



14 April 2014

NOTESAN PTY LIMITED - ACQUISITION OF TAKORADI SHARES

The board of directors (**Board**) of Takoradi Limited (**Takoradi**) was informed on the 2nd of January 2014 that Notesan Pty Limited (**Notesan**) entered into a binding conditional agreement (**Agreement**) on 31 December with Morgans Financial Limited (**Morgans**) for Notesan or its nominated entities to acquire 12,353,371 ordinary shares in Takoradi (**Sale Shares**) held by Morgans at the last trading price of 1.1 cents per share. Morgans is the broker for Berne No 132 Nominees Pty Limited (**Berne**), the beneficial owner of the Sale Shares. Berne is a subsidiary of Morgans.

Following completion of the Agreement, Notesan and its associated entities will hold 35,011,565 shares in Takoradi representing an aggregate interest of 52.13% in the shareholding of Takoradi. Notesan's current shareholding in Takoradi is 22,658,194 shares, representing 33.74% shareholding interest in Takoradi. If the requisite approval is obtained to complete the acquisition, Notesan's interest in Takoradi would accordingly increase by 12,353,371 shares, representing 19.67% of the issued capital of Takoradi.

Notesan is an entity associated with Mr Rodney Thomas Hudspeth, the Chairman of Takoradi, as he is the sole director of Notesan, and accordingly Takoradi's independent directors have agreed to supervise the approval process and relieve Mr Hudspeth of his chairperson duties at the general meeting at which the acquisition of the Sale Shares is considered by shareholders. Mr Hudspeth has not participated in the deliberations of the Board in relation to the proposed acquisition of Sale Shares by Notesan.

The independent directors of Takoradi, being Mr Terrence Vincent Willsted and Mr John Steuart McIntyre, have considered and voted in favour of the proposed acquisition of Sale Shares by Notesan, and now put to the shareholders the resolution to approve the proposed acquisition of the Sale Shares.

The Board (excluding Mr Hudspeth) is of the view that this transaction would have the effect of stabilising Takoradi's shareholder base. It also demonstrates the continued support of the Company's largest shareholder, Notesan, and allows the Board to focus on maximising the Company's value.

Takoradi is required for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth) to obtain shareholders' approval in order to complete the transaction. The completion of the acquisition by Notesan is conditional on passing of the resolution set out in the attached Notice of Meeting.

Shareholders are referred to the Independent Expert's Report prepared by HLB Mann Judd Corporate (NSW) Pty Ltd (**Independent Expert**). The Independent Expert was engaged to provide an opinion as to whether or not the advantages of the share sale Transaction outweigh the disadvantages for those shareholders who are not excluded from voting on the resolution.



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The Independent Expert has concluded that the advantages of the proposed acquisition, which is the subject of the resolution in the attached Notice of Meeting, outweigh the disadvantages to those Takoradi shareholders not participating in the proposed acquisition of the Sale Shares.

The Independent Expert's Report is contained in Annexure A.

A Notice of a General Meeting to consider the proposed acquisition is attached.

On behalf of the Board.

TERRENCE VINCENT WILLSTEED AND JOHN STEUART MCINTYRE
Takoradi Limited
Directors



**NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM
AND
PROXY FORM**

DATE AND TIME OF MEETING:

25 June 2014 at 10:30 AM

(Sydney time)

PLACE OF MEETING:

THE HOBART ROOM

SOFITEL WENTWORTH HOTEL

61-101 PHILLIP STREET

SYDNEY NSW 2000

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

If you do not understand it, or any part of it,
you should consult your professional advisors.



NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Takoradi Limited ACN 006 708 676 (**Takoradi** or **Company**) will be held at 10.30am (Sydney time) on 25 June 2014, The Hobart Room, Sofitel Wentworth Hotel 61-101 Phillip Street Sydney, Australia for the purpose of transacting the following business.

The Explanatory Memorandum containing information in relation to the matter is to be considered, and forms part of, this Notice of Meeting.

An enclosed Proxy Form accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting. The completed Proxy Form must be received by the Company at its share registry c/o Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001 at least 48 hours prior to the commencement of the meeting. Proxy Forms received after this time will be invalid.

The Directors have determined pursuant to 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as shareholders of the Company on 23 June 2014 at 7 pm (Sydney time). Accordingly, transactions registered after that time will be disregarded in determining eligibility to attend and vote at the Meeting.

BUSINESS OF THE MEETING

ORDINARY RESOLUTION

APPROVAL FOR ACQUISITION OF SHARES BY NOTESAN PTY LTD FROM MORGANS FINANCIAL LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

“That, for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) and for all other purposes, approval be granted for Notesan Pty Limited, an existing shareholder of the Company, to acquire 12,353,371 shares in the Company held by Morgans Financial Limited and its associated entities.”

Further Information

Further details in respect of this Resolution are set out in the Explanatory Memorandum accompanying this Notice of Meeting.

Voting Exclusion Statement

As required by the Corporations Act, the Company will disregard any votes cast on this Resolution by or on behalf of:

- (a) Notesan;



- (b) any associate of Notesan;
- (c) Morgans;
- (d) Berne; and
- (e) any associate of Morgans or Berne.

However, the Company will not disregard a vote cast on the Resolution if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

EXPLANATORY NOTES ON ITEM OF BUSINESS

Members are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

VOTING ENTITLEMENTS

The Board has determined that for the purposes of voting at the Meeting, Shares will be taken to be held by the persons who are registered as holders of those Shares as at 7pm (Sydney time) on 23 June 2014.

VOTING BY PROXY

A member entitled to attend and vote is entitled to appoint not more than two proxies to act generally at the Meeting on its behalf, and to vote on in accordance with its directions on the Proxy Form. A proxy need not be a member of the Company. A proxy may also be appointed by reference to an office held by the proxy (e.g. "the Company Secretary").

Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion or number of votes of the member. If no such proportion or number is specified, each proxy may exercise half of the member's votes. Neither proxy is entitled to vote on a show of hands if more than one proxy attends the Meeting.

A Proxy Form is enclosed. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at GPO Box 5021 Sydney NSW. Alternatively, you may photocopy the enclosed form.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on the Resolution by marking the appropriate boxes in the Proxy Form.

A duly completed Proxy Form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at share registry's address or fax number set out below, **not less than 48 hours before** the time for commencement of the Meeting. Please send your proxy:

- (a) by post or deliver in person to, Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, 3001; or
- (b) by fax to Takoradi Limited c/ Computershare Registry (61) 3 9473 2555.

The Company will accept proxy appointments by a corporate member executed in accordance with either section 127(1) (not under seal) or section 127(2) (under seal) of the Corporations Act.



How the Chairman will vote undirected proxies

The Chairman intends to vote any undirected proxy in favour of the Resolution.

You should note that if you appoint the Chairman as your proxy, or the Chairman is appointed your proxy by default, and the Proxy Form does not specify whether to vote "For", "Against" or "Abstain", your undirected proxies held by the Chairman will be taken as a direction to the Chairman to vote in accordance with his stated voting intention, which is to vote in favour of the Resolution.

BODY CORPORATE REPRESENTATIVES

Any corporate member or proxy will be required to complete a "Certificate of Appointment of Corporate Representative" in accordance with section 250D of the Corporations Act to enable a person to attend on their behalf. A form of this Certificate may be obtained from the Company's share registry and is required to be provided prior to the Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Brendan Jones', written over a circular stamp or mark.

Brendan Jones
Company Secretary

14 April 2014
Sydney NSW, Australia



Explanatory Memorandum to Notice of Meeting

INTRODUCTION

This Explanatory Memorandum accompanies and forms part of the Notice of Meeting to be held on 25 June 2014 at 10.30am (Sydney time). The Notice of Meeting should be read together with this Explanatory Memorandum.

This Explanatory Memorandum is an important document and should be read carefully in its entirety by all Shareholders. Shareholders are strongly advised to consult their legal or financial advisors if they require further advice in connection with the matters contained in this Explanatory Memorandum.

ORDINARY RESOLUTION: APPROVAL FOR ACQUISITION OF SHARES BY NOTESAN FROM MORGANS FINANCIAL LIMITED

Background

Shareholders are being asked to consider the Resolution set out in the Notice of Meeting to approve an acquisition of shares by Notesan. Notesan is a proprietary company of which the Company's Chairman, Rodney Hudspeth, is the sole director.

The proposed share acquisition by Notesan will, if approved by the Shareholders, result in Notesan and its associates increasing its voting power further above 20% but below 90% (ie. from 33.74% to 52.13%). This increase in shareholding (and control of Takoradi) by Notesan is detailed further in the section headed "Notesan's voting power" below. As a result, approval is now being sought by Shareholders in accordance with item 7 of section 611 of the Corporations Act.

Independent Expert's Report

HLB Mann Judd Corporate (NSW) Pty Ltd (**Independent Expert**) was commissioned by Directors not associated with the proposed acquisition by Notesan, being Terrence Vincent Willsteed and John McIntyre (**Non-Associated Directors**), to prepare an independent expert's report in relation to the proposed acquisition. The report identifies the advantages and disadvantages of the proposed acquisition when considered in the context of the interests of the Shareholders, other than those shareholders involved in the proposed acquisition and their associates (**Associated Shareholders**). A copy of the Independent Expert's Report is attached as Annexure A to this Explanatory Memorandum.

The Independent Expert has concluded that, in its opinion, the advantages of the proposed acquisition outweigh the disadvantages.

The advantages identified by the Independent Expert in its Report are as follows:

- (a) continued support from the largest shareholder of the Company;
- (b) no control premium paid on the shares to Morgans by Notesan; and
- (c) an on-market placement of the Morgans' shares is likely to decrease the Takoradi share price.

The disadvantages identified by the Independent Expert in its Report are as follows:



- (a) Notesan will hold in excess of 52% of the issued shares in Takoradi and accordingly would have significant control of the Company;
- (b) Takoradi may be less attractive to a future takeover offer from a third party, as Notesan's support would ordinarily be required for the commencement of any takeover; and
- (c) a sale of shares to Notesan would not increase the availability of "free float" Takoradi shares trading on market.

The Non-Associated Directors support each of the advantages and disadvantages proposed by the Independent Expert, and strongly recommend that you read that report in full.

Item 7 of section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases:

- (a) from less than 20% to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined under section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities; or
- (b) have the power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

A person is an "associate" of another person if, amongst other things, they have entered into an agreement, arrangement or understanding for the purpose of controlling or influencing the composition of a company's board of directors or the conduct of the company's affairs.

There are various exceptions to the prohibition in section 606 of the Corporations Act, including under item 7 of section 611 of the Corporations Act. Item 7 of Section 611 provides an exception to the prohibition in section 606 of the Corporations Act, in circumstances where the shareholders of the company approve an acquisition of shares by virtue of allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

Notesan's voting power

The table below shows Notesan's current voting power and the maximum possible voting power that it will have if the Resolution is passed.



| Circumstance | Shares in which Notesan and its associates have a relevant interest | Total Shares on issue | Notesan's voting power | Increase in Notesan's voting power |
|--|---|-----------------------|------------------------|------------------------------------|
| As at the date of this Notice of Meeting | 22,658,194 | 67,162,219 | 33.74% | N/A |
| After the Resolution is passed | 35,011,565 | 67,162,219 | 52.13% | 19.67% |

Compliance Requirement

The information required to be given to Shareholders is set out in item 7 and ASIC Regulatory Guide 74: *Acquisition approved by members*. Shareholders should refer to the Independent Expert's Report attached as Annexure A to this Explanatory Memorandum.

Section 611 of the Corporations Act

The following additional information is provided pursuant to the requirements of item 7 of section 611 of the Corporations Act in respect of the Resolution:

(a) The identity of the person proposing to make the acquisition and their associates

Notesan. Notesan is an entity associated with Takoradi's Chairman, Mr Rodney Hudspeth.

(b) The maximum extent of the increase in that person's voting power in the company that would result from the acquisition

The maximum extent of the increase in the voting power of Notesan is set out in the table above in "Notesan's voting power".

(c) The voting power that person would have as a result of the acquisition

The voting power of Notesan would have is set out in the table above in "Notesan's voting power".

(d) The maximum extent of the increase in the voting power of Notesan's associates in the company that would result from the acquisition

The maximum extent of the increase in the voting power of Notesan's associates is set out in the table above in "Notesan's voting power".

(e) The voting power that each of that person's associates would have as a result of the acquisition

The voting power of Notesan's associates would have is set out in the table above in "Notesan's voting power".



ASIC Regulatory Guide

The following additional information is provided pursuant to the requirements of ASIC Regulatory Guide 74 in respect of the Resolution:

(a) An explanation of the reasons for the proposed acquisition

Both Notesan and Morgans are the two largest shareholders in the Company. Morgans is a willing seller of its interest in the Company and Notesan, the current majority shareholder of and lender to the Company, would accordingly be a logical prospective purchaser.

No Share transaction has been conducted by either of Notesan or Morgan on market during the last five years. Therefore, it is effectively a consolidation of these two blocks of shares into a single holding. The Non-Associated Directors understand that Morgans wishes to exit the Company as there is very limited liquidity in Takoradi stock.

Notesan is the largest shareholder and also the largest creditor of Takoradi, having at the date of this Notice of Meeting provided loans totalling \$2,941,039 to Takoradi (as at 31 December 2013) secured in part by a floating charge over Takoradi assets.

Therefore, the Non-Associated Directors are of the view that there are likely benefits to both the Company and Notesan for Notesan to acquire the sale shares from Morgans. It maintains stability of the Company, as well as incentivises Notesan to work with the Company to increase the value of the Company so as to protect its overall investment, including by working with the Company to ensure, through the Company's success, that it will ultimately recover its debt.

The Non-Associated Directors feel that the above factors are beneficial for Shareholders as a whole.

The Board understands that Mr Hudspeth has confidence in the strategy proposed to be implemented by the Company and believes that he will benefit from Notesan's investment in the long-term together, as will all Shareholders.

(b) When the proposed acquisition is to occur

The proposed acquisition is expected to occur two business days after the date the Resolution is passed.

(c) The material terms of the proposed transaction

Notesan entered into the Agreement to acquire 12,353,371 shares in Takoradi held by an entity associated with Morgans for a consideration of \$135,887 on 31 December 2013.

This acquisition is subject to the Shareholders approving the sale and purchase of the shares under item 7 of section 611 of the Corporations Act by 31 March 2014. The date of satisfaction of this condition has been extended to 30 June 2014 2014 by agreement between Notesan and Morgans.

Morgans has given a number of standard warranties to Notesan including it being the beneficial owner of the shares, there being no security interests or other encumbrances over the sale shares, and no restriction on the transfer of the shares to Notesan.

The Agreement may be varied in writing signed by Notesan and Morgans.



- (d) Details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition**

Other than the Agreement, there are no other relevant agreements, other than the agreement between Notesan and Morgans to extend the date of satisfaction of the condition to 30 June 2014.

- (e) A statement of the acquirer's intention regarding the future of the target entity if members approve the acquisition and, in particular:**

- any intention to change the business of the entity;
- any intention to inject further capital into the entity;
- the future employment of present employees of the entity;
- any proposal where assets will be transferred between the entity and the acquirer or vendor or their associates; and
- any intention to redeploy fixed assets of the entity.

Other than as disclosed in this Explanatory Memorandum, Notesan currently has no intention to:

- (i) change the Company's ongoing business and operations or undertake any further capital raisings;
- (ii) change the current employment structure of the Company;
- (iii) transfer any property between the Company and Notesan or any entity associated with Notesan; or
- (iv) re-deploy the fixed assets of the Company.

- (f) Any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity**

The Company does not currently have a dividend policy. There is no immediate intention to change the financial or dividend distribution policies or practices of the Company. Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Board.

- (g) The interest that any director has in the acquisition or any relevant interest agreement disclosed under paragraph (d)**

Mr Rodney Hudspeth has an interest in the outcome of the acquisition Resolution as he is the sole director of Notesan. The Non-Associated Directors do not have an interest in the acquisition Resolution.

- (h) Details about any person who is intended to become a director if members approve the acquisition**

No person will or is intended to become a director if members approve the acquisition.



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- (i) **The recommendation of each director on how non-associated members should vote on the Resolution and the reasons for the recommendation (or the reasons why the director is not giving a recommendation)**

The Non-Associated Directors considered and voted in favour of the Resolution and recommend the Shareholders other than the Associated Shareholders approve the Resolution.

- (j) **An analysis of the proposed acquisition that complies with the requirements in ASIC Regulatory Guide 111: *Content of Expert Reports***

A summary of the Independent Expert's Report is contained in the "Independent Expert's Report" heading in this Explanatory Memorandum. A copy of the Independent Expert's Report is attached as Annexure A to this Explanatory Memorandum.

SCRUTINEER

A representative of Computershare will act as a scrutineer for any polls that may be required at the Meeting.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the Corporations Act, a reasonable opportunity will be given to the Shareholders to ask questions and make comments.



DEFINED TERMS

In the following above Resolutions, this Notice of Meeting and the Explanatory Memorandum:

Agreement means the binding conditional agreement dated 31 December 2013 between Morgans and Notesan.

Associated Shareholder means Notesan and its associates and Morgans and its associates.

Berne means Berne No 132 Nominees Pty Ltd ACN 010 413 591.

Board means the board of Directors.

Company or Takoradi means Takoradi Limited ACN 006 708 676.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of the Company from time to time and **Director** means any one of them.

Explanatory Memorandum means the explanatory memorandum which accompanies the Notice of Meeting.

Independent Expert means HLB Mann Judd Corporate (NSW) Pty Ltd.

Meeting means the extraordinary general meeting convened by this Notice of Meeting.

Morgans means Morgans Financial Limited ACN 010 669 726.

Non Associated Directors mean Terrence Vincent Willsteed and John McIntyre.

Notesan means Notesan Pty Ltd ACN 062 218 839.

Notice of Meeting means this notice of extraordinary general meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Resolution means the resolution contained in this Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.



Australian Financial Services Licence Number 253134

Independent Expert's Report
Takoradi Limited

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APPENDIX A 16

14 April 2014

Recommending Directors
Takoradi Limited
Level 24, 56 Pitt Street
SYDNEY NSW 2000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

Takoradi Limited ("Takoradi" or "the Company") is an Australian public company with securities listed on the Australian Securities Exchange ("ASX"). The board of directors ("Board") of Takoradi was informed on 2 January 2014 that Notesan Pty Limited ("Notesan"), a significant shareholder in Takoradi, and an entity associated with Mr Rodney Hudspeth, the Chairman of Takoradi, entered into a binding conditional share sale agreement ("Transaction") on 31 December 2013 with Morgans Financial Limited ("Morgans") for Notesan or its nominated entities to acquire 12,353,371 ordinary shares in Takoradi ("Sale Shares") held by Morgans, at the last trading price on 31 December 2013 of 1.1 cents per share. Following completion of the Transaction, Notesan and its associated entities would hold 35,011,565 shares in Takoradi representing an aggregate interest of 52.13% in the shareholding of Takoradi.

The Recommending Directors of Takoradi (being those directors with no interest in Notesan or Morgans) have requested that HLB Mann Judd Corporate (NSW) Pty Ltd ("HMJC") prepare an independent expert's report ("Report") to express an opinion as to whether or not the advantages of the Transaction outweigh the disadvantages for Non-Associated Shareholders of Takoradi, that is, shareholders of Takoradi other than those associated with Notesan and Morgans.

Our report has been prepared pursuant to section 611 of the *Corporations Act 2011* ("the Act"). We understand that our Report will accompany the Explanatory Memorandum, prepared by Takoradi and will be provided to shareholders of the Company to assist them in determining whether or not to approve the Transaction. The Recommending Directors of Takoradi are all of the Takoradi Directors with the exclusion of Mr Rodney Hudspeth, who we have been advised is a director of Notesan.

2. Outline of the Share Sale Transaction

The key terms of the Transaction are detailed below.

Notesan and associated entities currently hold 22,658,194 shares in Takoradi, representing a 33.74% shareholding interest in Takoradi. On 31 December 2013 Notesan entered into a conditional share sale agreement ("Share Sale Agreement") to purchase 12,353,371 ordinary shares in Takoradi from an entity associated with Morgans, Berne No 132 Nominees Pty Limited ("Berne"), for consideration of \$135,887.

The shares held by Berne represent 18.39% of the issued capital of Takoradi.

The agreed consideration represents a price of \$0.011 (1.1 cents) per share.

The sale of the shares is conditional on the Transaction being approved by the Non-Associated Shareholders of Takoradi, as required under item 7 of section 611 of the *Corporations Act 2001*.

The Share Sale Agreement was varied on 31 March 2014 to state that if the approval has not been obtained by 30 June 2014 then either Morgans or Notesan may terminate the agreement.

3. Summary of Opinion

We have considered the terms of the agreement as outlined in the Notice of Meeting dated 14 April 2014 and as detailed in this Report. Having considered all relevant factors of which we are aware, we are of the opinion that the advantages of the Transaction outweigh the disadvantages for the Non-Associated Shareholders of Takoradi.

In forming our view we have had regard to:

- whether a control premium has been offered to Morgans in relation to the sale shares;
- the advantages of the Transaction to the Non-Associated Shareholders of Takoradi;
- the disadvantages of the Transaction to the Non-Associated Shareholders of Takoradi;
- consideration of possible future transactions with Notesan and the impact of the Transaction on a future takeover bid of Takoradi;
- other factors which we consider to be relevant to the Non-Associated Shareholders in their assessment of the proposal.

The respective considered advantages and disadvantages to Non-Associated Shareholders are summarised below:

| Advantages and Disadvantages | Reference |
|---|-----------|
| Advantages: | |
| • Continued Company support from the largest shareholder. | 9.1 |
| • No control premium paid to Morgans for the shares held by Berne. | 9.2 |
| • An on market placement of the Morgans shares is likely to decrease the Takoradi share price. | 9.3 |
| Disadvantages: | |
| • Notesan will control in excess of 52% of the Takoradi shareholding, and therefore have control of the Company. | 10.1 |
| • Takoradi may be less attractive to a future takeover offer from a third party, as for any takeover to commence the support of Notesan will be required. | 10.2 |
| • A sale to Notesan will not increase the available “free float” of Takoradi shares trading on market. | 10.3 |

Our reasons for this conclusion are set out in section 12 of this Report.

4. Purpose of Our Report

The Explanatory Memorandum, being the Explanatory Memorandum prepared by Takoradi and attached to the Notice of Meeting, to which this Report is attached sets out the regulatory requirements in relation to the Transaction being considered.

Notesan and associated parties currently own 33.74% of the shares in Takoradi. Section 606 of the Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases:

- (a) from less than 20% to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Item 7 of Section 611 provides an exception to the prohibition in section 606 of the Act, in circumstances where the shareholders of the company approve an acquisition of shares by virtue of allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

ASIC Regulatory Guide 74 ("RG74") "Acquisitions Agreed to by Shareholders" states that a target company has an obligation to supply shareholders with all information that is material to the decision on how to vote on the resolution. RG74 states that this requirement can be satisfied by the target directors commissioning an Independent Expert's Report.

The Non-Associated Directors of Takoradi have commissioned this Independent Expert's Report to satisfy this obligation.

5. Basis of Our Evaluation

5.1. Regulatory Guidelines

In determining whether the advantages of the Transaction outweigh the disadvantages, we have referred to ASIC Regulatory Guides 111 *Content of Expert Reports* and 112 *Independence of Experts* ("RG 111" and "RG 112"). RG 111 requires us to identify the advantages and disadvantages of the proposal to security holders not associated with the transaction, as well as providing an opinion on whether the advantages of the proposal outweigh the disadvantages.

RG 111.43 and 111.44 suggest that the expert should assess whether a premium for control will be paid to the vendor of shares in a transaction. In particular, RG 111.44 provides that the greater any premium for control paid, the greater the advantages of undertaking the transaction to Non-Associated Shareholders would need to be in order to support a finding that the advantages of the transaction outweigh the disadvantages.

RG 111.45 states that the expert should inquire whether further transactions are planned between the entity, the vendor or their associates and if contemplated the expert should determine if these are on an arm's length basis.

RG 111.46 suggests that an expert should consider whether the transaction will deter the making of a takeover bid for the entity.

5.2. Adopted Basis of Evaluation

We have observed the requirements of RG 111 by:

- Analysing available data and forming an opinion on the advantages and disadvantages of the Transaction (refer to Sections 9 and 10 respectively "Advantages of the Transaction" and "Disadvantages of the Transaction");
- Assessing the control premium, if any, received by Morgans (see section 8 of our Report); and

- Identifying and commenting on other issues that could be of interest to the shareholders as a result of the transaction (see section 11 of our Report).

6. Background Information on Takoradi

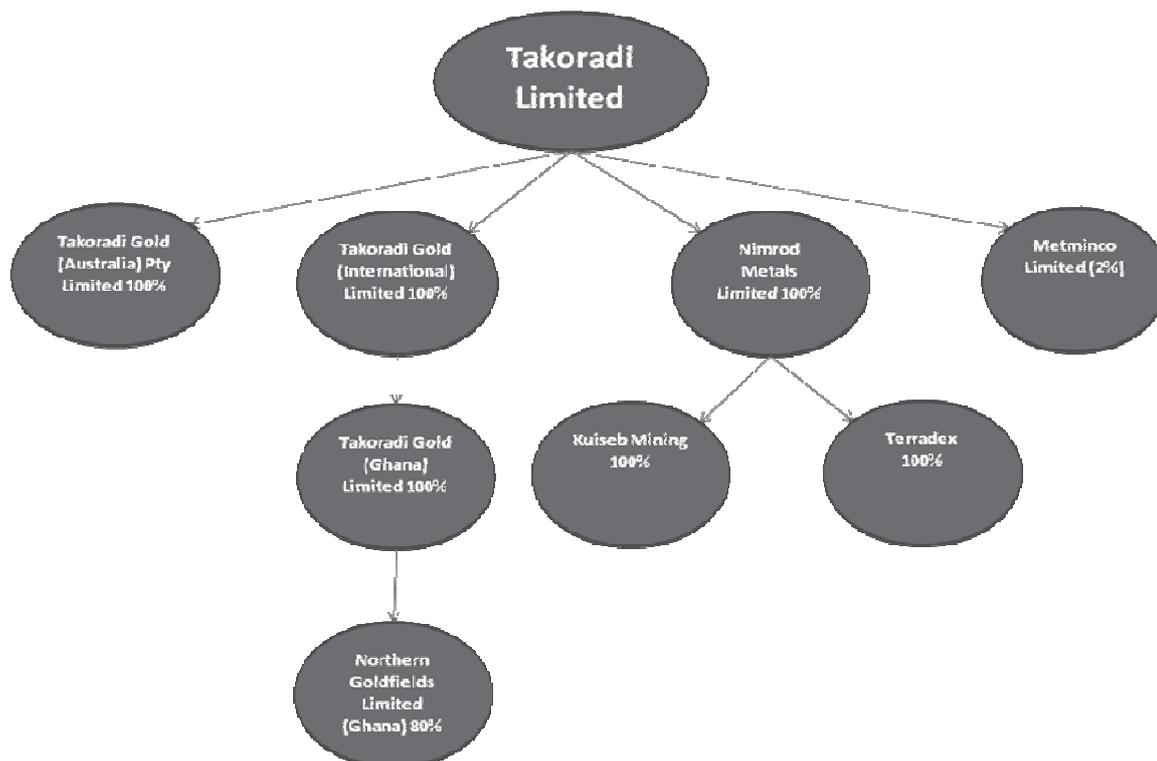
6.1. Takoradi Limited

Takoradi is an Australian public company with securities listed on the Australian Securities Exchange ("ASX"). The securities commenced trading on the ASX on 15 October 1987 (ASX: TKG).

Headquartered in Sydney Australia, Takoradi Limited is an Australian-based minerals explorer and developer with interests directly and indirectly in advanced copper, gold and molybdenum projects in minerals-rich areas of Africa and South America.

The Company currently has approximately 67.2 million shares on issue. There are no options over unissued shares in the Company.

The diagram below outlines the Takoradi Group corporate structure.



6.2. Current Activities

The Company is currently focusing its activities to explore, define and advance its projects directly in Namibia and Ghana, and indirectly in Chile and Peru. Takoradi has an interest in a portfolio of two majority owned projects (Ghana and Namibia) and a further interest, through its investment in Metminco Limited (ASX listed "MNC"), in another seven projects (Chile and Peru).

Takoradi has a highly experienced minerals exploration team working directly on the projects. The directors of Takoradi have experience in the minerals industry, with each having been involved in exploration, development, production and financial aspects of the mineral resources industry.

Information on Takoradi's current exploration activities is disclosed in the Company's announcements released to the market, including the December 2013 quarterly report.

Takoradi notified the ASX on 5 February 2014 that it held an interest at 31 December 2013 in the mining tenements listed below:

| Lease | Status | Ownership interest |
|--|---|----------------------------------|
| Namibia: EPL 3135 | Granted | 70% |
| Ghana: Kutukrom Baju Yakomba Sakpa Cherebong | Granted Awaiting renewal Awaiting renewal Awaiting renewal Awaiting renewal | 100% 80% 80% 80% 80% |
| <i>Source: Takoradi ASX announcement 5 February 2014</i> | | |

6.3. Capital Structure

The table below shows Takoradi Limited's capital structure as extracted from Takoradi's share register at 31 December 2013.

| Shares on Issue | 31 December 2013 |
|--|------------------|
| Total shares on issue | 67,162,219 |
| Number of shareholders | 4,076 |
| <i>Source: Takoradi share register maintained by Computershare at 31 December 2013</i> | |

We have been advised by management that as at 31 December 2013 there were no options on issue in relation to the share capital of Takoradi.

Below is a table of the ten largest shareholders in Takoradi as at 31 December 2013, as extracted from the Company's share register.

| Shareholder | Shares | % of Issued Capital |
|--|-------------------|---------------------|
| Notesan Pty Limited | 17,606,225 | 26.21% |
| Berne No 132 Nominees Pty Ltd | 12,353,371 | 18.39% |
| Ganesh Holdings International Ltd | 4,400,000 | 6.55% |
| Notesan Pty Limited (<i>atf Hudspeth Super Fund</i>) | 4,125,000 | 6.14% |
| Mr Nicholas Charles Taylor | 2,307,543 | 3.44% |
| Mr Robert Whyte | 1,758,618 | 2.62% |
| Rask Pty Ltd | 1,300,000 | 1.94% |
| Patemat Pty Limited | 1,103,834 | 1.64% |
| Bond Street Custodians Limited | 1,000,000 | 1.49% |
| Fahey Services Pty Ltd | 800,000 | 1.19% |
| | 46,754,591 | 69.61% |
| <i>Source: Takoradi share register maintained by Computershare at 31 December 2013</i> | | |

The largest 10 shareholders in Takoradi control in excess of 69% of the shares on issue, the largest 20 control 76%.

Australian Financial Services Licence Number 253134

The ordinary shares held by the most significant shareholders as disclosed in the 30 June 2013 annual report are detailed below:

| Substantial shareholder | Shares | % of Issued Capital |
|-----------------------------------|------------|---------------------|
| Notesan Pty Limited | 22,658,194 | 33.74% |
| Sentient Executive GP 1 Limited | 13,211,180 | 19.67% |
| Ganesh Holdings International Ltd | 4,400,000 | 6.55% |
| | 40,269,374 | 59.96% |

Source: Takoradi Limited Financial Statements for the year ended 30 June 2013

As announced to the ASX on 2 January 2014, Berne No 132 Nominees Pty Limited, an entity associated with Morgans, acquired 12,353,371 shares from Sentient Executive GP 1 Limited ("Sentient") on 31 December 2013 for consideration of \$135,887 (equivalent to \$0.011 per share). From an analysis of share register movements, Sentient disposed of an additional 1,075,642 Takoradi shares, on market, for a combined consideration of \$11,832 during the month of December 2013 (equivalent to \$0.011 per share).

6.4. Financial Position

Information regarding Takoradi's financial position at 30 June 2011, 30 June 2012, 30 June 2013 and 31 December 2013 is summarised below. As at 31 December 2013 Takoradi recorded net liabilities of \$0.09 million.

| | Dec-13 Reviewed \$ | June 2013 Audited \$ | June 2012 Audited \$ | June 2011 Audited \$ |
|---|--------------------------|----------------------------|----------------------------|----------------------------|
| Takoradi Resources Limited | | | | |
| Statement of Financial Position | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | 18,502 | 24,880 | 63,339 | 370,697 |
| Trade Debtors & Other Receivables | 24,464 | 25,703 | 58,679 | 52,203 |
| Shares in quoted investments - MNC | 1,298,900 | 700,009 | 7,173,292 | 44,000,000 |
| Plant and Equipment | 2,415 | 2,761 | 3,681 | 4,908 |
| Exploration and Evaluation Expenditure | 5,963,524 | 6,066,732 | 6,275,417 | 6,832,795 |
| Total Assets | 7,307,805 | 6,820,085 | 13,574,408 | 51,260,603 |
| Liabilities | | | | |
| Trade & Other Payables | 3,671,281 | 3,302,791 | 3,140,766 | 3,347,066 |
| Net Deferred Tax Liabilities | - | - | - | 11,494,785 |
| Borrowings | 3,732,400 | 3,608,309 | 3,308,007 | 3,060,883 |
| Total Liabilities | 7,403,681 | 6,911,100 | 6,448,773 | 17,902,734 |
| Net Assets | (95,876) | (91,015) | 7,125,635 | 33,357,869 |
| Equity | | | | |
| Issued Capital | 30,855,433 | 30,855,433 | 30,855,433 | 39,351,423 |
| Reserves | (2,529,779) | (2,332,727) | (2,446,519) | (1,981,454) |
| Accumulated Losses | (27,381,867) | (27,648,198) | (20,530,214) | (3,293,379) |
| Non-Controlling interest | (1,039,663) | (965,523) | (753,065) | (718,721) |
| Total Equity | (95,876) | (91,015) | 7,125,635 | 33,357,869 |

Source: Takoradi Limited Financial Statements for the year ended 30 June 2012 and 30 June 2013 and half year ended 31 December 2013

Shares in quoted investments

The shares in quoted investment relates to the Metminco Limited (“MNC”) shares held by Takoradi. These shares are recognised at fair value, by reference to the ASX quoted investment closing price. As at 31 December 2013 Takoradi held approximately 41.9 million MNC shares (approximately 2.4% of total MNC shares on issue) valued at \$0.031 per share.

Takoradi acquired its initial substantial interest in MNC in November 2010 as a result of a transaction by which Taoradi exchanged its 25.4% interest in Hampton Mining Limited with MNC in return for 195 million MNC shares plus \$3.35 million cash. As approved by shareholders, Takoradi completed an in-specie distribution of 73.87 million MNC shares (of the total 152 million MNC shares held by Takoradi at that date) to all Takoradi shareholders in June 2012. This resulted in a decrease in the number of MNC shares held by Takoradi.

Subsequent to the in-specie distribution in 2012, Takoradi has disposed of additional MNC shares on market to provide working capital funds for the Company as required.

Exploration and Evaluation Expenditure

The capitalised exploration and evaluation expenditure relates to tenement and exploration costs incurred in relation to the Company’s mineral exploration activities in Namibia. We note that the Independent Auditor’s Report in relation to the year ended 30 June 2013 and the Independent Auditor’s Review Report for the half-year period ended 31 December 2013 both included a qualification in relation to the recoverable value of these assets.

The Company has previously announced that drilling of the Namibian deposits has identified copper/gold resources and that the Company will continue evaluation programs designed to establish a copper/gold resource of sufficient size to support a commercial mining operation.

The Company holds interests in certain prospecting licenses and mineral tenements in Ghana which are currently subject to dispute with the Ghanaian government. The Company, however, holds an interest in a Ghanaian prospecting license and minerals tenement, project Kutukrom, which has been granted.

No value, for accounting purposes, has been ascribed to the Ghana assets in the statement of financial position as at 31 December 2013.

Borrowings & Other Payables

Included in total liabilities of \$7,403,681 at 31 December 2013 are amounts due to secured note holders totaling \$2,251,422 that fell due for repayment on 31 October 2011 and have yet to be repaid.

The total liabilities balance includes amounts owing to Takoradi directors and other related parties of \$2,056,176 and included in borrowings are amounts owing to Notesan Pty Ltd of \$1,480,978.

The total liabilities also include an amount of \$1,093,904 due to a mining services contractor. A demand for repayment of this amount was issued in February 2012 and to date no repayments have been made, nor any legal action taken.

6.5. Earnings

| | Half-year ended 31 December 2013 reviewed | Year ended 30 June 2013 audited | Year ended 30 June 2012 audited | Year ended 30 June 2011 audited |
|--|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Takoradi Limited | \$ | \$ | \$ | \$ |
| Statement of Financial Performance | | | | |
| Other Revenue | 93,358 | 326 | 83,230 | 139,098 |
| Profit/loss on disposal of shares in Metminco Limited | 371,194 | - | (13,375,895) | 62,669,769 |
| Fair value gain/loss on available for sale assets | 754,200 | (817,304) | - | (10,400,000) |
| Total Income | 1,218,752 | (816,978) | (13,292,665) | 52,408,867 |
| Expenses | | | | |
| Consultancy expenses | (67,476) | (102,521) | (327,550) | (201,270) |
| Administration expenses | (284,578) | (814,605) | (1,052,501) | (1,059,995) |
| Tenement costs | - | (117,032) | (163,658) | (143,834) |
| Depreciation expense | - | (920) | (1,227) | (1,636) |
| Impairment costs | (58,330) | (4,576,983) | (12,956,624) | (2,006,368) |
| Finance costs | (358,597) | (558,458) | (503,666) | (1,014,698) |
| Other expenses | (217,950) | (195,716) | (488,781) | (176,588) |
| Total Expenses | (986,931) | (6,366,235) | (15,494,007) | (4,604,389) |
| Operating Profit/(Loss) | 231,821 | (7,183,213) | (28,786,672) | 47,804,478 |
| Exchange differences | (236,682) | (33,437) | (444,357) | (343,092) |
| De-recognition of FV adjustment recorded in reserve on disposal | - | - | - | (2,904,371) |
| Income tax (expense)/benefit | - | - | 11,494,785 | (11,494,785) |
| Total comprehensive income/(loss) | (4,861) | (7,216,650) | (17,736,244) | 33,062,230 |

Source: Takoradi Limited Financial Statements for the year ended 30 June 2012 and 30 June 2013 and half-year ended 31 December 2013

Revenue

The Company has derived little income from operating activities over the recent past. The majority of income generated in the half-year ended 31 December 2013 was from the sale of shares in MNC along with recognition of fair value gains in relation to the MNC investment.

Expenditure

The significant expenditure items in the half-year ended 31 December 2013 include amounts paid in relation to administrative expenses, mineral and tenement maintenance expenditure.

The Company also incurred impairment charges in relation to the value of the capitalised exploration and evaluation expenditure and accrued interest charges on the various interest bearing borrowings.

7. Notesan

7.1. Corporate background

Notesan Pty Limited is an Australian registered propriety limited company. The company was registered on 3 November 1993.

Mr Rodney Hudspeth is the sole director of Notesan. Mr Hudspeth has also been a director of Takoradi since 1993.

We have been advised that the share capital of Notesan is beneficially owned and controlled by parties associated with Mr Hudspeth.

No detailed financial information has been provided to us in relation to Notesan. Following Takoradi's in-specie distribution of Metminco Limited ("MNC") shares to all Takoradi shareholders in June 2012, Notesan and associated parties would have received in excess of 24.9 million MNC shares. As detailed in various disclosures to the ASX, Notesan and related parties have received additional MNC shares in conjunction with MNC's acquisition of Hampton Mining Limited in 2010.

7.2. Investment in Takoradi

As at 31 December 2013 Notesan and associated parties control approximately 22.6 million Takoradi shares, representing approximately 33.7% of the issued capital, being the largest shareholding in the Company.

In addition to the substantial equity investment, Mr Hudspeth and Notesan are also significant creditors of Takoradi.

The below table details the amounts recognised within Takoradi at 31 December 2013 and 30 June 2013 as liabilities owing to Notesan and related parties.

| Amounts payable to Notesan related parties: | 31-Dec-13 reviewed | 30-Jun-13 audited |
|--|-------------------------------|------------------------------|
| | \$ | \$ |
| Payable to Notesan - unsecured | 156,905 | 156,905 |
| Payable to Notesan - secured | 1,480,978 | 1,508,808 |
| Unpaid director and management fees to Mr R T Hudspeth | 1,303,156 | 1,099,712 |
| | 2,941,039 | 2,765,425 |

As disclosed in the notes to the 30 June 2013 financial statements Notesan and Mr Hudspeth have confirmed that they will not demand repayment of these amounts until Takoradi has sufficient cash resources to meet Takoradi's cash outflow obligations.

7.3. Takoradi ASX announcements

Below is a table summarising the announcements made by Takoradi to the Australian Securities Exchange for a period commencing six months prior to the announcement of the transaction to the date of this report. The table includes detail of the Takoradi share price prior to the announcement and the closing prices (last trade) following the announcement.

Summary of Takoradi ASX announcements

| Date | Announcement | Closing Price day prior to announcement \$ | Closing Price day of announcement \$ | Closing price 3 days after announcement \$ |
|-------------|--|---|---|---|
| 30/07/2013 | Quarterly Activities & Cashflow Report | 0.010 | 0.011 | 0.015 |
| 1/10/2013 | Full Year Statutory Accounts | 0.012 | 0.012 | 0.012 |
| 29/10/2013 | Annual Report to Shareholders | 0.012 | 0.012 | 0.012 |
| 29/10/2013 | Notice of Annual General Meeting/Proxy Form | 0.012 | 0.012 | 0.012 |
| 31/10/2013 | Quarterly Activities & Cashflow Report | 0.012 | 0.012 | 0.012 |
| 4/11/2013 | Appendix 5B Query & Response | 0.012 | 0.012 | 0.012 |
| 29/11/2013 | Results of Meeting | 0.012 | 0.012 | 0.012 |
| 20/12/2013 | Kuiseb Copper Gold Project - Licence Renewal | 0.011 | 0.011 | 0.011 |
| 2/01/2014 | Becoming a Substantial Holder | 0.011 | 0.011 | 0.011 |
| 2/01/2014 | Ceasing to be a substantial holder | 0.011 | 0.011 | 0.011 |
| 2/01/2014 | Statement - Change in Substantial Holding | 0.011 | 0.011 | 0.011 |
| 30/01/2014 | Quarterly Activities & Cashflow Report | 0.011 | 0.011 | 0.011 |
| 4/02/2014 | Appendix 5B Query & Response | 0.011 | 0.011 | 0.011 |
| 5/02/2014 | Quarterly Mining Tenements Report - Dec 2013 | 0.011 | 0.011 | 0.011 |

Source: ASX announcement and S&P Capital IQ

Generally, the quoted market price in an active market is the best evidence of the fair value of a company. However, the combined fair value of the underlying individual assets and liabilities of a company may be higher or lower in value.

As required by the ASX listing rules the Company makes relevant information available to the market on a timely basis. As such, the market should be considered to be fully informed and therefore the share price reflective of the fair value of the Company.

An analysis of the movement in the Takoradi share price over the six month period to 28 February 2014 indicates a share price range from \$0.01 to \$0.017 per share. There was on-market trading volume of 5.3 million shares during that period, which is equivalent to 3% of the issued capital of Takoradi.

| Summary of Takoradi share price movements | | | |
|--|-------------|--------------------------------|--|
| (1 Sep 2013 to 28 Feb 2014) | Date | Closing Share Price | Implied Market Capitalisation |
| High | 2 Sept 2013 | \$0.017 | \$1,141,758 |
| Low | 14 Nov 2013 | \$0.01 | \$671,622 |
| Total volume of transactions (1 Sep 2013 to 28 Feb 2014) | | 1,803,688 | |
| As a percentage of total shares | | 3% | |
| Total shares on issue | | 67,162,219 | |

From a review of share price and volume data the following appears apparent:

- The market for Takoradi shares does not appear to be active, with the Takoradi share price not being sensitive to market announcements and transactions.
- The market indicated little response to the announcement of the Transaction on 2 January 2014 with a total of 5,700 shares trading on market (0.008% of the Takoradi shares on issue) in the preceding 60 day period. There was no movement in the share price in the period from 31 December 2013 to 23 February 2014.

8. Assessment of control premium

We have assessed the market value of the cash consideration payable to Morgans for the sale shares based on its nominal value of \$135,887. We have assumed that the conditions for the completion and release of the funds to Morgans will occur in a short time frame following the approval of the Transaction. Due to the short time of the expected payment we consider that the impact of any time between now and the payment date on the fair value will be immaterial for the purposes of this Report.

We have assessed the market value of the sale shares by reference to the recent trading price of Takoradi shares.

The ASX trading price has been deemed to be the minority value of the shares.

As the consideration of \$0.0011 per share is equivalent to the recent market trading price we have considered that no control premium will be paid to Morgans.

9. Advantages of the Transaction

9.1. *The Transaction indicates continued support for the Company by the major shareholder*

Mr Rodney Hudspeth is the sole director of Notesan and Chairman of Takoradi. Notesan and related parties remain the largest single secured creditor of the Company. By offering to acquire the Sale Shares and commit additional funds to complete this acquisition, Notesan has demonstrated its on-going support and belief in the future of Takoradi.

The re-investment by Notesan demonstrates its commitment to improving the future capital value of the Company. This is considered significant given the current debt obligations of the Company.

As detailed in the notes to the financial report for the half year ended 31 December 2013, Notesan and related parties are the largest single secured creditor of the Company (refer to the table in 7.2 above). As detailed in the Going Concern disclosures to that report, the Directors note that the ability of the Company to continue as a going concern is dependent on the continued deferring of payment to the secured creditors. As at 31 December 2013 confirmation was provided by Notesan to the Directors that the outstanding liabilities would not be demanded for repayment until Takoradi has sufficient cash resources to meet the obligations to other Takoradi creditors without having a negative impact on the ability of the entity to continue as a going concern.

9.2. *No control premium paid to Morgans*

The Transaction is to be completed at a transaction value of 1.1 cents per share, which is equal to the latest trading price at announcement date. The quoted share price represents the minority value of shares, and by completing the transaction at this value, the non-associated shareholders are not being deprived of a control premium on their shares.

9.3. *An on-market placement of the Morgans shares is likely to decrease the share price*

In the absence of the Transaction, Morgans may seek to liquidate their holding through an on-market sale. The disposal of such a parcel of shares to a single investor or multiple investors is likely to deplete the share price considerably, impacting the value of holdings for non-associated shareholders.

10. Disadvantages of the Transactions

10.1. *The Transaction will result in one shareholder controlling in excess of 50% of the share capital*

Notesan would have control of the Company's voting rights by owning a parcel of shares greater than 50% impacting strategic direction, remuneration policies and board appointments. This reduces control for the non-associated shareholders, however currently Notesan and Morgans jointly have this control.

10.2. *The Transaction may restrict future takeover offers being made for the Company*

If Notesan were to gain control of in excess of 50% of the issued shares of Takoradi, for any future takeover offer to be successful, Notesan's support would be required. This is because any other party would be required to acquire all or at least part of Notesan's interest in Takoradi to gain control of the Company.

This may be viewed as reducing the attractiveness of the Company to potential third parties considering a takeover of the Company in future periods.

10.3. *The Transaction may continue to restrict the volume of shares actively traded on market*

The volume of shares traded in Takoradi is low, with only 3% of the share capital traded in the six months to 28 February 2014. Our review of the Takoradi share register indicates that Notesan has not actively traded nor disposed of any shares in Takoradi in the past four years. As we have not been provided any information to indicate Notesan is likely alter its long term strategic view of its investment in Takoradi, it is deemed unlikely that Notesan will actively trade any additional Takoradi shares acquired on market in the near future.

It is noted that the Sale Shares held by Morgans were previously controlled by Sentient Executive GP II Limited, who was previously a long term strategic investor. The acquisition of this parcel of shares by Notesan is not likely to increase the volume of shares available to be actively traded on the market.

11. Other Considerations

11.1. *Alternative proposal*

We are not aware of any alternative proposal for the disposal of the Sale Shares other than to release them for sale on market.

12. Conclusions

We consider the advantages outweigh the disadvantages to the non-associated shareholders of Takoradi, as the Transaction allows the Morgan shares to be sold off-market in one tranche. The placement of the Morgan's shares on-market is likely to dilute the share price of Takoradi, affecting the capital value of the Non-Associated Shareholders' equity investment.

The transaction, as announced, had no impact on the share price and as such had minimal impact on the non-associated shareholders, with the exception of the loss of control, with Notesan achieving a shareholding of over 50%. Given the large parcel of shares held by Notesan currently, we believe that the value consequence to the Non-Associated Shareholders is negligible. It appears that the Transaction is priced without a control premium, thus not diverting value away from the Non-Associated Shareholders.

13. Sources of Information

In preparing our Report we have had access to the following principal sources of information:

- Reviewed financial statements of Takoradi for the half-year ended 31 December 2013;
- Audited financial statements of Takoradi for the years ended 30 June 2012 and 30 June 2013;
- Quarterly Activities & Cash Flow Reports, and other announcements lodged with the ASX;
- Takoradi share register and other corporate records;
- Notice of General Meeting and Explanatory Memorandum dated 14 April 2014;
- Explanatory Memorandum prepared by Takoradi;
- Share Sale agreement between Morgans and Notesan;
- Meetings with Takoradi's management team and advisers;
- ASIC Regulatory Guide 111 'Content of Expert Reports';
- ASIC Regulatory Guide 112 'Independence of Expert's Reports'; and
- APES 225 'Valuation Services'.

We have also had access and we have interviewed and/or obtained information from Takoradi Directors and advisors.

14. Qualifications, Declarations and Disclosures

HMJC, which is a wholly owned entity of HLB Mann Judd's New South Wales Partnership, holds an Australian Financial Services Licence under the Act and its authorised representatives are qualified to provide this Report. The authorised representatives of HMJC responsible for our Report have not in the past provided financial advice to Takoradi.

Prior to accepting this engagement, HMJC considered its independence with respect to Takoradi with reference to ASIC RG 112. In HMJC's opinion, it is independent of Takoradi.

Our Report has been prepared specifically for the Non-Associated Shareholders of Takoradi with reference to ASIC Regulatory Guides and APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board. It is not intended that our Report be used for any other purpose other than to accompany the Explanatory Memorandum to be sent to Takoradi's shareholders.

In particular, it is not intended that our Report should be used for any purpose other than as an expression of an opinion as to whether or not the advantages of the Transaction outweigh the disadvantages for the Non-Associated Shareholders of Takoradi. HMJC disclaims any assumption of responsibility for any reliance on our Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HMJC has relied on and considered information believed, after due inquiry, to be reliable and accurate. HMJC has no reason to believe that any information supplied to it was false or that any material information has been withheld.

Our analysis and conclusions are based on market conditions existing at the date of this Report. A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the Transaction are concluded.

HMJC has evaluated the information provided to it by Takoradi and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate that the information provided was materially misstated or would not provide a reasonable basis for our Report. HMJC has not, nor does it imply that it has, audited or in any way verified any of the information provided to it.

HMJC has been indemnified by Takoradi in respect of any claim arising from HMJC's reliance on information provided by Takoradi or any of its representatives which is false, misleading or incomplete.

We provided draft copies of this report to the Recommending Directors for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Changes made to this Report as a result of review by the Recommending Directors have not changed the methodology or conclusions reached by us.

We will receive a professional fee based on time spent in the preparation of this Report, estimated at approximately \$12,500 exclusive of GST and expenses. We will not be entitled to any other pecuniary or other benefit, direct or indirect, in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Transaction. None of HMJC, its directors or any related entity or person has an interest in the promotion of the Transaction.

The principal persons responsible for the preparation of this Report are Simon James and Darryl Swindells.

Simon James, a director and representative of HMJC and a Partner of HLB Mann Judd's New South Wales Partnership, has more than 15 years experience in providing financial advice and valuation advice and has professional qualifications appropriate to the advice being provided.

Darryl Swindells, a director and representative of HMJC and a Partner of HLB Mann Judd's New South Wales Partnership, has more than 25 years experience in providing financial advice and valuation advice and has professional qualifications appropriate to the advice being provided.

HMJC provides the following information and disclosures:

- Neither HMJC, nor any of its directors or associates, have any interest in Takoradi.
- Neither HMJC nor HLB Mann Judd, nor any of its directors or associates, have had a previous relationship with Takoradi or Notesan.

Yours faithfully

HLB MANN JUDD CORPORATE (NSW) PTY LTD

Licensed Investment Advisor (AFSL Licence number 253134)



S P James
Director and Authorised Representative



D K Swindells
Director and Authorised Representative

APPENDIX A

FINANCIAL SERVICES GUIDE

Dated 14 April 2014

1. HLB Mann Judd Corporate (NSW) Pty Ltd

HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125 (“**HMJC**” or “**we**” or “**us**” or “**our**” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, No. 253134**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, securities valuations or reports and to provide general financial product advice for the following classes of financial products:

- (i) debentures, stocks or bonds issued or proposed to be issued by a government;
- (ii) interests in managed investment schemes excluding investor directed portfolio services;
- (iii) securities; and
- (iv) superannuation;

to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared for the shareholder group as a whole without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HMJC, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HMJC has no employees. All personnel who complete reports for HMJC are either partners of, or personnel employed by, HLB Mann Judd's New South Wales Partnership. None of those partners or personnel is eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HMJC is wholly owned by HLB Mann Judd (NSW) Pty Limited. Also, all directors of HMJC are partners in HLB Mann Judd's New South Wales Partnership. Ultimately the partners of HLB Mann Judd's New South Wales Partnership own and control HMJC.

From time to time HMJC, HLB Mann Judd (NSW) Pty Ltd or HLB Mann Judd's New South Wales Partnership may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of their business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (NSW) Pty Ltd, Level 19, 207 Kent Street NSW 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3, Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.

Takoradi Limited

ABN 12 006 708 676

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 TKG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 10.30am (Sydney time) on Monday, 23 June 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

Review your securityholding

Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Takoradi Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Takoradi Limited to be held at The Hobart Room, Sofitel Wentworth Hotel, 61-101 Phillip Street, Sydney NSW 2000 on Wednesday, 25 June 2014 at 10.30am (Sydney time) and at any adjournment or postponement of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

1 To approve the acquisition of shares by Notesan Pty Limited from Morgans Financial Limited

For Against Abstain

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /

TKG

999999A

Computershare +