



TAKORADI LIMITED AND CONTROLLED ENTITIES
ACN 006 708 676

FINANCIAL REPORT
FOR THE
HALF-YEAR ENDED
31 DECEMBER 2011

The half-year financial report is to be read in conjunction with the financial report for the year ended 30th of June 2011.



Takoradi Limited and Controlled Entities Directors' Report For the half year ended 31 December 2011

The Directors present their report together with the financial report of the consolidated entity consisting of Takoradi Limited ("Takoradi") and the entities it controlled for the half year ended 31 December 2011 and independent auditor's review report thereon.

DIRECTORS NAMES

The names of the directors in office at any time during or since the end of the half year are:

Rodney T. Hudspeth (Executive Chairman)
John S. McIntyre
Terence V. Willsteed (Appointed 25 July 2011)
Albert G. Harris (Ceased 13 November 2011)

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

The consolidated operating loss after tax of the economic entity comprising Takoradi and its controlled entities for the period ended 31 December 2011 was \$14,818,142. A loss of \$14,782,958 is attributable to the shareholders of Takoradi with a loss of \$35,184 being attributable to non-controlling interests.

PRINCIPAL ACTIVITIES

The Company's principal activity is the exploration for minerals, specifically for gold, copper and base metal resources in Namibia, South-Western Africa and Ghana, West Africa, and maintaining an exposure to mineral tenements in Chile, Peru, South America, through the company's investment interests held through Metminco Limited.

MINERAL INTERESTS

The Company's African mineral investments are located in Namibia and Ghana. In Namibia, the Company is focused on exploration activities at its Kuiseb copper, gold project in which Takoradi holds a 70% interest through its wholly owned subsidiary Nimrod Metals Limited (Nimrod). In Ghana the Company holds an 80% interest in the Bole gold project through Northern Goldfields Limited and a 100% interest in the Kutukrom gold project through Takoradi Gold (Ghana) Limited. The Company has previously impaired to NIL, capitalised exploration costs in the Kutukrom and Bole gold project. The rights to tenure at Bole were subject to renewal applications as at 31 December 2011, which have been favourably recommended by the Minerals Commission to the Minister of Lands and Natural Resources, to grant the licences. As at the date of this report, the licences are currently waiting formal approval from the Minister. The Company is currently reviewing its options with respect to its Ghanaian and Namibian interests. The Company will provide an update to the shareholders when further information is received.

As at 31 December 2011, the Company has an exposure to mineral interests in Chile and Peru through its shareholding in Metminco which holds 100% of the issued capital in Hampton Mining Limited ("Hampton"). Hampton holds a highly regarded portfolio of exploration properties located in the prime, well established copper/gold/molybdenum geological environment, of Chile. The principal properties Mollacas, Vallecillo, Camaron, Isidro as well as Loica - Victoria and La Piedra are each continuing to be evaluated through extensive drilling programs, resource assessment and pre-feasibility studies.

Hampton's mineral portfolio also includes the highly prospective Los Calatos project in Peru that has the potential for a significant copper / molybdenum resource.

In several of the areas in Chile, Hampton has also entered into option agreements to earn equity by meeting specific expenditure commitments on the properties and making certain cash payments over several tranches.



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MINERAL INTERESTS (CONT'D)

AFRICA PROJECTS

NAMIBIA, SOUTH WEST AFRICA

The Kuseb Copper / Gold Project is located at the south-west end of the Matchless Amphibolite Belt ("MAB"), that has a strike length of 350kms which runs northeast to the capital city Windhoek and beyond. Takoradi through its wholly owned subsidiary, Nimrod, has a 70% interest in 150km of that strike length.

Importantly, the Kuseb Project is close to the TransNamib railway and less than 150km from the major sea port Walvis Bay in Namibia. Roads connect the port to the site and rail transport is available to the local smelter and/or for export. Namibia is politically one of the most stable African nations.

The Project contains a number of mineralized targets the most important of which are the Hope, Gorob, Vendome and Anomaly Deposits. Past drilling of each of the deposits has identified important copper/gold resources. The Company will continue evaluation and drilling programs designed to establish a copper / gold resource of sufficient size to support a commercial mining operation.

Drilling Activity

The South African mining company JCI Limited (JCI), in the early 1980's, completed a previous drilling program of 19,000 metres(m) of diamond holes and 55,000m of percussion holes which identified the potential of the Kuseb Project area.

A further 106 diamond drill holes for 34,370m have been completed on the Hope deposit since Takoradi, through its wholly owned subsidiary Nimrod, acquired its 70% ownership of the Kuseb Project. The latest drilling shows the eastward continuity of the geology and mineralization at the Hope deposit over a plunge of 2.6 km, being 1600m beyond historical work.

Hope Deposit - Resources

As at 31 December 2011, the JORC Code Compliant resource established at the Hope deposit is 3,596,831 tonnes at a grade of 2.5% Copper (Cu) and 0.64g/t Gold (Au) at a 0.2% Cu cut-off based on the following:

JORC COMPLIANT	TONNES	Cu	Au	Cut Off
Indicated Resource	1,807,463	2.4%	0.59g/t	0.2% Cu
Inferred Resource	1,789,368	2.6%	0.65g/t	0.2% Cu
Total	3,596,831	2.5%	0.64g/t	0.2% Cu

Good correlation has been established between plunge length and cumulative metal volumes indicating that the mineralization is evenly distributed overall, along the plunge of the body.

Comparisons to other Matchless belt deposits strongly suggests continuity of mineralization down plunge at Hope for more than 4km, an increase of a further 50% of strike, with expected resources of approximately 6 to 8 million tonnes at 2.5% Cu, to a depth of 700m.

Wide spaced drill holes could be successful in extending the mineralized envelope without the expense of detailed drilling. This could provide inferred volumes of mineralization of between 6 to 8 million tonnes that could be used for mine planning purposes.

The 'Hope Deposit' initial targeted mineralised resource is around 6 to 8 million tonnes at an average grade of 2.5% Cu and 0.68g/t Au, with the conceptual possibility of achieving an exploration target of 20 million tonnes of mineralisation with extensions in depth and from nearby additional targets based on geological analysis. This would enable a potential commercial mining operation producing a throughput of 750,000 to 1,000,000 tonnes per annum.

During the December 2011 quarter, the Company commenced a detailed review of its Kuseb Copper-Gold project which included an initial scoping study by SRK Consulting South Africa. Full details will be made available by separate release once the study has been completed.



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NAMIBIA, SOUTH WEST AFRICA (CONT'D)

Metallurgical Test work - Hope

A 140m deep shaft with two levels of underground drives totaling 111 m was established at the Hope deposit by previous owners. Underground drilling and bulk sampling was conducted from the underground development for metallurgical test work and resource assessment. They also extracted a 5,711 kg bulk sample and then carried out extensive beneficiation flotation test work, that reported:

"Excellent chalcopyrite recovery (96%) and pyrite recovery was achieved with conventional all-wet crushing-grinding-flotation treatments. The test work provided the amenability of a mill feed water consisting of clarified sewerage, high saline mine water, and recycled filtrates from all floatation products."

Other Kuiseb Targets

Gorob and Vendome Deposits

Diamond drilling of the Gorob Deposit supported the concept of plunging shoot-like mineralization and confirmed a high grade – variability over short distance. These deposits have a high potential for combined resources of more than 3 million tonnes. These targets will complement the Hope deposit.

Anomaly Area

Shallow volumes of low to moderate grade copper mineralization are available which may be accessed within the more magnetic parts of a strike extensive magnetic horizon.

Future Development

The Company's prime objective is to establish an initial copper/gold mining operation at the Hope deposit supplemented by the mineralized deposits at Gorob, Vendome and Anomoly. This will be dependent on the planned pre-feasibility study along with additional drilling to determine the parameters for such potential future operation.

GHANA, WEST AFRICA

Four of the prospecting licences are located in the north western region of the country near the township of Bole, while the fifth is located at Kutukrom in the south western region of the country near the township of Tarkwa. The Kutukrom area is adjacent to the border of the Prestea/Bogasu Gold mine.

As at the date of this report, the licences near Bole have been favourably recommended by the Minerals Commission to the Minister of Lands and Natural Resources, to grant the licences. All licence renewal fees and ground rents have been paid in accordance with the Minerals Commission written advice. Formal confirmation on the renewals is awaited from the Minister.

The Company intends to further evaluate the gold tenements at Bole, including the Dokrupe Gold Project within the Yakomba Prospecting License. Discussions are continuing with several parties that have expressed interest in acquiring equity in these licences.

The JORC Code Compliant resources identified to date at the Dokrupe Gold Project at Bole include Proven and Probable Reserves of 145,000 ounces [ozs] Au and Inferred Resources of 17,000ozs Au. At the Bajju Licence area approximately 160,000 ozs of gold has been identified within a mineralized resource.

During the period covered by this report, field and administration staff in Ghana carried out care and maintenance on the mineral tenements, camps and equipment.

The Company is currently awaiting the renewal of its licences prior to commencing a new exploration program and or entering into a joint venture arrangement for on-going development.



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SOUTH AMERICA PROJECTS - HAMPTON MINING LIMITED LOS CALATOS [PERU]

Takoradi has an exposure to South American mineral interests held through Takoradi's interest in the issued capital of ASX listed Metminco which holds 100% of the issued capital in Hampton Mining Limited. The most advanced of these is the Los Calatos Project.

The Los Calatos Project is a copper-molybdenum [Mo] porphyry style mineral complex located in an established mining region in southern Peru, close to existing infrastructure, with access to labour and mining support services. Indications from exploration activity to date shows that there is potential for the development of a significant commercial mining operation, subject to continuing positive results from current and future drilling programs as well as a feasibility study.

The Project is located in an established copper porphyry belt that hosts three major producing mines, Toquepala, Cuajone and Cerro Verde. Another deposit, Quellaveco, which also lies in the general region, is currently being evaluated for development.

Through 1995 to 1998 the major resource companies Phelps Dodge and Barrick Gold Corporation (Barrick) completed over 9000m of drilling on the Los Calatos tenements. Phelps Dodge drilled 26 Reverse circulation holes totalling 4188m and nearly 3000m in 7 diamond cored holes. Barrick diamond drilled a total of 1939m in 8 holes at an approximate spacing of 100m in the main target identified by Phelps Dodge, an area covering approximately 600 by 300m. Since that time Hampton (Metminco) has continued further diamond drilling and detailed surface evaluation studies on the tenements.

Resources and Tenements

The current JORC Compliant resource established at Los Calatos (Indicated plus Inferred) is 926 million tonnes at 0.37% copper and 0.026% molybdenum at a 0.2% copper cut-off. This resource is based on 21,261m of diamond core drilling, including 15,903m of drilling completed by Hampton. The resources are defined as follows:

Indicated Resources	111 million tonnes at 0.39% Cu and 0.038% Mo
Inferred Resources	815 million tonnes at 0.37% Cu and 0.026% Mo

Drilling and sampling

Ongoing, detailed surface mapping and geochemical sampling by Hampton over the whole tenement area has now revealed additional zones of alteration, with strong indications of brecciation and associated copper mineralisation. The total zone of anomalous geochemistry now covers an area of at least approximately 8km by 3km, with the current drilled resources covering a strike length of only, approximately, 600m.

Drilling results received to date from the recently completed 35,000m Phase 3 diamond drilling program at Los Calatos provide further confirmation that the Los Calatos project is a potential world class project with intersections demonstrating mineralisation from close to surface to vertical depths greater than 1,700m. Deep drilling results from this drilling program at the Los Calatos project included a drill hole of 1,769m containing mineral grades of 0.6% Cu and 353ppm Mo. Within this hole is a high grade section of 255m at 1.68% Cu and 310ppm Mo near surface.

In light of the results of the Phase 3 diamond drilling program, Metminco commenced the Phase 4 100,000 diamond drilling program at Los Calatos with the aim of achieving an updated interim JORC resource upon completion.

On 11 July 2011, the Peruvian government declared the Los Calatos project a project of national interest.

This further confirms Los Calatos to be a world class potential Cu-Mo resource project.



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MOLLACAS PROJECT [CHILE]

The Mollacas Project is located approximately 80km southeast of the town of La Serena, or approximately 450km north of Santiago. Hampton holds a 100% interest in the project, with the balance beneficially held by Chilean corporation MN Ingenieros Limitada. The tenements cover 32.55 square kilometres.

Initial drilling of 10 reverse circulation and 46 diamond core drill holes generated JORC Compliant resources as follows:

Indicated Resources	7.2 million tonnes at 0.56% Cu
Inferred Resources	9.8 million tonnes at 0.52% Cu

The above gives total copper resources of 17.0 million tonnes, at 0.54% Cu at a 0.2% Cu cut-off for 92,000 tonnes of copper metal in-situ.

A Scoping Study undertaken by SRK Consulting in April 2008 estimated that current resources at Mollacas could be mined over a 7 year mine life producing 13,500 tonnes per year copper cathode at a unit operating cost of approximately US\$0.91 per pound [lb]. At copper prices of US\$2.50/lb and a discount rate of 8% per year the Net Present Value of the project is US\$103 million (or UA\$93 million at 10% per year) with an Internal Rate of Return of 70%.

A 3,404m drilling program was completed during the September 2011 quarter which will form the basis for completing a final resource estimate which is in the first quarter of 2012.

VALLECILLO PROJECT

The Vallecillo gold-zinc project, covering a tenement area of 54.5 sq km is located approximately 70km southeast of La Serena and some 25km north of the Mollacas deposit. Vallecillo is a porphyry related mineralised breccia system, comprising 4 discrete hydrothermal alteration zones, known as Chiffon, Potrero Colorado, Las Pircas and La Colorada respectively, of which the most advanced is La Colorada.

As with Mollacas, Hampton holds a 100% interest in the project, with the balance beneficially held by MN Ingenieros Limitada.

Hampton drilled 12 reverse circulation holes on the La Colorada deposit during 2006, totalling 2,170m. This generated initial JORC-Compliant Inferred Resources of 8.5 million tonnes at 1.42% zinc [Zn], 0.76 g/t Au, 8.1 g/t silver [Ag] and 0.25% lead [Pb].

Following a second round of drilling in 2008 of 17 diamond core holes totalling 5,782m, a revised Resource Estimation for the La Colorada Au-Zn-Ag-Pb deposit at Vallecillo was completed by SRK Consulting. Contained metal has increased by approximately 40% on the previous estimate (2006).

At a cut-off grade of 0.3g/t Au, total resources are estimated as 10.1 million tonnes which can be broken down into;

- Indicated Resources: 7.9 million tonnes at 1.14g/t Au; 1 1.4g/t Ag; 1.32% Zn; 0.29% Pb
- Inferred Resources: 2.2 million tonnes at 0.78g/t Au; 8.2g/t Ag; 0.58% Zn; 0.26% Pb

Preliminary metallurgical testwork for La Colorada, completed early 2010, indicates a gold recovery on site of more than 90% into dore bullion, via gravity and leach of concentrates, and recovery of more than 90% zinc into a zinc concentrate averaging more than 50% Zn.

Surface mapping and geochemical sampling of Vallecillo during 2009 and first half 2010 identified an additional seven exploration targets.

Metminco recently completed a drilling program which included 9,155m of diamond drilling and 3,768m of reverse circulation drilling. Metminco is currently awaiting the final analytical results for the La Colorada drilling program which will form the basis of an updated resource estimate in advance of a pre-feasibility study which is to be commissioned during the June 2012 quarter.



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CAMARON PROJECT

The Camaron Project is located to the north of the Vallecillo Project, some 20km south of the town of Vicuna. Hampton has an extensive tenement holding of some 133.7 sq km. Hampton holds most of these tenements in its own right (100 sq km) and has an option to purchase 100% of the Genesis tenements (30 sq km).

The Camaron Project is a large anomalous untested low sulphidation gold mineralised system that may be related to a porphyry hydrothermal system.

The project contains many surface gossans and large areas of hydrothermal alteration. No known previous exploration work has been undertaken on the property, apart from a few small prospecting pits. The regional Vicuna Fault transects the area. This feature is a known controlling factor on mineralisation further to the south.

Broad spaced geochemical sampling along 400 metre spaced lines has returned anomalous copper, gold and molybdenum values over extensive areas. Visible copper oxide mineralisation has been observed on the traverses and in the prospecting pits.

The Camaron Project is prospective for hosting copper-gold-molybdenum mineralisation. The presence of large alteration zones and intrusives along a major regional fault trend, suggests good potential for porphyry style or related mineralisation. Future exploration includes RC drilling of a number of significant low-sulphidation gold anomalies identified by surface geochemical sampling.

RC drilling program

A 7,000m RC drilling program is planned over a number of significant low-sulphidation gold anomalies identified by initial geochemical sampling.

ISIDRO PROJECT

Isidro is a predominantly copper-gold manto (blanket) style early exploration project, located 85km east of La Serena. Hampton owns 100% of the Isidro tenements (269 sq km), as well as a 50% interest in the San Lorenzo tenements (20.5 sq km).

Like Camaron, the north trending Vicuna Fault bisects the project area. The Vicuna Fault is the major regional control on mineralisation. The area is characterised by small copper-gold-silver bearing hydrothermal hematitic breccias as well as larger manto style deposits.

Hampton has completed a wide spaced surface sampling program over manto style prospects, ahead of possible future exploration drilling. Future exploration will include prospect scale mapping, as well as broader reconnaissance mapping, assisted by satellite imagery and broad scale geochemical sampling, leading to further definition of drilling targets and planned drilling in 2012.

LOICA / VICTORIA [CHILE]

The tenements cover 40 sq km including the previously optioned area of Victoria. They are located approx. 96 km south east of Ovalle and 40km south of the Mollacas Project. The Loica and Victoria prospects are located in a spur valley approx 7 km long, running south off the east-west oriented Rio Grande Valley. Loica is at an elevation between 2000 and 3000m and Victoria between 1500 and 1700m.

The project is a large partly drilled mineralised Cu-Mo porphyry system which has previously intersected lower grade Cu-Mo mineralisation. Zoned hydrothermal alteration systems express themselves over an area of approx 2km long by 0.5 to 1.5km wide at Loica and approx 600m by 300m at Victoria.

Future exploration will comprise mapping and geochemical sampling of the breccia zones as a prelude to possible further drill testing.



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ADDITIONAL TECHNICAL INFORMATION PROVIDED TO THE MARKET IN RESPECT OF SOUTH AMERICAN ACTIVITIES

11 July 2011	Metmico's Los Calatos Project declared a "Project of National Interest" by the Peruvian Government
22 August 2011	Los Calatos drilling results update
26 September 2011	Chile Project Update
19 October 2011	Los Calatos drilling update
28 November 2011	Investor Presentation
16 January 2012	Mollacas project update
27 February 2012	Metminco projects overview presentation

CORPORATE

The following announcements were lodged with the Australian Securities Exchange (ASX) in regards to the corporate activity of the Company during the half year ended 31 December 2011, and to the date of this financial report.

25 July 2011	Takoradi provided an activities update on the future potential of its company
25 July 2011	The ASX announced that Takoradi will be commencing trading on the ASX on 26 July 2011
27 July 2011	Quarterly Cashflow Report for the quarter ended June 2011
1 August 2011	Quarterly Activities Report for the quarter ended June 2011
10 August 2011	Change in Substantial Holding for Takoradi's investment in Metminco
30 September 2011	Full Year Statutory Accounts
28 October 2011	Quarterly Activities and Cashflow Report for the quarter ended September 2011
11 November 2011	Initial Director's Interest Notice – Terence Willstead
14 November 2011	Director Appointment – Terence Willstead
16 November 2011	Final Director's Interest Notice – Albert Harris
30 November 2011	Results of Meeting
30 November 2011	Chairman's Address to Shareholders
6 December 2011	Notice of change of interests of substantial holder for Metminco
31 January 2012	Quarterly Activities and Cashflow Report for the quarter ended December 2011



**Takoradi Limited and Controlled Entities
Directors' Report
For the half year ended 31 December 2011**

DECLARATION

Aspects of this report on Takoradi Limited that relate to Mineralisation, Mineral Resources or Ore Reserves are based on information compiled by persons who are Fellows or Members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and have sufficient relevant experience of the activity undertaken and of the mineralisation style and type of deposit described. They qualify as Competent Persons as defined in the 2004 Edition of the "Australian Code of Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). The above statement fairly reflects the reports prepared by these Competent Persons for Takoradi Limited.

Mr. Terence V Willstead, BE (Min) Hons BA AusIMM, as a Competent Person, has overviewed the technical information in this report and consents to the inclusion of these matters based on the information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is attached to this report.

For and on behalf of the directors

RODNEY T HUDSPETH
Chairman

Sydney

Date: 15 March 2012



Chartered Accountants
& Business Advisers

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: The Directors
Takoradi Limited and the entities it controlled during the half-year

I declare to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

D J Garvey
Partner
PKF

15 March 2012
Melbourne

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TAKORADI LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	Half-year 2010 \$
Revenue	2 (a)	12,046	41
Other income	2 (a)	8,073	62,704,177
Expenses from continuing operations	2 (b)	(25,398,682)	(2,779,625)
Finance costs		(418,098)	(548,610)
(Loss)/Profit before income tax		(25,796,661)	59,375,983
Income tax benefit/(expense)		10,978,519	(14,614,785)
(Loss)/Profit for the half-year		(14,818,142)	44,761,198
Other comprehensive income			
Exchange differences on translation of foreign operations, net of tax		(423,307)	(296,838)
De-recognition of fair value adjustment recorded in Asset Revaluation reserve on disposal of investment in associate		-	(2,904,371)
Net gain on revaluation of financial assets to fair value, net of tax		-	7,280,000
Other comprehensive income for the half year		(423,307)	4,078,791
Total comprehensive income for the half year		(15,241,449)	48,839,989
(Loss)/Profit is attributable to:			
Members of the parent		(14,782,958)	44,792,573
Non-controlling interest		(35,184)	(31,375)
		(14,818,142)	44,761,198
Total comprehensive income attributable to:			
Members of the parent		(15,178,334)	48,842,138
Non- controlling interest		(63,115)	(2,149)
		(15,241,449)	48,839,989
Basic earnings (loss)/profit per share (cents)		(22.01)	66.69
Diluted earnings (loss)/profit per share (cents)		(22.01)	60.53

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



TAKORADI LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		31 December	30 June
		2011	2011
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		37,418	370,697
Trade and other receivables		52,058	52,203
TOTAL CURRENT ASSETS		<u>89,476</u>	<u>422,900</u>
NON-CURRENT ASSETS			
Property, plant and equipment		4,294	4,908
Exploration expenditure	4	6,333,257	6,832,795
Other financial assets	5	18,604,658	44,000,000
TOTAL NON-CURRENT ASSETS		<u>24,942,209</u>	<u>50,837,703</u>
TOTAL ASSETS		<u>25,031,685</u>	<u>51,260,603</u>
CURRENT LIABILITIES			
Trade and other payables		3,135,749	3,347,066
Borrowings	6	3,263,250	1,848,845
TOTAL CURRENT LIABILITIES		<u>6,398,999</u>	<u>5,195,911</u>
NON-CURRENT LIABILITIES			
Borrowings	6	-	1,212,038
Deferred tax liabilities	7	516,266	11,494,785
TOTAL NON-CURRENT LIABILITIES		<u>516,266</u>	<u>12,706,823</u>
TOTAL LIABILITIES		<u>6,915,265</u>	<u>17,902,734</u>
NET ASSETS		<u>18,116,420</u>	<u>33,357,869</u>
EQUITY			
Issued capital	8	39,351,423	39,351,423
Foreign exchange translation reserve		(2,376,830)	(1,981,454)
Asset revaluation reserve		-	-
Accumulated losses		(18,076,337)	(3,293,379)
Parent entity interest		18,898,256	34,076,590
Non-controlling interest	9	(781,836)	(718,721)
TOTAL EQUITY		<u>18,116,420</u>	<u>33,357,869</u>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



TAKORADI LTD AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Issued Capital \$	Foreign Exchange Translation Reserve \$	Asset Revaluation Reserve \$	Accumulated Profit/(Losses) \$	Non- controlling interest \$	Total Equity \$
Balance as at 1 July 2010	39,351,423	(1,508,791)	2,904,371	(39,672,308)	(779,056)	295,639
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transaction currency to the reporting currency	-	(326,064)	-	-	29,226	(296,838)
De-recognition of previous revaluation upon disposal of financial asset	-	-	(2,904,371)	-	-	(2,904,371)
Gain on revaluation of financial assets to fair value net of income tax	-	-	7,280,000	-	-	7,280,000
Profit/(Loss) after income tax for the period	-	-	-	44,792,573	(31,375)	44,761,198
Balance as at 31 December 2010	<u>39,351,423</u>	<u>(1,834,855)</u>	<u>7,280,000</u>	<u>5,120,265</u>	<u>(781,205)</u>	<u>49,135,628</u>
Balance as at 1 July 2011	39,351,423	(1,981,454)	-	(3,293,379)	(718,721)	33,357,869
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transaction currency to the reporting currency	-	(395,376)	-	-	(27,931)	(423,307)
Loss after income tax for the period	-	-	-	(14,782,958)	(35,184)	(14,818,142)
Balance as at 31 December 2011	<u>39,351,423</u>	<u>(2,376,830)</u>		<u>(18,076,337)</u>	<u>(781,836)</u>	<u>18,116,420</u>

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**TAKORADI LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Half-year	
	2011	2010
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,233,805)	(793,550)
Payments for exploration costs	(67,640)	(54,779)
Interest received	12,046	41
Net cash used in operating activities	<u>(1,289,399)</u>	<u>(848,288)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale of equity investments	956,120	3,350,000
Net cash provided by investing activities	<u>956,120</u>	<u>3,350,000</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	211,000
Repayments of borrowings	-	(40,000)
Net cash provided by financing activities	<u>-</u>	<u>171,000</u>
Net increase in cash and cash equivalents	(333,279)	2,672,712
Cash and cash equivalents at beginning of half year	370,697	15,535
Cash and cash equivalents at end of the half-year	<u>37,418</u>	<u>2,688,247</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This general purpose half year financial report consists of Takoradi Limited ("Takoradi") and its controlled entities as an economic entity. Takoradi is a listed public company, incorporated and domiciled in Australia and is the parent entity whose shares publicly trade on the Australian Securities Exchange ("ASX").

The principal activity of the economic entity during the half year was exploration and management of its investment in Metminco Limited, an ASX listed company.

This half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2011 and any public announcements made by Takoradi Limited during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

STATEMENT OF ACCOUNTING POLICIES

The significant policies, which have been adopted in the preparation of this financial report, are

(a) Statement of compliance

The half year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

(b) Basis of accounting

The half year financial report is prepared in accordance with the historical cost convention and is presented in Australian dollars and rounded to the nearest dollar. The accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

GOING CONCERN

The consolidated entity has incurred a net loss of \$14,818,142 for the half year ended 31 December 2011 (Net Profit of \$44,761,198 for the 31 December 2010 half year) and had negative cash outflows from operating activities of \$1,289,399 for the period then ended (Negative cash outflows of \$848,288 for the 31 December 2010 half year). It also has an excess of current liabilities over current assets of \$6,309,523 (Excess of \$4,773,011 as at 30 June 2011) with \$3,019,226 of borrowings and payables that are overdue for payment under agreed terms of contract. These conditions indicate a significant uncertainty about the consolidated entity's ability to continue as a going concern.

Notwithstanding the above, the directors are satisfied the consolidated entity will continue as a going concern for the following reasons:

- Included in trade and other payables are amounts owing to directors and Notesan Pty Ltd ("Notesan"), a director-related entity, of \$1,397,821 and included in borrowings are amounts owing to Notesan of \$1,296,436. These amounts are not expected to be repaid until the Company has sufficient cash resources;
- During the half year ended 31 December 2011, the company has funded its operations and settled its liabilities from the sales of shares in Metminco Limited. The directors are of the opinion that they will be able to continue to dispose of shares in the future as required;
- A subsidiary company, Kuiseb Mining and Processing (Pty) Ltd ("Kuiseb"), owes \$1,058,412 to a mining services contractor which is included in current trade and other payables in the consolidated statement of financial position at 31 December 2011. The company received a Demand for Payment on 6 February 2012 for this amount (refer Note 10(d)). Kuiseb has insufficient cash resources to pay this amount. The directors of the parent entity, Takoradi Limited, are of the opinion that Kuiseb can fund its obligations as the parent entity will continue to provide financial support;



NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONT'D)

GOING CONCERN (CONT'D)

- As at the date of signing the report, the Company's directors believe that the Company has sufficient liquid assets available to meet its liabilities. Included in the consolidated statement of financial position are non-current other financial assets of \$18,604,658, which relate to the company's investment in ASX listed company Metminco Limited. There are no restrictions on the ability of the company to dispose of these shares to realise additional capital, and the fair value of these shares as at 14 March 2012 was \$24.8 million. The directors do not expect there will be any material deterioration in the liquidity and value of these shares. Consequently the going concern of the company is dependent upon realising this investment for cash;
- The Company's directors are also continuing to seek opportunities to sell or joint venture certain of the Company's exploration assets; and
- If presented with opportunities requiring further capital, the directors believe the Company could obtain additional equity funding for appropriate projects.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial report. The report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they become due and payable.

(c) Principles of Consolidation

The half year financial statements incorporate the assets and liabilities of all entities controlled by the company as at 31 December 2011 and the results of all controlled entities for the half year then ended. The company and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(d) New or revised Standards and Interpretations that are first effective in the current reporting period

The Company has adopted applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2011. Adoption of the Standards and Interpretations did not have any effect on the financial position or performance of the Company.



NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2011

NOTE 2: (LOSS)/PROFIT BEFORE TAX

Net (loss)/profit before tax includes the following:

	Dec 2011 \$	Dec 2010 \$
(a) Revenue		
Interest	12,046	41
Profit on disposal of investment	-	62,669,769
Foreign currency gain	8,073	34,408
	20,119	62,704,218
(b) Expenses from continuing operations		
Impairment of exploration costs	(67,640)	(54,779)
Consulting fees	(95,703)	(120,185)
Administration expenses	(400,888)	(372,018)
Loss on settlement of loans	-	(2,006,368)
Other expenses	(395,229)	(226,275)
Fair value impairment in value of available for sale investments	(24,439,222)	-
	(25,398,682)	(2,779,625)

NOTE 3: SEGMENT INFORMATION

Primary reporting – business segments

(a) Description of segments

Management has determined the operating segments based on reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from a product perspective and has identified two reportable segments. On 19 January 2011, the software development business conducted to develop mobile software applications by Matchtip ceased to trade. Minerals consist of exploration activities for minerals, specifically for gold, copper and base metals in Chile and Peru, South America, Namibia, South-Western Africa and Ghana, West Africa. The Board reviews the minerals business as a whole as they are not separately included in the reports provided to the Board.

Takoradi incurs head office administrative costs such as Director's remuneration, legal fees and listing fees which are included as corporate costs in the segment report below. During the year ended 30 June 2011, Takoradi's Chilean and Peruvian minerals interests held through Hampton were exchanged into Metminco shares. Takoradi's Metminco shares are included in the corporate segment in the report below.

(b) Segment information

The segment information provided to the Board for the reportable segments for the half-year ended 31 December 2011 is as follows:

	Minerals		Software Development		Corporate		Consolidated	
	Dec 2011	Dec 2010	Dec 2011	Dec 2010	Dec 2011	Dec 2010	Dec 2011	Dec 2010
	\$	\$	\$	\$	\$	\$	\$	\$
Segment Revenue	-	62,704,218	-	-	20,119	-	20,119	62,704,218
Segment Result	(612,931)	(382,685)	-	(90,595)	(14,205,211)	45,234,478	(14,818,142)	44,761,198

The accompanying notes form part of these financial statements.



NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2011

NOTE 3: SEGMENT INFORMATION

Primary reporting – business segments

(b) Segment information (Cont'd)

Total Segment Assets	Minerals	Software Development	Corporate	Consolidated
31 December 2011	6,373,437	-	18,658,248	25,031,685
30 June 2011	6,867,713	-	44,392,890	51,260,603

Total Segment Liabilities	Minerals	Software Development	Corporate	Consolidated
31 December 2011	1,052,793	-	5,862,472	6,915,265
30 June 2011	1,474,122	-	16,428,612	17,902,734

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

NOTE 4: EXPLORATION EXPENDITURE

	Half Year Ended 31 December 2011	Year Ended 30 June 2011
	\$	\$
Opening Exploration Expenditure - At Cost	6,832,795	7,246,190
Exploration expenditure current period	323	4,802
Revaluation due to foreign currency movement	(499,861)	(418,197)
	6,333,257	6,832,795

The ultimate recoupment of these costs is dependent upon either the successful development and commercial exploitation or the sale of the respective areas of interest.

NOTE 5: OTHER FINANCIAL ASSETS

	Half Year Ended 31 December 2011	Consolidated Year Ended 30 June 2011
	\$	\$
Available-for-sale investments		
NON-CURRENT		
Available – for – sale financial assets:		
Shares in quoted Investments at Fair Value* - Metminco Limited	18,604,658	44,000,000

*The closing share price as at 31 December 2011 of Metminco on the ASX was \$0.12, giving Takoradi's shares a fair value of \$18.6 million. The current share price of Metminco on the ASX as at the date of signing is \$0.16, giving Takoradi's shares a fair value of \$24.8 million.



NOTE 6: BORROWINGS

	31 December 2011 \$	30 June 2011 \$
CURRENT		
Secured Liabilities		
Sellers Holdings Pty Ltd (i)	403,314	379,124
Allstates Secretariat Pty Limited (i)	390,703	367,268
City Natural Resources High Yield Trust PLC (i)	1,172,797	1,102,453
Unsecured Liabilities		
Amount due to Director related entity (ii)	1,296,436	-
	<u>3,263,250</u>	<u>1,848,845</u>
NON-CURRENT		
Unsecured Liabilities		
Amount due to Director related entity (ii)	-	1,212,038
	<u>-</u>	<u>1,212,038</u>

Secured Notes

(i) On 4 April 2008 Takoradi issued a secured note to Sellers Holdings Pty Ltd for the amount of \$250,000. The secured note was secured by a fixed charge over 1,562,500 shares in Hampton Mining Limited held by Takoradi. As at 24 November 2010, following the exchange of the Hampton shares, the secured notes are now secured by a fixed charge over 2,500,000 shares in Metminco held by Takoradi. The secured note was repayable on 31 October 2011 together with interest at 13.5% per annum. Interest of \$153,314 has been accrued in the balance of financial liabilities for the period to 31 December 2011.

On 4 July 2008 and 7 July 2008 Takoradi issued secured notes to Allstates Secretariat Pty Limited for the sum of \$250,000. The secured notes were secured by a fixed charge over 1,562,500 shares in Hampton Mining Limited held by Takoradi. As at 24 November 2010, following the exchange of the Hampton shares, the secured notes are now secured by a fixed charge over 2,500,000 shares in Metminco held by Takoradi. The secured note was repayable on 31 October 2011 together with interest at 13.5% per annum. Interest of \$140,703 has been accrued in the balance of financial liabilities for the period to 31 December 2011.

On 4 July 2008 Takoradi issued a secured note to City Natural Resources High Yield Trust PLC for the amount of \$750,000. The secured notes were secured by a fixed charge over 4,687,500 shares in Hampton Mining Limited held by Takoradi. As at 24 November 2010, following the exchange of the Hampton shares, the secured notes are now secured by a fixed charge over 7,000,000 shares in Metminco held by Takoradi. The secured note was repayable on 31 October 2011 together with interest at 13.5% per annum. Interest of \$422,797 has been accrued in the balance of financial liabilities for the period to 31 December 2011.

The Company has requested a time extension from the secured note holders for the repayment of the secured notes, totalling \$1,250,000 plus interest, to 2 April 2012. No formal agreements for these extensions have been executed. A further short-term extension has been requested by the Company and negotiations with secured note holders are continuing.

Unsecured loans

(ii) Takoradi has received advances by way of unsecured loans totalling \$1,296,436 from Notesan Pty Limited, a related entity of Mr Rodney T Hudspeth. Interest of \$293,135 has been accrued on the balance of financial liabilities. As at the date of this report, Notesan had made no further advances to Takoradi.



NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2011

NOTE 7: DEFERRED TAX LIABILITIES

	Half year ended Dec 2011	Year Ended June 2011
	\$	\$
Opening balance	11,494,785	-
Prior year tax losses recognised	(3,487,277)	-
Current year tax losses recognised	(22,562)	-
Charged/(credited) to income tax expense resulting from the change in fair value of Metminco Limited shares	(7,468,680)	11,494,785
Closing balance	<u>516,266</u>	<u>11,494,785</u>

NOTE 8: CONTRIBUTED EQUITY

	Half Year Ended Dec 2011		Year Ended June 2011	
	Qty	\$	Qty	\$
Opening balance	67,162,219	39,351,423	67,162,219	39,351,423
Movements during the period	-	-	-	-
Closing balance	67,162,219	39,351,423	67,162,219	39,351,423

Options Issued:

	Exercise Prices \$	Number	Expiry Date
OPTIONS (Unlisted)			
Issued 23 December 2008	\$0.50	6,790,127	23 December 2011
Outstanding as at 31 December 2011		-	

On 23 December 2011, the 6,790,127 options issued to Notesan Pty Ltd, a company associated with Mr R. T Hudspeth, were not exercised and expired. No options were outstanding at balance date.

NOTE 9: NON-CONTROLLING INTEREST

	Consolidated Half year ended Dec 2011	Year Ended June 2011
	\$	\$
NON-CONTROLLING INTEREST		
Ordinary shares	388,519	388,519
Revaluation reserve	801,390	801,390
Foreign currency translation reserve	432,079	460,010
Accumulated losses	(2,403,824)	(2,368,640)
	<u>(781,836)</u>	<u>(718,721)</u>



NOTE 10: CONTINGENT LIABILITIES AND COMMITMENTS

- a) The company has reached agreement in principle with the Trustee of the Estate of George Blay Kwofie in respect to the Insamankaw Joint Venture Agreement which has expired. The following issues are being renegotiated: - the amount outstanding for payment; and renewal of the Joint Venture Agreement for an additional period. The Directors are confident that the Company and its subsidiaries will not incur a material liability to extend the company's interest in the Joint Venture.
- b) As at the date of this report, applications for the renewal of its Bole Exploration Tenements in Ghana have been favourably recommended by the Minerals Commission to the Minister of Lands and Natural Resources, to grant the licences. All licence fees and ground rents have been paid in accordance with the Minerals Commission written advice. Formal confirmation on the renewals is awaited from the Minister. US\$60,000 has now been paid to the Government of Ghana for the renewals.
- c) Minimum expenditures required to maintain exploration properties in Africa are approximately \$US100,000 per annum for Ghana and \$US80,000 per annum for Namibia.
- d) In March 2011, the Company reached agreement with a mining services contractor (Drillcon) contracted by and with Takoradi's subsidiary, Kuiseb Mining and Processing Pty Limited (Kuiseb), whereby the total claim for outstanding services and costs of N\$14,281,715 together with interest at 10% per annum calculated and capitalised monthly would be settled by payment of the following:

N\$350,000 in December 2010 – (paid)
N\$700,000 on 31 January 2011 – (paid)
N\$1,000,000 on or before 25 February 2011 – (paid)
N\$1,450,000 within 10 business days of renewal of Kuiseb's existing mineral licence – (paid)
N\$3,500,000 on 31 May 2011 – (paid)
N\$3,500,000 on 31 August 2011 – (paid)
N\$3,500,000 on 30 November 2011 (part-paid)
N\$281,715 being the balance of principal debt on 31 December 2011
Residual of aforementioned interest of N\$4,681,717 as at 31 December 2011 on or before 31 March 2012

As at 31 December 2011, the total amount outstanding to Drillcon including interest was N\$8,694,815 (A\$1,052,412).

Per the terms of the agreement, in the event of default, the Company has 10 business days from the receipt of written notice from Drillcon to remedy the event of default. The Company received written notice from Drillcon in regards to the finalisation of the outstanding amounts. The Company has approached Drillcon through their legal representatives to agree to an extended date for settlement of the outstanding amounts.

As at the date of signing the report, the Company has sufficient assets to ultimately meet all outstanding obligations to Drillcon.

NOTE 11: SUBSEQUENT EVENTS

No significant events have occurred since balance date which would impact on the financial position of the Company disclosed in the statement of financial position as at 31 December 2011 or on the results and cash flows of the Company for the year ended on that date.



DIRECTORS' DECLARATION
31 DECEMBER 2011

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 11 to 21 are in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that Takoradi Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

RODNEY T HUDSPETH
Chairman

Sydney

Date: 15 March 2012



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TAKORADI LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Takoradi Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Takoradi Limited (the Company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Takoradi Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Qualified Auditor's Conclusion

The company has two Namibian based subsidiaries, Kuiseb Mining and Processing (Pty) Ltd ("Kuiseb") (70% owned) and Terradex (Pty) Ltd ("Terradex") (100% owned).

Consolidated losses of \$254,478 and consolidated net assets of \$5,202,675 attributable to the subsidiaries have been included in the account balances and classes of transactions reflected in the consolidated entity's statement of financial position, statement of comprehensive income, statement of changes in equity and related notes for the half-year ended 31 December 2011.

Going Concern

A demand for payment was served on the subsidiaries by a mining services contractor on 6 February 2012, as detailed in Note 10(d) to the financial statements, which has not been settled to date.

We were unable to complete our review procedures regarding the ability of the subsidiaries to continue as a going concern because of the potential impact that failure to settle the liability could have on the consolidated entity.

Exploration Assets

Included in the consolidated statement of financial position at 31 December 2011 are capitalised exploration assets related to the above subsidiaries amounting to \$6,333,257. The ultimate recoupment of these exploration assets is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF TAKORADI LIMITED (Cont'd)**

Basis for Qualified Auditor's Conclusion (Cont'd)

Exploration Assets (Cont'd)

The ultimate recoupment of the exploration assets depends on the subsidiaries being able to continue as a going concern.

We were unable to complete our review procedures relating to the exploration assets because of the incomplete review procedures relating to the ability of the subsidiaries to continue as a going concern.

Had we been able to complete our review on the consolidated loss and consolidated net assets attributable to the above subsidiaries, matters might have come to our attention indicating that adjustments might be necessary to the half-year financial report.

Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the half-year financial report of Takoradi Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without further qualifying our conclusion, we draw attention to Note 1(b) "Going Concern" in the financial report, which indicates that the consolidated entity incurred a net loss attributable to owners of \$14,782,958 for the half-year ended 31 December 2011 and had net cash outflows from operating activities amounting to \$1,289,399. In addition, the consolidated entity has approximately \$3,013,226 of borrowings and payables that are overdue for payment under agreed terms of contract. These conditions along with other matters set forth in Note 1(b) "Going Concern" give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



PKF

15 March 2012
Melbourne



D J Garvey
Partner