**	-
"A" Preference shares repaid	19	**(1,066,320)**	-
"B" Preference shares issued	18	**162,910,000**	-
Transaction costs paid		**(4,857,128)**	-
Vendor claims settled	34	**(251,770,000)**	
Interest free loan raised	19	**4,267,913**	
Repayment of Anglo Platinum loan		**(16,790,368)**	-
Cash generated from financing activities		**211,663,990**	5,667,558
Effect of foreign currency translation		**(1,680,420)**	(253,997)
Net increase/(decrease) in cash and cash equivalents		**27,096,837**	(3,281,147)
Cash and cash equivalents, beginning of period		**3,850,674**	7,131,821
Cash and cash equivalents, end of period		**30,947,511**	3,850,674

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

1. NATURE OF OPERATIONS

Anooraq Resources Corporation (the "Company" or "Anooraq") is incorporated in the Province of British Columbia, Canada. The consolidated financial statements of the Company as at and for the years ended 31 December 2009 and 2008 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. Its principal business activity is the mining and exploration of Platinum Group Metals (“PGM”) through its mineral property interests. The Company focuses on mineral property interests located in the Republic of South Africa in the Bushveld Complex. Anooraq operates in South Africa through its wholly owned subsidiary Plateau Resources (Proprietary) Limited (“Plateau”) which historically owns the Group’s various mineral property interests and conducted the Group’s business in South Africa.

The consolidated financial statements include the results of the Group’s acquisition of an effective 51% of the Lebowa Platinum Mine, now known as Bokoni Platinum Mines (Proprietary) Limited (“Bokoni”) and control of the advanced stage Ga-Phasha Project (“Ga-Phasha Project”), the Boikgantsho Project (“Boikgantsho Project”) and the early stage Kwanda Project (“Kwanda Project”) by acquiring an additional 1% of these projects for an aggregate cash consideration of $385 million (South African Rands (“ZAR”) 2.6 billion) from 1 July 2009 (refer note 34).

The controlling interest was affected through Plateau acquiring 51% of the shareholding of Bokoni Platinum Holdings (Proprietary) Limited (“Bokoni Holdco”) on 1 July 2009. Bokoni Holdco, a private company incorporated under the laws of South Africa, is the holding company through which Anooraq and Anglo Platinum Limited (“Anglo Platinum”) hold their interests in Bokoni and the various exploration project companies.

2. GOING CONCERN

The consolidated financial statements are prepared on the basis that the Group will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of operations as they become due.

Anooraq completed the acquisition of an operating mine (refer note 34) and secured various funding arrangements (refer note 19) in order to fund the purchase consideration and to fund its planned business objectives. The funding agreements include securing a long term credit facility, the Operating Cash Flow Shortfall Facility (“OCSF”), with Rustenburg Platinum Mines Limited (“RPM”) for an amount of $208 million (ZAR 1,470 million). The facility will be used to fund operating cash and capital requirements for an initial period of three years. As at 31 December 2009, the Group utilised $54 million (ZAR 381 million) thereof to fund operating requirements at Bokoni as the mining operations are not currently generating sufficient cash flows to fund operations and operational projects.

As a result of securing the financial resources and long term funding, management expects that cash flows from the acquired mining operations and the additional financing secured will be sufficient to meet immediate ongoing operating and capital cash requirements of the Group.

3. BASIS OF PRESENTATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The Company received approval from the Canadian Securities Administrators under National Instrument 52-107, Acceptable Accounting Principles, Auditing Standards and Reporting Currency ("NI 52-107"), to early adopt IFRS as of 1 January 2009. The Group’s transition date for converting to IFRS was 1 January 2008 (the "Transition Date") and the comparative statement of financial position as at 31 December 2008, comparative statement of comprehensive loss for the year ended 31 December 2008, comparative statement of changes in equity and comparative statement of cash flows for the year ended 31 December 2008 have been restated in accordance with IFRS.

The guidance for the first time adoption of IFRS is set out in IFRS 1, *First Time Adoption of International Financial Reporting Standards (“IFRS1”)*. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Group elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, *Business Combinations (2004)*, prospectively from the Transition Date;
- to apply the requirements of IFRS 2, *Share-based payments*, only to equity instruments granted after November 2002 which had not vested as of the Transition Date; and
- to transfer all foreign currency translation differences, recognised as a separate component of equity, to accumulated loss as at the Transition Date, including those foreign currency differences which arise on adoption of IFRS.

The preparation of these consolidated financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian generally accepted accounting principles ("GAAP"). The accounting policies set out below have been applied consistently to all years presented in these financial statements. They also have been applied in preparing an opening IFRS statement of financial position at 1 January 2008, as required by IFRS 1. The impact of the transition from GAAP to IFRS is explained in note 39.

3.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis as set out in the accounting policies below. Certain items, including derivative financial instruments, are stated at fair value.

3.3 Use of estimates and judgements

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the notes to the financial statements where applicable.

3.4 Change in accounting policies

The Group changed its accounting policies as of 1 January 2009 in the following areas:

(i) Accounting for business combinations

As a result of the acquisition, discussed in note 34, the Group early adopted IFRS 3, *Business Combinations (2008), ("IFRS 3")* and IAS 27, *Consolidated and Separate Financial Statements* (2008), ("IAS 27") for all business combinations occurring in the financial year commencing 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and resulted in previously capitalised transaction costs amounting to $1.6 million being expensed on 1 January 2009.

The Group applied the acquisition method for the business combinations as disclosed in note 34.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, consideration is given to potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. To the extent that the fair value exceeds the consideration transferred, the excess is recognised in profit or loss.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest is measured at its proportionate interest in the fair value of the identifiable net assets of the acquiree.

Transaction costs incurred in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees are expensed as incurred, unless it is debt related. Directly attributable transaction costs related to debt instruments are capitalised.

If the Group obtains control over one or more entities that are not businesses, then the bringing together of those entities are not business combinations. The cost of acquisition is allocated among the individual identifiable assets and liabilities of such entities, based on their relative fair values at the date of acquisition. Such transactions do not give rise to goodwill and no non-controlling interest is recognised.

(ii) Presentation of financial statements

The consolidated financial statements have been presented by applying the revised IAS 1, *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the consolidated statement of changes in equity presents all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these consolidated financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on the earnings per share.

(iii) Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the prospective adoption of IAS 23, *Borrowing Costs (2007),* in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy resulted in the capitalisation of borrowing costs of $13.6 million (ZAR 96.5 million) in the year ended 31 December 2009. The change in accounting policy did not impact previously reported earnings per share. The Group has capitalised borrowing costs with respect to property, plant and equipment under construction.

4. ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis as set out in the accounting policies below. Certain items, including derivative financial instruments, are stated at fair value. These consolidated financial statements are presented in (unless stated otherwise) Canadian Dollars ("$"), which is also the Company's functional currency.

The accounting policies set out below are applied consistently to all years presented in these consolidated financial statements and have been applied consistently by Group entities except as explained in note 3.4, which addresses changes in accounting policies.

4.1 Basis for consolidation

(i) Business combinations

The Group changed its accounting policy with respect to accounting for business combinations. Refer note 3.4(i) for further details.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

(iii) Investments in jointly controlled entities (equity accounted investees)

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly controlled entities are accounted for using the equity method ("equity accounted investees") and are recognised initially at cost. The Group's equity investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Special purpose entities

A Special Purpose Entity ("SPE") is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPE's controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE's or their assets.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Such gains and losses are recognised in profit or loss.

(ii) Foreign operations

The financial results of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. The presentation currency of the Company is Canadian Dollars. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the rate of exchange in effect at the transaction date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation from the Transition Date are recognised as other comprehensive income and are included in the foreign currency translation reserve ("FCTR").

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income and are included in the FCTR.

On disposal of part or all of the operations, the proportionate share of the related cumulative gains and losses previously recognised in the FCTR through the statement of comprehensive income are included in determining the profit or loss on disposal of that operation recognised in the profit or loss.

4.3 Financial instruments

(i) Non-derivative financial assets

Non-derivative financial assets comprise loans and receivables.

Loans and receivables are recognised on the date of origination. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained is recognised as a separate asset or liability.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities comprise loans and borrowings, bank overdrafts, trade and other payables.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the year for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affects profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Separate embedded derivatives

Changes in the fair value of separate embedded derivatives are recognised immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, redeemable for a fixed number of the Company's shares, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's Board of Directors.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Treasury shares

Shares issued to subsidiaries or SPE's are reflected as treasury shares on consolidation in the statement of change of equity.

4.4 Property, plant and equipment

Mining assets, including mine development cost and infrastructure costs, mine plant facilities and buildings are initially recorded at historical cost less accumulated depreciation and impairment losses.

Mining assets are capitalised to capital work-in-progress and transferred to mining property, plant and equipment when the mining venture reaches commercial production.

Capitalised mine development and infrastructure costs include expenditure incurred to develop new mining operations and to expand the capacity of the mine to the extent that it gives rise to future economic benefit. Costs include borrowing costs capitalised during the construction period where qualifying expenditure is financed by borrowings. Items of mine property, plant and equipment, excluding capitalised mine development and infrastructure costs, are depreciated on a straight-line basis over their expected useful life. Capitalised mine development and infrastructure are depreciated on a units of production basis. Depreciation is first charged on mining assets from the date on which they are available for use.

Property, plant and equipment are depreciated over their estimated useful lives as follows:

Mine development and infrastructure	Life-of-mine
Plant and equipment	1 – 20 years
Buildings	5 – 20 years
Motor vehicles	1 – 5 years
Furniture and fittings	1 - 10 years

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Non-mining assets are measured at historical cost less accumulated depreciation and impairment losses. Depreciation is charged on the straight-line basis over the useful lives of these assets. Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognised as repairs and maintenance.

Repairs and maintenance are recognised to profit or loss during the period in which they are incurred.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognised net within other income in the statement of comprehensive income.

4.5 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, refer note 34.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses and is not amortised. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Other intangible assets

Other intangible assets include mineral property interests (refer note 4.17 below).

4.6 Impairment of assets

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating units exceed its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ii) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.7 Inventories

Inventories, comprising ore stockpiles, are measured at the lower of cost and net realisable value.

Costs relating to ore in stockpiles comprises all costs incurred to the stage immediately prior to stockpiling, including costs of extraction and crushing, as well as processing costs associated with ore stockpiles, based on the relevant stage of production.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.8 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the years during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the year in which the employees render the service are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee cost, with a corresponding increase in equity, over the year that the employees unconditionally became entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of the share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities over the year that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee costs in profit or loss.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

(iv) Termination benefits

Termination benefits are recognised as an expense as and when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If benefits are payable more than 12 months after the reporting year, then they are discounted to their present value.

4.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

(i) Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to profit or loss.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publically. Future operating losses are not provided for.

4.10 Platinum producers' environmental trust

The Group contributes to the Platinum Producers' Environmental Trust annually. The trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the Group's mines. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are reflected in non-current investments held by the Platinum Producers' Environmental Trust. Interest earned on monies paid to rehabilitation trust funds is accrued on a time proportion basis and is recorded as interest income.

4.11 Revenue

Revenue arising from the sale of metals and intermediary products is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are typically met when the concentrate reaches the smelter. Revenue further excludes value-added tax.

4.12 Lease payments

(i) Operating leases - Lessor

Operating lease income is recognised as income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under other income in profit or loss.

(ii) Operating leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

4.13 Finance income and finance expense

Finance income comprises interest income on funds invested, gains on hedging instruments that are recognised in profit or loss and interest received on loans and receivables. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

4.14 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.15 Earnings/(Loss) per share

The Group presents basic and diluted earnings/(loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (who is considered the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.17 Exploration expenditure and mineral property interests

The acquisitions of mineral property interests are initially measured at cost. Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Group are capitalised until the property to which they relate is placed into production, sold or allowed to lapse.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred. Re-imbursement of previously expensed exploration and evaluation costs are recognised as other income in profit or loss.

Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

4.18 New standards and interpretations not yet adopted

Standards and interpretations issued but not yet effective and applicable to the Group:

- IAS 24 (revised), *Related party disclosures*
- Amendments to IAS 39, *Eligible hedged items*
- Amendments to IFRS 1 and IAS 27, *Cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to IFRS 2, *Share-based payments: vesting conditions and cancellations*
- Amendments to IFRS 7, *Improving disclosures about financial instruments*
- IFRS 9, *Financial instruments*
- IFRIC 17, *Distribution of Non-cash assets to owners*
- Various improvements to IFRS 2009

The Group is currently evaluating the impact, if any, that these new standards will have on the consolidated financial statements.

5. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

The fair value of mining rights included in property, plant and equipment acquired as part of a business combination is determined using the multi-year excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

5.2 Mineral property interest

The fair value of mineral property interests acquired is determined using a market comparative approach. In applying a market comparative approach, a selection of appropriate historic transactions is used to determine an average transaction value.

5.3 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

5.4 Derivatives

The fair value of interest rate swaps is based on the fair value of the cash flows of the swap using the ZAR zero-coupon swap curve and the fair value of the projected shifted cash flows discounted using the shifted zero-coupon rates.

Fair values reflect the credit risk of the instrument and exclude the credit risk of the Group entity and counterparty when appropriate.

5.5 Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5.6 Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

6. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- commodity price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, and cash and equivalents. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations.

Trade and other receivables

Trade receivables represents sale of concentrate to Rustenburg Platinum Mines Limited in terms of a concentrate off-take agreement. The carrying value represents the maximum credit risk exposure. The Group has no collateral against these receivables.

Cash and cash equivalents

At times when the Group's cash position is positive, cash deposits are made with financial institutions having superior local credit ratings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Group's holdings of cash and cash equivalents. This is facilitated via an Operating Cash flow Shortfall Facility ("OCSF"). The Group's cash and cash equivalents are invested in business accounts which are available on demand.

The Group operates in South Africa and is subject to currency exchange controls administered by the South African Reserve Bank. A portion of the Group's funding for its South African operations consists of loans advanced to its South African incorporated subsidiaries and it is possible the Group may not be able to acceptably repatriate such funds once these subsidiaries are able to repay the loans or repatriate other funds such as operating profits should any develop. The repatriation of cash held in South Africa is permitted upon the approval of the South African Reserve Bank.

The maturity profile of the contractual cash flows of financial instruments at 31 December were as follows:

	2010	2011	2012	2013	Thereafter	Total
2009						
Non derivative financial liabilities						
Loans and borrowings	-	4,099,586	-	11,854,480	539,555,351	555,509,417
Trade and other payables	11,677,520	-	-	-	-	11,677,520
Total	11,677,520	4,099,586	-	11,854,480	539,555,351	567,186,937
Derivative financial liabilities						
Interest rate swap	-	-	1,590,945	-	-	1,590,945
Total 2009	11,677,520	4,099,586	1,590,945	11,854,480	539,555,351	568,777,882
2008						
Non derivative financial liabilities						
Loans and borrowings	1,735,663	-	-	-	12,967,753	14,703,416
Trade and other payables	219,024	-	-	-	-	219,024
Total 2008	1,954,687	-	-	-	12,967,753	14,922,440

(iii) Interest rate risk

As a result of the Group completing the Bokoni acquisition (refer note 34), the Group has secured loan facilities with Rustenburg Platinum Mines Limited ("RPM") in order to ensure the sustainability of the Group. RPM provided a loan of $51.3 million (ZAR 365 million) to the Group which is subject to interest rate risk.

The Bokoni acquisition was partially financed by a $111 million (ZAR 750 million) senior debt facility ("Senior debt facility") from Standard Chartered Bank plc ("Standard Chartered") provided to Plateau, of which $74 million (ZAR 500 million) was drawn down on 1 July 2009. The remaining $37 million (ZAR 250 million) is available for interest roll-up during the next 3 years. The term of the Senior debt facility is nine years with an interest and capital repayment holiday during the first three years. The Senior debt facility bears interest equal to the Johannesburg Inter Bank Agreed Rate (7.279% at 31 December 2009) plus 4.5% applicable margin and 1.27% mandatory cost.

The Group has entered into an interest rate swap arrangement with Standard Chartered Bank to fix the variable interest rate on $74 million (ZAR 500 million) of the principal amount of the loan at 14.695% which arrangement expires on 31 July 2012.

A 100 basis point change in the interest rate at 31 December 2009 on the Standard Chartered loan and the RPM loan would have changed the loss for the year by approximately $681,000. This analysis assumes that all other variables remain constant.

(iv) Foreign currency risk

The Group, from time to time, enters into transactions for the purchase of supplies and services denominated in foreign currency. As a result, the Group is subject to foreign exchange risk from fluctuations in foreign exchange rates. The Group has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk.

Within the Group, certain loans between Group entities amounting to $48.6 million are exposed to foreign exchange fluctuations. A 10% change in the $/ZAR exchange rate at 31 December 2009 would have resulted in an increase/decrease of $4.9 million in equity. The Group has no significant external exposure to foreign exchange risk.

(v) Commodity price risk

The value of the Group's revenue and resource properties depends on the prices of PGM's and their outlook. The Group does not hedge its exposure to commodity price risk. PGM prices historically have fluctuated widely and are affected by numerous factors outside of the Group's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, and short-term changes in supply and demand because of hedging activities.

(vi) Capital risk management

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding and operating requirements of the Group in a way that optimises the cost of capital, maximizes shareholders' returns, matches the current strategic business plan and ensures that the Group remains in a sound financial position.

The Group manages and makes adjustments to the capital structure which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. The Group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

There were no changes to the Group's approach to capital management during the year.

(vii) Summary of the carrying value of the Group's financial instruments

At 31 December 2009	Loans and receivables	Financial liabilities at amortised cost	Derivative financial liabilities
Platinum producers environmental trust	**2,578,131**	**-**	**-**
Trade and other receivables	**22,486,497**	**-**	**-**
Cash and cash equivalents	**30,947,511**	**-**	**-**
Loans and borrowings	**-**	**555,509,417**	**-**
Trade and other payables	**-**	**11,677,520**	**-**
Derivative - Interest rate swap	**-**	**-**	**1,590,945**

At 31 December 2008	Loans and receivables	Financial liabilities at amortised cost	Derivative financial liabilities
Cash and cash equivalents	3,850,674	-	-
Loans and borrowings	-	14,703,416	-
Trade and other payables	-	219,024	-

The carrying value of the above financial instruments approximates their fair value.

7. PROPERTY, PLANT AND EQUIPMENT

Summary

	2009	2008
Cost		
Balance at beginning of year	**540,482**	183,208
Arising from business combinations (refer note 34)	**725,226,891**	-
Additions	**31,478**	472,619
Transferred from capital work-in-progress	**9,382,489**	-
Disposals	**(49,072)**	(66,432)
Adjustment to rehabilitation assets	**2,691,883**	-
Effect of translation	**(30,693,133)**	(48,913)
Closing Balance	**707,131,018**	540,482
Accumulated depreciation		
Balance beginning of year	**70,847**	77,714
Charge for the year	**13,557,111**	61,140
Disposals	**-**	(48,717)
Effect of translation	**109,324**	(19,290)
Closing Balance	**13,737,282**	70,847
Carrying value	**693,393,736**	469,635

	Total	Mining Development and Infrastructure	Plant and Equipment	Buildings	Motor Vehicles	Furniture and Fittings
Cost						
Balance at beginning of year	540,482	-	-	-	-	540,482
Arising from business combination (refer note 34)	725,226,891	572,786,270	120,784,234	30,067,544	1,528,701	60,142
Additions	31,478	-	-	-	19,629	11,849
Transferred from capital work-in-progress	9,382,489	260,939	2,145,453	6,915,047	61,050	-
Disposals	(49,072)	-	-	-	(49,072)	-
Adjustment to rehabilitation assets	2,691,883	2,691,883	-	-	-	-
Effect of translation	(30,693,133)	(24,312,236)	(5,121,246)	(1,224,976)	(64,781)	30,106
Closing Balance	707,131,018	551,426,856	117,808,441	35,757,615	1,495,527	642,579
Accumulated depreciation						
Balance beginning of year	70,847	-	-	-	-	70,847
Charge for the year	13,557,111	5,185,702	6,073,907	1,878,881	284,770	133,851
Effect of translation	109,324	40,542	47,486	14,689	2,226	4,381
Closing Balance	13,737,282	5,226,244	6,121,393	1,893,570	286,996	209,079
Carrying Value	693,393,736	546,200,612	111,687,048	33,864,045	1,208,531	433,500

Certain assets are encumbered (refer to note 19).

The recoverable amount of mining assets and goodwill reviewed for impairment is determined based on value-in-use calculations. All mining assets and goodwill are allocated to one cash-generating-unit ("CGU"). Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value in use. Future cash flows are estimated based on financial budgets approved by management which is based on the mine's life-of-mine plan. Management determines the expected performance of the mine based on past performance and its expectations of market developments which are incorporated into a life-of-mine plan.

Key assumptions used in the value in use calculation of impairment of mining assets were the following:

- Life-of-mine – 34 years
- South African discount rate – 16.48% (the weighted average cost of capital for Bokoni)
- Range of PGM prices – based on market expectations. Initial price of US$1,329/oz for platinum in 2010.
- Range of ZAR/US$ exchange rates – based on market expectations. Initial exchange rate of ZAR8.51/US$ used in 2010.
- South African inflation – long term inflation rate of 5.2%

8. CAPITAL WORK-IN-PROGRESS

Capital work-in-progress consists of mine development and infrastructure costs relating to the Bokoni mine and will be transferred to property, plant and equipment when the relevant projects are commissioned.

	2009	2008
Arising from business combination (refer note 34)	**216,194,965**	-
Additions	**24,418,832**	-
Transfer to property, plant and equipment	**(9,382,489)**	-
Capitalisation of borrowing costs	**13,580,559**	-
Effect of translation	**(8,972,952)**	-
	235,838,915	-

Capital work-in-progress is funded through cash generated from operations and available loan facilities.

9. MINERAL PROPERTY INTERESTS

	2009	2008
Balance at beginning of year	**4,200,000**	4,200,000
Transfer from equity accounted investee (refer note 11)	**2,552,701**	-
Asset acquisition (refer note 34)	**6,592,523**	-
Effect of translation	**(121,521)**	-
	13,223,703	4,200,000

The Group's mineral property interest consists of various early stage exploration projects as detailed below:

Ga-Phasha

In January 2004, Anooraq and Pelawan combined their respective Platinum Group Metals ("PGM") assets, comprising the Anooraq's Northern and Western Limb PGM projects and Pelawan's 50% participation interest in the Ga-Phasha Project on the Eastern Limb of the Bushveld Complex in South Africa. The Ga-Phasha property consists of four farms – Portion 1 of Paschaskraal 466KS, and the whole of farms Klipfontein 465KS, De Kamp 507KS and Avoca 472KS – covering an area of approximately 9,700 hectares.

As of 1 July 2009, the joint venture agreements terminated and Ga-Phasha Platinum Mines (Proprietary) Limited ("GPM"), a wholly owned subsidiary of Bokoni Holdco, owns the respective interest in the assets relating to the Ga-Phasha Project. Anooraq owns an effective 51% interest in the Ga-Phasha Project.

Anooraq increased its interest in the GPM exploration project assets from 50% to 51% through the transaction discussed in note 34.

Work on the Ga-Phasha project is continuing towards the preparation of a pre-feasibility study. The mineral title relating to the Ga-Phasha project is held by GPM.

Platreef

As of 1 July 2009, the Group holds an effective 51% in Platreef properties located on the Northern Limb of the Bushveld Complex in South Africa. Bokoni Holdco holds a prospecting contract with the South African Department of Mineral Resources ("DMR") for farm Noord Holland 775LR (1,229 hectares) bringing the aggregate land package of its Platreef Property to approximately 13,400 hectares. Annual option fees ranging from ZAR 3 per hectare to ZAR 18 per hectare are payable to the DMR. The Group received conversion to new order prospecting rights.

Boikgantsho

As of 1 July 2009, the Boikgantsho joint venture agreements terminated and Boikgantsho Platinum Mine (Proprietary) Limited ("BPM"), a private company incorporated under the laws of South Africa, a wholly owned subsidiary of Bokoni Holdco, owns the interest in and assets relating to the Boikgantsho Project. Anooraq owns an effective 51% interest in the Drenthe 778LR and Witrivier 777LR farms and a portion of PPRust's adjacent Overysel 815LR farm. These farms are located on the Northern Limb of the Bushveld Complex. The Group has submitted new order prospecting right applications with the DMR and is awaiting approval.

Kwanda

As of 1 July 2009, the Kwanda joint venture agreements terminated and Kwanda Platinum Mine (Proprietary) Limited, a private company incorporated under the laws of South Africa, a wholly owned subsidiary of Bokoni Holdco, owns the interest in and assets relating to the Kwanda Project. Anooraq owns an effective 51% interest in this project. The Group received conversion to new order prospecting rights for the Kwanda North and Kwanda South properties.

Rietfontein

On 10 October 2001, the Company completed an agreement with African Minerals Ltd., now Ivanhoe Nickel and Platinum Ltd. ("Ivanplats"), a private affiliate of Ivanhoe Capital Corporation, whereby Ivanplats had the right to earn a 50% interest in the Group's 2,900 hectare Rietfontein 2KS farm ("Rietfontein"). Under the terms of this agreement, Ivanplats had to incur at least $750,000 in expenditure pursuant to exploration activities undertaken on Rietfontein in accordance with an approved program in each of the ensuing two years (of which the year one program was completed) to obtain the right to form a 50/50 joint venture with the Company on Rietfontein. There was a disagreement over budgets, compilation and analysis of the exploration results, and the overall adequacy and completeness of Ivanplats' exploration activities. Subsequent to year end, the Ivanhoe Nickel and Platinum dispute was settled and a revised joint venture agreement was entered into.

10. GOODWILL

	2009	2008
Arising from business combination (refer note 34)	**12,932,712**	-
Effect of translation	**(550,143)**	-
	12,382,569	-

For impairment considerations, refer note 7.

11. INVESTMENT IN JOINT VENTURE

	2009	2008
Balance at beginning of the year	**2,518,971**	2,958,785
Equity loss - exploration expenses	**(219,849)**	(235,020)
Effect of translation	**253,579**	(204,794)
Transfer to mineral property interest (refer note 9)	**(2,552,701)**	
	-	2,518,971

The carrying amounts of joint ventures are shown net of impairment losses.

	2009	2008
Summary financial information for GPM is as follows:		
Comprehensive loss	439,698	470,044
Total assets	-	205
Total liabilities	-	6,237,616

12. PLATINUM PRODUCERS' ENVIRONMENTAL TRUST

The Group contributes to the Platinum Producers' Environmental Trust annually. The Trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the Group's mines. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. The Group's share of the cash deposits made is reflected in non-current cash deposits held by Platinum Producers' Environmental Trust.

The non-current cash deposits are restricted in use as it is to be used exclusively for pollution control, rehabilitation and mine closure at the end of lives of the Group's mines.

13. DEFERRED ACQUISITION COSTS

	2009	2008
Acquisition costs capitalised	**-**	1,587,959

Refer note 3.4 (i) for treatment of acquisition costs as a result of the adoption of IFRS 3 (2008).

14. INVENTORIES

	2009	2008
Ore stock piles	**1,091,860**	-

15. TRADE AND OTHER RECEIVABLES

	2009	2008
Financial assets		
Trade receivables (Metals)	**21,501,503**	-
Other trade receivables	**581,096**	-
Employee receivables	**403,898**	-
	22,486,497	-
Non financial assets		
Prepayments	**940,108**	112,910
Lease debtor	**5,313**	-
Value added tax	**-**	156,952
Other receivables	**34,585**	1,692
	23,466,503	271,554

The Group has one major customer with an outstanding account within the agreed payment terms. As a result, no allowance for impairment losses has been recognised.

16. CASH AND CASH EQUIVALENTS

	2009	2008
Bank balances	**30,931,903**	3,850,674
Cash on hand	**15,608**	-
	30,947,511	3,850,674

17. RESTRICTED CASH

	2009	2008
Restricted cash – ESOP Trust	**1,291,348**	-

Restricted cash consist of cash and cash equivalents held by the Bokoni Platinum Mine ESOP Trust, a consolidated SPE, which is not available to fund operations.

18. SHARE CAPITAL

Authorised and issued

	2009	2008
	Number of shares	
Ordinary shares with no par value	**201,743,472**	186,640,007
B2 Convertible Preference shares of $0.1418 (ZAR 1) each	**115,800**	-
B3 Convertible Preference shares of $0.1418 (ZAR 1) each	**111,600**	-

The Company's authorised share capital consists of an unlimited number of ordinary shares without par value. During the year cumulative convertible redeemable "B" preference shares were issued to facilitate the transaction as discussed in note 34.

Share capital

	2009	2008
Share capital	**73,896,147**	57,131,414
Share issue costs	**(2,183,033)**	(2,183,073)
	71,713,114	54,948,341

The Company issued the following ordinary shares on 1 July 2009:

- Anglo Platinum contributed an amount of $15.4 million (ZAR 103.8 million) to the Anooraq Community Participation Trust. Approximately $10.9 million was used to acquire shares of the Company. As of 1 July 2009, the Company issued 9,799,505 ordinary shares at $1.11 to the Anooraq Community Participation Trust.

- Anglo Platinum contributed approximately $6.8 million (ZAR 45.6 million) to the Bokoni Platinum Mine ESOP Trust ("ESOP Trust"), of which $5 million was used to acquire shares of the Company. As of 1 July 2009, the Company issued 4,497,062 ordinary shares at $1.11 to the ESOP Trust. The ESOP Trust is consolidated as a SPE by the Group (refer below).

	2009	2008
Treasury Shares	**4,991,726**	-

Treasury shares relate to shares held by the ESOP Trust in Anooraq, which is consolidated by the Group.

Preference shares

	2009	2008
B2 Convertible Preference shares	**17,150**	**-**
B3 Convertible Preference shares	**16,528**	**-**
Share premium	**162,876,322**	**-**
	162,910,000	**-**

$162.9 million (ZAR 1.1 billion) was raised through share settled financing with the issue of cumulative mandatory convertible "B" preference shares ("B Prefs") to RPM and a subsidiary of Pelawan Investments (Proprietary) Limited to finance the acquisition discussed in note 34. The final effects of the share settled financing will result in RPM receiving a fixed number of 115.8 million ordinary shares of Anooraq and Pelawan Investments (Proprietary) Limited, Anooraq's controlling shareholder, receiving a fixed number of 111.6 million ordinary shares.

These preference shares are convertible upon the earlier of the date of receipt of a conversion notice from RPM and 1 July 2018.

A dividend will be declared on the last business day immediately prior to the conversion date, in terms of a formula set out in the preference share subscription agreement.

19. LOANS AND BORROWINGS

	2009	2008
Non-current liabilities		
Senior Term Loan Facility	**71,506,306**	-
Redeemable "A" preference shares (related party)	**352,664,289**	-
Rustenburg Platinum Mines – Funding loans (related party)	**72,778,897**	12,967,753
Rustenburg Platinum Mines – OCSF (related party)	**54,050,064**	-
Rustenburg Platinum Mines – Interest free loan (related party)	**4,099,586**	-
Rustenburg Platinum Mines – commitment fees(related party)	**410,275**	-
	555,509,417	12,967,753
Current liabilities		
Rustenburg Platinum Mines – Funding loans (current portion)	**-**	1,735,663
	555,509,417	14,703,416

The carrying value of the Group's loans and borrowings changed during the year as follows:

	2009	2008
Balance at beginning of the year	**14,703,416**	**11,698,833**
Senior Term Loan Facility	**74,050,000**	**-**
Rustenburg Platinum Mine – OCSF	**51,330,745**	**-**
Arising from business combination	**493,666,666**	**-**
Rustenburg Platinum Mine – Interest free loan	**4,267,913**	
Repaid as part of acquisition (refer note 34)	**(251,770,000)**	**-**
Redeemable "A" preference shares	**177,720,000**	**-**
Redemption of "A" preference shares	**(1,066,320)**	**-**
Loans repaid	**(18,049,078)**	**(1,885,517)**
Increase in RPM term loan	**-**	**3,630,000**
Loan costs capitalised	**(4,857,128)**	**-**
Commitment fee capitalised	**(407,076)**	**-**
Finance expenses accrued	**33,028,228**	**1,719,866**
Amortisation of loan costs	**449,149**	**-**
Commitment fee liability	**407,076**	**-**
Effect of translation	**(17,964,174)**	**(459,766)**
	555,509,417	**14,703,416**

The terms and conditions for the outstanding borrowings at 31 December 2009 are as follows:

Senior Term Loan Facility

The senior term facility is for a period of nine years and is payable in 12 semi-annual instalments beginning 31 January 2013. The loan accrues interest which is to be paid semi-annually beginning 31 January 2013. During the first 36 months, interest will only be paid if there are available funds. If there are no available funds, the accrued interest will roll-up into the roll-up interest loan balance. At 31 December 2009, $5 million (ZAR 36.9 million) has rolled up. This roll-up interest is limited to $35.6 million (ZAR 250 million). Interest is calculated at a variable rate linked to the 3 month JIBAR plus applicable margin and mandatory cost (13.049 % at 31 December 2009).

The Group has entered into an interest rate swap arrangement with Standard Chartered Bank to fix the variable interest rate on $74 million (ZAR 500 million) of the principal amount of the loan at 14.695%.

The Group is in compliance with the debt covenant requirements of this facility as at 31 December 2009.

Redeemable "A" Preference Shares

The "A" preference shares were issued by Plateau and Bokoni Holdco to Rustenburg Platinum Mine (related party) as part of the business combination and liabilities assumed (refer note 34). These shares are cumulative mandatory redeemable shares which attract a fixed annual cumulative dividend of 12%. The Group is obligated to redeem the outstanding amount including undeclared dividends which should have been declared within six years (1 July 2015) of issue, to the extent that the Company is in the position to redeem the shares. Any preference shares not redeemed in six years must be redeemed after nine years (1 July 2018).

During the three year period prior to the initial maturity date, Plateau will be required to undertake a mandatory debt refinancing and use 100% of such external debt funding raised to settle the following amounts owing by Plateau to RPM at such time, in the following order:

(i) any outstanding amounts of the Standby Facility ;

(ii) any outstanding amounts of the OCSF; and

(iii) the redemption amount payable upon the redemption of any outstanding Redeemable "A" Preference Shares. Plateau is obliged to undertake the refinancing process but if the debt is not re-financeable based upon the debt markets at that time then there is no sanction on Plateau. At the acquisition date, 1 July 2009, an amount of $1.1 million (ZAR 7.2 million) was repaid with surplus cash available.

Rustenburg Platinum Mines - Funding Loans

This loan is between RPM and Bokoni Holdco and consists of the retention of the original RPM claims for an amount of $68.1 million (ZAR480,3 million)

The $68.1 million is payable in semi-annual instalments starting 31 January 2013. The unpaid principal balance will bear interest at the interest rate and on the same terms as the Senior Term Loan Facility.

Rustenburg Platinum Mines - OCSF

Under the Operating Cash flow Shortfall Facility ("OCSF"), if funds are requested by Bokoni (and authorised by Bokoni Holdco), RPM shall advance such funds directly to Bokoni. At 31 December 2009, $54 million (ZAR381 million) of the available $208 million (ZAR1,470 million) has been advanced by RPM. The remaining facility may only be utilised for the purposes of operating or capital expenditure cash shortfalls at Bokoni.

The unpaid principal balance on the OCSF will bear interest at a fixed rate of 15.84%, compounded quarterly in arrears.

Rustenburg Platinum Mines – Standby Facility

The Group secured an agreement with RPM to access RPM's attributable share of the Bokoni Holdco cash flows ("the Standby Facility") up to a maximum of 29% of all free cash flow generated from the Bokoni Mine to meet its repayment obligations in terms of the Senior Term Loan Facility.

The standby facility will bear interest at the prime rate of interest in South Africa and has a final maturity date on 1 July 2018. As at 31 December 2009 no draw down was made on the standby facility.

Rustenburg Platinum Mines - Interest free loan

This loan is between RPM and Bokoni Holdco. The loan is interest free and repayable 12 months and 1 day after requested by RPM.

Security

The Senior Term Loan Facility is secured through various security instruments, guarantees and undertakings provided by the Group against 51% of the cash flows generated by the Bokoni Mine, together with 51% of the Bokoni Mine asset base. The Standby Facility, OCSF and the "A" preference shares rank behind the Senior Term Loan Facility for security purposes.

20. DEFERRED TAX

Deferred tax liabilities and assets on the statement of financial position relate to the following:

	2009	2008
Deferred tax liabilities		
Property plant and equipment (including capital work-in-progress)	**257,251,314**	-
Prepayments	**253,564**	-
Environmental trust fund contributions	**599,636**	-
Inventories	**305,721**	-
Gross deferred tax liability	**258,410,235**	-
Deferred tax assets		
Provision for environmental liabilities	**(1,965,891)**	-
Unredeemed capital expenditure	**(22,440,284)**	-
Accrual for employee leave liabilities	**(2,002,797)**	-
Provision for share-based compensation	**(40,974)**	-
Calculated tax losses	**(18,476,180)**	-
Gross deferred tax asset	**(44,926,126)**	-
Net deferred tax liability	**213,484,109**	-

The movement in the net deferred tax liability recognised in the statement of financial position is as follows:

	2009	2008
Balance at beginning of year	**-**	-
Arising from business combination (refer note 34)	**231,040,913**	-
Current year	**(7,668,639)**	-
Effect of translation	**(9,888,165)**	-
	213,484,109	-

As at 31 December the Group had not recognised the following net deferred tax assets:

	2009	2008
Deferred tax assets	**12,086,895**	14,197,035

The unrecognized temporary differences are:

	2009	2008
Unredeemed capital expenditure	**1,989,602**	4,384,291
Tax losses	**8,659,662**	7,852,229
Foreign exchange losses	**1,437,631**	1,960,515
	12,086,895	14,197,035

Deferred tax assets have not been recognised for the above temporary differences as it's not probable that the respective entities to which they relate will generate future taxable income against which to utilise the temporary differences.

Gross calculated tax losses expire as follows:

	2009
2010	**(1,735,875)**
2011-2015	**(4,456,781)**
Thereafter	**(7,583,843)**
Indefinitely	**(18,626,663)**
	(32,403,162)

21. PROVISIONS

	2009	2008
Provision raised for rehabilitation		
Balance at beginning of the year	**-**	-
Arising from business combination (refer note 34)	**4,308,137**	-
Capitalised to property, plant and equipment	**2,691,883**	-
Notional interest	**181,813**	-
Effect of translation	**(160,795)**	-
	7,021,038	-
Future net obligations		
Undiscounted rehabilitation cost	**12,642,974**	-
Amount invested in environmental trust fund (refer note 12)	**(2,578,131)**	-
Total future net obligation - Undiscounted	**10,064,843**	**-**

The Group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and metals from plant clean-up at the time of mine closure.

Key assumptions used in determining the provision:		
Discount period	20 years	-
South African discount rate (risk free rate)	8.4%	-
South African inflation	5.2%	-

Sensitivity	Inflation rate	Discount rate
1% increase	1,449,016	(1,167,215)
1% decrease	(1,209,612)	1,416,795)

22. DERIVATIVE LIABILITY

	2009	2008
Interest rate swap	**(1,590,945)**	-

23. TRADE AND OTHER PAYABLES

	2009	2008
Financial liabilities		
Trade payables	**8,143,426**	219,024
Other payables	**3,534,094**	-
	11,677,520	219,024
Non financial liabilities		
Payroll accruals	**1,455,234**	195,139
Leave liabilities	**7,322,160**	-
Share appreciation rights	**146,334**	-
Lease accrual	**93,583**	-
Restructuring costs	**1,807,996**	-
Operational accruals	**4,128,123**	1,384,676
Value added tax	**317,697**	-
	26,948,647	1,798,839

	2009	2008

24. REVENUE

	2009	2008
Revenue from mining operations by commodity:		
Platinum	**39,282,459**	-
Palladium	**6,582,056**	-
Rhodium	**6,439,392**	-
Nickel	**6,278,262**	-
Other	**4,045,699**	-
	62,627,868	-

Revenue consists of the sale of concentrate to Rustenburg Platinum Mines Limited (a related party).

25. COST OF SALES

	2009	2008
Cost of sales includes:		
Labour costs	**39,333,125**	-
Stores costs	**11,036,693**	-
Power and compressed air	**4,481,837**	-
Contractors cost	**2,742,494**	-
Other costs	**11,022,676**	-
Inventory movement	**(1,083,390)**	-
Depreciation	**13,433,032**	-
	80,966,467	-

26. FINANCE INCOME

	2009	2008
Interest received – Financial assets at amortised cost		
Platinum producers environmental trust	**102,664**	-
Bank accounts	**426,621**	179,119
	529,285	179,119

27. FINANCE EXPENSES

	2009	2008
Financial liabilities		
Bank and short term facilities	**72,158**	-
"A" Preference shares (related party)	**19,560,689**	-
OCSF and funding facilities (related party)	**8,439,108**	1,848,574
Senior Term Loan Facility	**5,028,432**	-
Interest on fair value of interest rate swap	**189,173**	-
Other payables	**324**	-
	33,289,884	1,848,574
Non-financial liabilities		
Notional interest – rehabilitation provision	**181,813**	-
Commitment fees on OCSF	**38,091**	-
Transaction fees	**411,058**	-
	630,962	-
Total finance costs before interest capitalised	**33,920,846**	1,848,574
Interest capitalised	**(13,580,559)**	-
Total finance costs	**20,340,287**	1,848,574

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation during the year is 12.95% (2008: 0%).

28. LOSS BEFORE INCOME TAX

Loss before income tax as stated includes the following:

	2009	2008
Operating lease expense – buildings	**387,131**	353,348
Restructuring costs	**1,784,452**	-
Share-based payments	**2,185,812**	5,385,501
Bonus settled via shares	**895,625**	-
Cash settled share-based payments	**145,199**	-

29. INCOME TAX

	2009	2008
SA normal taxation		
Current tax – prior year	**35,154**	-
Deferred tax – current year	**(7,668,639)**	-
	(7,633,485)	**-**

	2009	2008
Taxation rate reconciliation:		
Statutory Canadian tax rate	**(30.00%)**	(31.00%)
Other disallowed expenditure	**1.62%**	7.60%
Transactions costs disallowed	**5.25%**	-
Preference dividends	**5.65%**	-
Equity settled share based compensation	**1.10%**	12.76%
Investment income not taxable	**(0.07%)**	-
Tax adjustments – prior year	**0.02%**	-
Deferred tax assets not recognised	**3.01%**	14.30%
Effect of rate differences	**0.57%**	(3.66%)
Effective taxation rate	**(12.85%)**	0.00%

30. OTHER COMPREHENSIVE INCOME NET OF INCOME TAX

Components of other comprehensive income:

Foreign currency translation differences for foreign operations	**(14,072,611**	129,684
Effective portion of changes in fair value of cash flow hedges	**(731,293)**	-
	(14,803,904)	129,684

31. EARNINGS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2009 was based on the loss attributable to shareholders of the Company of $35,531,631 (2008: $13,970,096), and a weighted average number of ordinary shares of 305,971,455 (2008: 185,775,361).

At 31 December 2009, 282,584 share options were included in the diluted weighted average number of ordinary shares calculation.

Issued ordinary shares at 1 January	**186,640,007**	185,208,607
Effect of shares issued in financial year	**5,319,941**	566,754
Convertible "B" Preference shares - issued on 1 July 2009	**114,011,507**	-
Weighted average number of ordinary shares at 31 December	**305,971,455**	185,775,361
Dilutive share options	**282,584**	-
	306,254,039	185,775,361

The loss per share for the year ended 31 December 2009 was 12 cents (2008: 8 cents).

32. CASH USED BY OPERATIONS

		2009	2008
CASH UTILISED BY OPERATIONS			
Loss before income tax		**(59,414,014)**	(13,970,096)
Adjustments for:			
Finance expense		**20,340,287**	1,848,574
Finance income		**(529,285)**	(179,119)
Items not involving cash:			
Depreciation		**13,557,111**	61,140
Equity settled share-based compensation		**2,185,812**	5,385,501
Bonus settled via shares		**895,658**	-
Loss from equity accounted investees		**219,849**	235,022
Gain on disposal of property, plant and equipment		**(69,239)**	(5,779)
Derivative loss		**636,529**	-
Acquisition costs previously capitalised		**1,587,959**	-
Other		**(24,166)**	-
Cash utilised before working capital changes		**(20,613,499)**	(6,624,757))
Working capital changes			
Increase in trade and other receivables	(i)	**(1,727,856)**	(2,366)
(Decrease)/increase in trade and other payables	(ii)	**(4,368,581)**	1,278,128
Increase in inventories	(iii)	**(1,083,390)**	-
Cash utilised by operations		**(27,793,326)**	(5,348,995)

(i) Increase in trade and other receivables

	2009	2008
Opening balance	**271,554**	**269,188**
Arising from business combination (refer note 34)	**22,477,941**	**-**
Closing balance	**(23,466,503)**	**(271,554)**
Movement for the year	**(717,008)**	**(2,366)**
Effect of translation	**(1,010,848)**	**-**
	(1,727,856)	**(2,366)**

(ii) Decrease/increase in trade and other payables

	2009	2008
Opening balance	**(1,798,839)**	**(520,711)**
Arising from business combination (refer note 34)	**(30,845,374)**	**-**
Closing balance	**26,948,647**	**1,798,839**
Movement for the year	**(5,695,566)**	**1,278,128**
Effect of translation	**1,326,985**	**-**
	(4,368,581)	**1,278,128**

(iii) Increase in inventories

	2009	2008
Opening balance	**-**	**-**
Acquired in 1 July business acquisition – Bokoni (per note 34)	**-**	**-**
Closing balance	**(1,091,860)**	**-**
Movement for the year	**(1,091,860)**	**-**
Effect of translation	**8,470**	**-**
	(1,083,390)	**-**

33. SEGMENT INFORMATION

The Group has two reportable segments as described below. These segments are managed separately based on the nature of operations. For each of the segments, the Group's CEO reviews internal management reports monthly. The following summary describes the operations in each of the Group's reportable segments:

- Bokoni Mine - Mining of PGM's.
- Projects - Mining exploration in Boikgantsho, Kwanda, and Ga-Phasha exploration projects.

The reporting segments have changed from the prior year as a result of the acquisition discussed in note 34. The prior year's information has been re-classified in line with this change. The majority of operations and functions are performed in South Africa. An insignificant portion of administrative functions are performed in the Company's country of domicile.

	31 December 2009			31 December 2008			
	Bokoni Mine	**Projects**	**Total**	Bokoni Mine	Projects	Total	**Note**
Revenue	**62,627,868**	**-**	**62,627,868**	-	-	-	
Cost of sales	**(81,904,961)**	**-**	**(81,904,961)**	-	-	-	(i)
Loss before income tax	**(39,753,539)**	**(180,426,480)**	**(220,180,019)**	-	(576,965)	-	(ii)
Income tax	**6,596,600**	**-**	**6,596,600**	-	-	-	(iii)
Depreciation	**(12,542,425)**	**-**	**(12,542,425)**	-	-	-	(iv)
Finance income	**102,664**	**-**	**102,664**	-	-	-	(v)
Finance expense	**(19,113,833)**	**-**	**(19,113,833)**	-	-	-	(vi)
Total Assets	**1,013,025,599**	**10,769,629**	**1,023,795,228**	-	6,718,971	-	(vii)
Additions to non-current assets	**24,438,460**	**-**	**24,438,460**	-	-	-	(viii)
Total Liabilities	**(642,004,400)**	**(15,435,136)**	**(657,439,536)**	-	(8,822,050)	-	(ix)

In the prior year, Ga-Phasha was equity accounted as it was classified as an investment in joint venture. Therefore, only the Group's share of Ga-Phasha's loss is disclosed in the annual financial statements. Refer note 11 for the joint venture disclosure.

Reconciliations of reportable segment cost of sales, loss before income tax, income tax, depreciation, finance income, finance expense, assets, addition to non-current assets and liabilities:

		2009	**2008**
(i)	**Cost of sales**		
	Total cost of sales for reportable segments	**(81,904,961)**	**-**
	Corporate and consolidation adjustments	**938,494**	**-**
	Consolidated cost of sales	**(80,966,467)**	**-**
(ii)	**Loss before income tax**		
	Total loss before tax for reportable segments	**(220,180,019)**	(576,965)
	Corporate and consolidation adjustments	**160,766,005**	(13,393,131)
	Consolidated loss before income tax	**(59,414,014)**	(13,970,096)
(iii)	**Income tax**		
	Taxation for reportable segments	**6,596,600**	-
	Corporate and consolidation adjustments	**1,036,885**	-
	Consolidated taxation	**7,633,485**	-

	2009	2008
(iv) Depreciation		
Depreciation for reportable segments	**(12,542,425)**	-
Corporate and consolidation adjustments	**(1,014,685)**	-
Consolidated depreciation	**(13,557,110)**	-
(v) Finance income		
Finance income for reportable segments	**102,664**	-
Corporate and consolidation adjustments	**426,621**	-
Consolidated finance income	**529,285**	-
(vi) Finance expenses		
Finance expense for reportable segments	**(19,113,833)**	-
Corporate and consolidation adjustments	**(1,226,454)**	-
Consolidated finance expense	**(20,340,287)**	-
(vii) Assets		
Assets for reportable segments	**1,023,795,228**	6,718,971
Corporate and consolidation adjustments	**(9,580,223)**	6,179,822
Consolidated assets	**1,014,215,005**	12,898,793
(viii) Additions to non-current assets		
Additions to non-current assets for reportable segments	**24,438,460**	-
Corporate and consolidation adjustments	**11,850**	-
Consolidated additions to non-current assets	**24,450,310**	-
(ix) Liabilities		
Liabilities for reportable segments	**(657,439,536)**	(8,822,050)
Corporate and consolidation adjustments	**(147,267,849)**	(7,680,205)
Consolidated liabilities	**(804,707,385)**	(16,502,255)

34. ACQUISITIONS OF SUBSIDIARY AND NON-CONTROLLING INTERESTS

Anooraq, through Plateau, acquired 51% controlling interests in Bokoni as well as an additional one percent interest in several PGM exploration projects, including the advanced stage Ga-Phasha Project, the Boikgantsho Project, and the early stage Kwanda Project. The acquisition of the controlling interest was affected by Plateau acquiring 51% of the shareholding of Bokoni Holdco on 1 July 2009, for an aggregate purchase consideration of $385 million (ZAR 2.6 billion), which includes $251 million used to repay loans and borrowings assumed in the transaction.

Bokoni, previously 100% owned by Anglo Platinum, is located on the north-eastern limb of the Bushveld Complex adjacent to the Ga-Phasha Project. The Bokoni mining operation consists of a vertical shaft and declines to access the underground development on the Merensky and UG2 Reefs, and two concentrators.

Pursuant to the terms of the acquisition agreements, Plateau acquired 51% of the shares in, and claims on shareholders loan account against Bokoni Holdco. The joint venture agreements in respect of the Ga-Phasha Project, Boikgantsho Project and Kwanda Project were terminated and these projects were transferred into separate project companies, established as wholly-owned subsidiaries of Bokoni Holdco.

Financing

The Group financed the purchase consideration transferred of $385 million (ZAR 2.6 billion) as follows:

- $111 million (ZAR 750 million) of senior debt funding in terms of the Standard Chartered senior term loan facility (the "Senior Term Loan Facility") from Standard Chartered Bank plc ("Standard Chartered" or "SCB") provided to Plateau, of which $74 million (ZAR 500 million) was drawn down on 1 July 2009. The Group applied approximately $44 million (ZAR 300 million) of the Senior Term Loan Facility in part settlement of the consideration transferred. Refer note 19 for details.

  On 11 December 2009, 34% of the facility was acceded to First Rand Bank Limited, acting through its Rand Merchant Bank division ("RMB"). The same terms apply as per the initial agreement with SCB;

- $177.8 million (ZAR 1.2 billion) through the issue of cumulative mandatory redeemable "A" preference shares ("A Prefs") of Plateau to RPM (refer note 19); and

- $162.9 million (ZAR 1.1 billion) through the effects of a share settled financing with the issue of cumulative convertible "B" preference shares ("B Prefs") to RPM and a subsidiary of Pelawan Investments (Proprietary) Limited. The final effects of the share settled financing will result in RPM receiving a total of 115.8 million ordinary shares of Anooraq and Pelawan Investments (Proprietary) Limited, Anooraq's controlling shareholder, receiving 111.6 million ordinary shares, to maintain its minimum 51% shareholding in the Company.

Transaction costs amounting to $15.2 million associated with finalising the transaction were incurred of which $10.4 million, relating to the acquisition, was recognised in profit or loss. The remaining costs were capitalized to the related debt.

Identifiable assets acquired and liabilities assumed

The following summarises the amounts of assets acquired and liabilities assumed at the acquisition date:

	Carrying value	Fair Value
Property, plant and equipment	767,109,345	725,226,891
Capital work in progress	216,194,965	216,194,965
Cash deposits held in Platinum Producers Environmental Trust	2,356,993	2,356,993
Other non-current assets	741	741
Trade and other receivables	22,477,941	22,477,941
Cash and cash equivalents	3,576,912	3,576,912
Loans and borrowings (owing to RPM)	(493,666,666)	(493,666,666)
Deferred taxation	(60,367,689)	(231,040,913)
Provisions	(4,308,137)	(4,308,137)
Current tax payable	(123,034)	(123,034)
Trade and other payables	(30,845,374)	(30,845,374)
Total identifiable net assets	**422,405,997**	**209,850,319**

	2009	2008
Goodwill		
Goodwill was recognised as a result of the acquisition as follows:		
Total purchase consideration	**385,060,000**	-
Assets acquired as part of the transaction (refer note 9)	**(6,592,523)**	-
Contributions received from Anglo Platinum relating to ESOP Trust	**(6,741,102)**	-
Repayment of loans and borrowings to RPM (refer note 19)	**(251,770,000)**	-
Consideration transferred as part of business combination	**119,956,375**	-
Non - controlling interest in Bokoni	**102,826,656**	-
Less total identifiable net assets	**(209,850,319)**	-
At acquisition goodwill, as of 1 July 2009	**12,932,712**	-
Effect of translation	**(550,143)**	-
Goodwill at 31 December 2009	**12,382,569**	-

Anooraq increased its interest in the PGM exploration project assets from 50% to 51% through the above mentioned transaction. The acquisition of the additional one percent was accounted for as an asset acquisition (mineral property interests) and the additional interests were recognised at their respective fair values amounting to $6.6 million in total.

The consideration transferred was further reduced by $251 million for the repayment of loans and borrowings owing to RPM as well as contributions received from Anglo Platinum amounting to $6.8 million relating to the Bokoni Platinum Mine ESOP Trust, a consolidated SPE, on 1 July 2009.

The contributions to revenue and operating loss since acquisition had the acquisition occurred on 1 January 2009, respectively, are as follows:

	Since acquisition	**For the full year to date**
Revenue	62,627,868	113,654,693
Loss before income tax	(39,753,539)	(93,826,099)

35. OPERATING LEASES

Accucap Properties-Lessor

The company has entered into a five year lease agreement with an option to extend the lease with its landlord. The lease expires in 30 November 2012 and the rent escalates at 9% per annum.

Crane (Pty) Ltd-Lessee

The company sublet its premises in terms of a two year lease. The lease expires on 28 February 2011.

The future minimum lease payments and receipts under non-cancellable leases are as follows:

2009	**Due within 1 year**	**Due within 2-5 years**	**Total**
Accucap Properties - Lessor	**367,735**	**798,347**	**1,166,082**
Crane (Pty) Ltd - Lessee	**(152,319)**	**(25,740)**	**(178,059)**
	215,416	**772,607**	**988,023**
2008			
Accucap Properties - Lessor	311,914	1,078,901	1,390,815

36. SHARE OPTIONS

36.1 Equity settled options

The Company has a share option plan approved by the shareholders that allows it to grant options, subject to regulatory terms and approval, to its directors, employees, officers, and consultants to acquire up to 32,600,000 (2008: 18,300,000) common shares. In 2009 the Company increased the number of shares reserved for issuance under the Plan from 18,300,000 to 32,600,000. The Company obtained shareholder and stock exchange approval. As at 31 December 2009, 14,192,000 options were outstanding and 18,408,000 options remained available to be granted. On 30 June 2009 the Company obtained shareholder and stock exchange approval to decrease the exercise price to C$1.29 per option for 8,061,000 share options, including stock options granted to certain insiders of the Company pursuant to repricing. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts) on the TSX Venture Exchange. Options have a term of up to a maximum of ten years (however, the Company has historically granted options for up to a term of five years), and terminate 30 to 90 days following the termination of the optionee's employment or term of engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted. The continuity of share purchase options is as follows:

	Weighted average exercise price	Number of options	Contractual weighted average remaining life (years)
Balance - 31 December 2007	$ 2.43	7,695,000	4.12
Granted	2.86	2,851,000	
Exercised	1.42	(1,431,400)	
Cancelled	3.22	(148,600)	
Balance - 31 December 2008	$ 2.72	8,966,000	3.72
Granted	0.86	6,156,000	
Cancelled	1.29	(930,000)	
Balance - 31 December 2009	$ 1.10	14,192,000	4.32

Options outstanding and exercisable at 31 December 2009 were as follows:

Expiry date	Option price	Number of options outstanding	Number of options vested	Weighted average life (years)
17 December 2010	$ 1.29 #	1,285,000	1,285,000	1.9
1 July 2010	$ 1.29 #	119,000	119,000	1.5
15 October 2012	$ 1.29 #	4,306,000	4,306,000	3.8
25 June 2013	$ 1.29 #	916,000	916,000	4.5
30 June 2013	$ 1.29 #	1,410,000	1,410,000	4.5
25 June 2014	$ 0.96	1,126,000	1,126,000	4.5
30 June 2013	$ 0.84	5,030,000	-	6.9
Total		**14,192,000**	**9,162,000**	
Weighted average exercise price		**$ 1.10**	**$1.25**	

- The options were re-priced to $1.29 on 30 June 2009

The exercise prices of all share purchase options granted during the year were equal to or greater than the market price at the grant date. Using the Black-Scholes option pricing model with the assumptions noted below, the estimated fair value of all options granted have been reflected in the statement of changes in equity.

The share-based payments expense during the year ended 31 December 2009 was $2,185,812 (2008: $5,385,501).

The assumptions used to estimate the fair value of options granted during the year were:

	2009	2008
Canadian risk free interest rate	**3%**	3%
Expected life	**5 - 7 years**	5 years
Volatility	**83%**	73%
Forfeiture rate	**0%**	0%
Expected dividends	**Nil**	Nil

The volatility of the shares was calculated over the expected life of the option. Volatility was calculated by using available historical information on the share price for Anooraq equal to the expected life of the scheme.

The risk free rate for periods within the contractual term of the share right is based on the Government of Canada benchmark bond yield.

36.2 Cash settled share-based payments

The Group also currently has a scheme in place to award share appreciation rights (“SARs”) to recognise the contributions of senior staff to the Group’s financial position and performance and to retain key employees. These share appreciation rights are linked to the share price of the Group on the Johannesburg Securities Exchange (“JSE”) and are settled in cash on the exercise date.

A third of the share appreciation rights granted are exercisable annually from the grant date with an expiry date of 4 years from the grant date. The offer price of these share appreciation rights equaled the closing market price of the underlying shares on the trading date immediately preceding the granting of the share appreciation rights.

Share appreciation rights granted (all unvested at year end)	2,933,000

Vesting year of unvested share appreciation rights:

Within one year	977,667
One to two years	977,667
Two to three years	977,666
Total number of shares unvested	2,933,000

The value of the share appreciation rights expensed in the year ended 31 December 2009 was calculated as $145,199 (2008: Nil).

The assumptions used to estimate the fair value of the SARS granted during the year were:

South African risk free rate	8.4%
Volatility	83%
Forfeiture rate	0%
Expected dividends	Nil

The only vesting conditions for the scheme are that the employees should be in the employment of the Company.

The volatility of the shares were calculated with the equally weighted standard approach of calculating volatility by using available historical information on the share price for Anooraq equal to the term to maturity of the scheme.

The risk free rate for periods within the contractual term of the share right is based on the South African Government Bonds in effect at the time.

36.3 Bonus settled via shares

The Company issued shares to key members of management during the year ended 31 December 2009 as consideration for finalising the acquisition as discussed in note 34. A total of 806,898 (2008: Nil) shares was issued at a cost of $895,625 (2008: $Nil).

37. CONTINGENCIES

QuestCo (Proprietary) Limited and North Corporate Finance Advisory Services Limited are of the view that an additional amount of $1.8 million (ZAR13 million) in the aggregate is payable to them in respect of corporate advisory services rendered by them pursuant to the implementation of the Bokoni acquisition on 1 July 2009. Anooraq does not believe that the aforesaid claims have any merit. Accordingly, no provision for such services has been made. The parties are currently in arbitration on this matter.

38. RELATED PARTIES

None of the directors, officers or major shareholders of Anooraq or, to the knowledge of Anooraq, their families, had any interest, direct or indirect, in any transaction during the last two fiscal years or in any proposed transaction which has affected or will materially affect Anooraq or its investment interests or subsidiaries, other than as stated below.

Relationships

Related party	Nature of relationship
Hunter Dickinson Services Inc. ("HDSI")	HDSI is a private company owned equally by several public companies, one of which is the Company. HDSI has a director 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 31 December 1996.
CEC Engineering Ltd ("CEC")	CEC is a private company owned by a former director, used by the company for engineering and project management services at market rates.
Rustenburg Platinum Mines (‘RPM’)	The Group concluded a number of shared services agreements between Bokoni mine and Rustenburg Platinum Mines (‘RPM’), a wholly owned subsidiary of Anglo Platinum and 49% shareholder in Bokoni Holdco. Pursuant to the terms of various shared services agreements, the Anglo American group of companies will continue to provide certain services to Bokoni Mines at a cost that is no greater than the costs charged to any other Anglo American group company for the same or similar services. It is anticipated that, as Anooraq builds its internal capacity, and makes the transformation to a fully operational PGM producer, these services will be phased out and replaced either with internal services or third party services. The Group also sells concentrate produced at the mine to RPM at market related prices.
Pelawan Investments (Pty) Ltd (“Pelawan”)	Pelawan is the Company’s controlling shareholder.
Key management	All directors directly involved in Anooraq and certain members of top management at Bokoni.

Related party balances

		2009	2008
HDSI	Trade and other payables	**(118,698)**	(794,072)
RPM	Loans and Borrowings (refer note 19)	**(484,003,094)**	(14,703,416)
	Trade and other payables	**(3,534,094)**	-
	Trade and other receivables	**21,501,503**	-

Related party transactions

		2009	2008
HDSI	Administration expenses	**713,945**	1,302,304
CEC	Administration expenses	**-**	4,927
RPM	Revenue (refer note 24)	**(62,627,868)**	-
	Finance expense (before interest capitalised)	**27,999,797**	-
	Cost of sales	**6,160,349**	-
Pelawan	Transaction costs *	**1,600,000**	-

* - The company paid transaction costs amounting to $1.6 million on behalf of Pelawan Investments (Proprietary) Limited, the Company's controlling shareholder, owing to RMB and legal costs. These amounts were expensed in profit and loss during the year ended 31 December 2009.

Key Management Compensation

	2009	2008
Remuneration for executive directors and key management		
- Salaries	**2,991,921**	2,030,128
- Benefits	**615,789**	212,276
- Share bonuses	**895,625**	-
- Share options	**1,547,117**	4,944,451
- Cash settled share-based payments	**145,199**	-
Remuneration for non-executives	**537,263**	429,988
	6,732,914	7,616,843

39. EXPLANATIONS OF TRANSITION TO IFRS

The accounting policies in note 4 have been applied in preparing the consolidated financial statements for the year ended 31 December 2008 and the preparation of an opening IFRS statement of financial position on 1 January 2008, the Transition Date.

In preparation of these consolidated financial statements, the financial statements for the year ended 31 December 2008, have been adjusted from amounts reported previously in the financial statements prepared in accordance with GAAP.

An explanation of how the transition from GAAP to IFRS has affected the Group's statement of financial position and statement of comprehensive loss is set out in the following statements.

	1 January 2008			31 December 2008		
	As reported under previous GAAP	Effects of transition to IFRS	IFRS	As reported under previous GAAP	Effects of transition to IFRS	IFRS
Assets						
Non-current assets						
Property, plant and equipment	105,494	-	105,494	469,635	-	469,635
Mineral property interest	4,200,000	-	4,200,000	4,200,000	-	4,200,000
Investment in joint venture	4,878,714	(1,919,929)	2,958,785	4,793,645	(2,274,674)	2,518,971
Deferred acquisition costs	368,146	-	368,146	1,587,959	-	1,587,959
Total non-current assets	**9,552,354**	**(1,919,929)**	**7,632,425**	**11,051,239**	**(2,274,674)**	**8,776,565**
Current assets						
Trade and other receivables	269,188		269,188	271,554		271,554
Cash and cash equivalents	7,131,821	-	7,131,821	3,850,674	-	3,850,674
Total current assets	**7,401,009**	**-**	**7,401,009**	**4,122,228**	**-**	**4,122,228**
Total assets	**16,953,363**	**(1,919,929)**	**15,033,434**	**15,173,467**	**(2,274,674)**	**12,898,793**
Equity and Liabilities						
Equity						
Share Capital	51,855,350	-	51,855,350	54,948,341	-	54,948,341
Foreign currency translation reserve	-	-	-	-	129,684	129,684
Share-based payment reserve	13,254,905	-	13,254,905	17,584,974	-	17,584,974
Accumulated loss	(60,376,436)	(1,919,929)	(62,296,365)	(73,862,103)	(2,404,358)	(76,266,461)
Total equity	**4,733,819**	**(1,919,929)**	**2,813,890**	**(1,328,788)**	**(2,274,674)**	**(3,603,462)**
Liabilities						
Non-current liabilities						
Loans and borrowings	9,806,636	-	9,806,636	12,967,753	-	12,967,753
Current liabilities						
Loans and borrowings	1,892,197	-	1,892,197	1,735,663	-	1,735,663
Trade and other payables	520,711	-	520,711	1,798,839	-	1,798,839
Total current Liabilities	**2,412,908**	**-**	**2,412,908**	**3,534,502**	**-**	**3,534,502**
Total equity and liabilities	16,953,363	(1,919,929)	15,033,434	**15,173,467**	**(2,274,674)**	**12,898,793**

Reconciliation of the statement of comprehensive loss

	31 December 2008		
	As reported under previous GAAP	Effects of transition to IFRS	IFRS
Revenue	-	-	-
Cost of sales	-	-	-
Gross loss	**-**	**-**	**-**
Depreciation	(61,140)	-	(61,140)
Administrative expenses	(11,536,001)	(474,257)	(12,010,258)
Other income	5,779	-	5,779
Operating loss	**(11,591,362)**	**(474,257)**	**(12,065,619)**
Finance income	179,119	-	179,119
Finance expenses	(2,074,424)	225,850	(1,848,574)
Net finance expense	**(1,895,305)**	**225,850**	**(1,669,455)**
Share of loss of equity accounted investees	-	(235,022)	(235,022)
Loss before income tax	**(13,486,667)**	**(483,429)**	**(13,970,096)**
Income tax	1,000	(1,000)	-
Loss for the year	**(13,485,667)**	**(484,429)**	**(13,970,096)**
Other comprehensive income			
Foreign currency translation difference for foreign operations	-	129,684	129,684
Total comprehensive loss for the year	**(13,485,667)**	**(354,745)**	**(13,840,412)**

Notes

Basis of Consolidation

Under GAAP, the Company accounted for its 50% interest in Ga-Phasha Platinum Mines (Proprietary) Limited, previously a variable interest entity. The Company was not considered the primary beneficiary prior to 1 July 2009 and therefore accounted for its interest using the equity method.

IFRS does not include the concept of a variable interest entity. IFRS requires the Company to consolidate entities including Special Purpose Entities ("SPE") only where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. On transition to IFRS, the Company has determined that GPM was not a SPE and that the Company had joint control of GPM. Accordingly, under IFRS, the Company could elect to use either the equity method or proportionate consolidation method to account for its interest in GPM.

The Company elected to continue using the equity method of accounting for Anooraq's interest in GPM. Therefore, other than an adjustment related to foreign currency discussed below, there was no impact on the opening statement of financial position at the Transition Date or on the consolidated statement of financial position at 31 December 2008 other than the effect of the foreign currency translation adjustment noted below. The Company's equity investment in joint venture is now presented separately on the statement of financial position rather than included in mineral property interests.

Functional Currency

Under GAAP, all the Company's subsidiaries were integrated foreign operations. Therefore, monetary items were translated at year-end rates and non-monetary items were translated at average rates with all foreign currency gains and losses recognised in profit or loss. IFRS requires that the functional currency of each subsidiary of the Company be determined

separately.

It was determined that, as at the Transition Date, the Canadian dollar was the functional currency of all subsidiaries except Plateau and GPM, which have ZAR as their functional currency. In accordance with the IFRS 1 optional exemptions, the Company has elected to transfer the foreign currency translation differences, recognised as a separate component of shareholders' equity, to accumulated loss on the transition date.

Share-based payments

Under GAAP, the Company measured share-based compensation related to share options at the fair value of the options granted using the Black-Scholes option pricing formula and recognised this expense over the vesting year of the options. For the purpose of accounting for share-based payment transactions, an individual was classified as an employee when the individual was consistently represented to be an employee under law. The fair value of the options granted to employees was measured on the date of grant. The fair value of options granted to contractors and consultants (non-employee) were measured on the date the services were completed. Forfeitures were recognised as they occurred.

IFRS 2, similar to GAAP, requires the Company to measure share-based payment transactions related to share options granted to employees at the fair value of the options on the date of grant and to recognise such expense over the vesting year of the options. However, for options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured. For the purpose of accounting for share-based payment transactions, an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that previously applied by the Company and resulted in certain contractors and consultants being classified as employees under IFRS. However, the Company has determined that no adjustments was required at the Transition Date or for the year ended 31 December 2008.

Deferred tax on mineral properties

Under GAAP, in the determination of the net loss from its interest in GPM, the Company recognised future income taxes on temporary differences arising on the initial recognition of the GPM mineral property interest (where the fair value of the asset acquired exceeded its tax basis) in a transaction which was not a business combination and affected neither accounting profit (loss) nor taxable profit (loss). IAS 12, Income Taxes ("IAS 12"), does not permit the recognition of deferred taxes on such transactions.

As of the Transition Date and 31 December 2008, the Company has derecognised the impacts of all deferred taxes which had previously been recognised on the initial acquisition of the mineral properties through transactions deemed not to be business combinations and affecting neither accounting profit (loss) nor taxable profit (loss).

Presentation

Certain amounts on the statement of financial position, statement of comprehensive loss and statement of cash flows have been reclassified to conform to the presentation adopted under IFRS.

40. FAIR VALUE ADJUSTMENTS

	2009	2008
Market to market adjustment	**(636,529)**	-

The fair value loss is related to the valuation of the interest rate swap with Standard Chartered Bank at 31 December 2009.

41. COMMITMENTS

	2009	2008
Contracted for	**10,323,040**	-
Not yet contracted for	**21,723,760**	-
Authorised capital expenditure	**32,046,800**	-

The committed expenditures relate to property, plant and equipment and will be funded through cash generated from operations and available loan facilities.

42. EVENTS AFTER THE REPORTING YEAR

Mining Royalty Tax

The Mining and Petroleum Royalty Act (the Act) makes reference to royalties payable to the South African state in terms of the Mineral and Petroleum Resources Royalty Act (Act 28 of 2008). The Act provides for the payment of a royalty according to a formula based on earnings before interest, tax and depreciation, after the deduction of capital expenditure. This rate is then applied to revenue to calculate the royalty amount due, with a minimum of 0.5% and a maximum of 5% for mining companies. The royalty is to become effective on 1 March 2010. The Company is in the process of determining the rate that will be applicable and the impact on profit or loss.

43. EMPLOYEE COSTS

	2009	2008
Employee costs included in loss for the year are as follows:		
Salaries and wages and other benefits	**39,994,754**	2,675,008
Retirement benefit costs	**296,442**	147,565
Medical aid contributions	**7,434**	8,521
Employment termination costs	**1,793,791**	-
Share-based compensation – equity settled	**2,185,812**	5,385,502
Share-based compensation – cash settled	**145,199**	-
Bonus settled via shares	**895,625**	-
	45,319,057	8,216,596

44. GROUP ENTITIES

The following are the shareholdings of the Company in the various group entities:

Company	**Country of Incorporation**		
N1C Resources Incorporation	Cayman Islands	**100 %**	100 %
Anooraq Minera Mexicana	Mexico	**100 %**	100 %
N2C Resources Incorporation *	Cayman Islands	**100 %**	100 %
Plateau Resources Proprietary Limited *	South Africa	**100 %**	100 %
Bokoni Holdings Proprietary Limited *	South Africa	**51 %**	0 %
Bokoni Mine Proprietary Limited *	South Africa	**51 %**	0 %
Boikgantsho Proprietary Limited *	South Africa	**51 %**	0 %
Kwanda Proprietary Limited *	South Africa	**51 %**	0 %
Ga-Phasha Proprietary Limited *	South Africa	**51 %**	50 %
Lebowa Platinum Mine Limited *	South Africa	**51 %**	0 %

* Indirectly held