



**TAKORADI LIMITED AND CONTROLLED ENTITIES**  
**ACN 006 708 676**

**FINANCIAL REPORT**  
**FOR THE**  
**HALF-YEAR ENDED**  
**31 DECEMBER 2013**

The half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2013.



## **Takoradi Limited and Controlled Entities**

### **Directors' Report**

### **For the half year ended 31 December 2013**

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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 2013 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. Willstead

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 profit after tax of the consolidated entity comprising Takoradi and its controlled entities for the period ended 31 December 2013 was \$231,821 (2012: Loss \$3,593,586). A profit of \$266,331 (2012: Loss \$3,560,812) is attributable to the shareholders of Takoradi with a loss of \$34,510 (2012: \$32,774) 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 (Metminco).

#### **MINERAL INTERESTS**

The Company's African mineral operations 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 projects. The rights to tenure at Bole were still subject to renewal applications as at 31 December 2013, which had been favourably recommended by the Minerals Commission to the Minister of Lands and Natural Resources, to re-new the licences. However, the licence renewal is currently in dispute.

The Company is currently reviewing its options with respect to its Ghanaian and Namibian interests.

As at 31 December 2013, the Company has an exposure to mineral interests in Chile and Peru through its shareholding in Metminco, which holds the highly prospective Los Calatos development project located in Peru which has the potential to be a significant copper / molybdenum producer, subject to further studies.

In Chile, the principal focus is on the copper / gold Mollacas project.

For more information regarding the activities of Metminco, please refer to the Metminco website.  
[www.metminco.com.au](http://www.metminco.com.au).

#### **AFRICA PROJECTS**

##### **NAMIBIA, SOUTH WEST AFRICA**

The 70% owned Kuiseb Copper / Gold Development Project is located at the south-west end of the Matchless Amphibolite Belt ("MAB"), that runs northeast to the capital city Windhoek and beyond. Takoradi's interest is held through its wholly owned subsidiary, Nimrod Metals Limited.

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



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**AFRICA PROJECTS**  
**NAMIBIA, SOUTH WEST AFRICA (CONT'D)**

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 programs designed to establish a copper / gold resource of sufficient size to support a commercial mining operation.

***Hope Deposit - Resources***

As at 31 December 2013, 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 suggest continuity of mineralization down plunge at Hope for more than 4km, an increase of a further 50% of strike. Potential mineralised resources of approximately 6 to 8 million tonnes at 2.5% Cu, to a depth of 700m may be identified, in the future.

Wide spaced drill holes could be successful in extending the mineralized envelope without the expense of detailed drilling. This could identify mineralization that could be used for mine planning purposes.

The Company is currently analysing the results of the detailed review of its Kuiseb Copper-Gold project which included an initial scoping study by SRK Consulting South Africa.

***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 additional deposits have a high potential for combined resources of more than 3 million tonnes. These targets will complement the Hope deposit.

***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 Anomaly. This will be dependent on the planned pre-feasibility study along with additional drilling to determine the parameters for such potential future operation.



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Directors' Report  
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**AFRICA PROJECTS**

**NAMIBIA, SOUTH WEST AFRICA (CONT'D)**

**GHANA, WEST AFRICA**

Takoradi continues to hold an 80% interest in four prospecting licences located in the north western region of the country near the township of Bole and a 100% interest in a prospecting licence located at Kutukrom in the south western region of the country near the township of Tarkwa.

The Kutukrom prospecting licence area is adjacent to the border of the Prestea/Bogasu Gold mine. Local inhabitants have established small scale mining operations on the mining tenements in that area.

As at the date of this report, all license renewal fees and ground rents in respect of the Bole licenses have been paid in accordance with the Minerals Commission written advice. However, in relation to the renewal application, formal confirmations are awaited from the Minister and are subject to dispute.

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. Extensive local small scale mining activity has occurred on the tenements.

**SOUTH AMERICA PROJECTS – METMINCO LIMITED**

Takoradi continues to have an exposure to mineral interests in Chile and Peru, South America, through its interest in the ASX listed Metminco which holds a portfolio of exploration projects which range from early stage exploration through to pre-feasibility.

The most advanced of these projects is the Los Calatos project located in Peru, South America.

**PERU - LOS CALATOS PROJECT**

The Los Calatos Project is a copper-molybdenum 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 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.

To date, Metminco has completed four phases of drilling totalling 125,393m.

In January 2013, Metminco also completed a pit optimisation study aimed at potentially exploiting the higher grade zones of the project for an initial open-pit mining operation.

The pit optimisation study focused on maximising start up grades and identified a preferred mining scenario comprising:

- Initial Open Pit - Depths up to 500m from surface; and
- Underground Bulk Mining – Depths from 500m below surface

As a result of the pit optimisation study, Metminco released an updated mineral resource estimate in January 2013 and progressed a scoping study of the project resulting in a further updated mineral resource estimate upon completion of the scoping study in February 2013.



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**SOUTH AMERICA PROJECTS – METMINCO LIMITED (CONT'D)**

**Resources**

**Increased Mineral Resource Estimate - February 2013**

The resources have been categorised into Measured, Indicated and Inferred Mineral Resources in accordance with the JORC Code (2004) for Reporting Mineral Resources and Mineral Reserves (see Tables A and B below).

**Table A: Mineral Resource Statement for the Los Calatos Project to a vertical depth of 500 metres below surface, SRK, February 2013**

Resource Classification	Tonnes (million)	Cu (%)	Mo (%)	CuEq (%)
Measured	121	0.35	0.027	0.47
Indicated	117	0.35	0.016	0.42
<b>Total Measured and Indicated</b>	<b>238</b>	<b>0.35</b>	<b>0.022</b>	<b>0.44</b>
Inferred	66	0.40	0.006	0.43

*Note:*

i) Reported at a cut-off of 0.15% CuEq, above 2500 metres above sea level (masl).

ii) Rounding-off of figures may result in minor computational discrepancies; where this happens, it is not deemed to be significant.

**Table B: Mineral Resource Statement for the Los Calatos Project sub-500 metres below surface, SRK, February 2013**

Resource Classification	Tonnes (million)	Cu (%)	Mo (%)	CuEq (%)
Measured	281	0.48	0.035	0.63
Indicated	485	0.52	0.022	0.61
<b>Total Measured and Indicated</b>	<b>766</b>	<b>0.51</b>	<b>0.027</b>	<b>0.62</b>
Inferred	292	0.52	0.018	0.60

*Note:*

i) Reported at a cut-off of 0.35% CuEq, above 2500 metres above sea level (masl).

ii) Rounding-off of figures may result in minor computational discrepancies; where this happens, it is not deemed to be significant.

**Scoping Study**

The Study, undertaken by NCL Ingeniería y Construcción Ltda ("NCL"), an independent Chilean based engineering group with substantial experience in underground block cave design, has determined that the optimal development scenario for Los Calatos is a combination of an open pit and underground mining operation, with a combined LoM of 31 years, at a mining and processing rate of 21.9 million tonnes per annum (60,000 tonnes per day). The tonnes mined and treated over the life of the mine total 656 million tonnes.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the half year ended 31 December 2013**

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**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 2013, and to the date of this financial report.

30 July 2013	Quarterly Activities & Cashflow Report for the quarter ended June 2013
1 October 2013	Full Year Statutory Accounts
29 October 2013	Annual Report to shareholders
29 October 2013	Notice of Annual General Meeting
31 October 2013	Quarterly Activities & Cashflow Report for the quarter ended September 2013
4 November 2013	Response to ASX Query – Appendix 5B
29 November 2013	Results of Meeting
20 December 2013	Kuiseb Copper-Gold Project – Licence Renewal
2 January 2014	Becoming a substantial holder
2 January 2014	Ceasing to be a substantial holder
2 January 2014	Statement Change in substantial holding
30 January 2014	Quarterly Activities & Cashflow Report for the quarter ended December 2013
4 February 2014	Response to ASX Query – Appendix 5B
5 February 2014	Quarterly Mining Tenements Report for the quarter ended December 2013



**Takoradi Limited and Controlled Entities  
Directors' Report  
For the half year ended 31 December 2013**

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**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: 14 March 2014

## DECLARATION OF INDEPENDENCE BY ALEX SWANSSON TO THE DIRECTORS OF TAKORADI LIMITED

As lead auditor for the review of Takoradi Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Takoradi Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'AS', followed by a long horizontal flourish.

Alex Swansson  
Partner

**BDO East Coast Partnership**

Melbourne, 14 March 2014





**TAKORADI LTD AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	2013 \$	Half-year 2012 \$
Revenue	2a	119	323
Other income	2b	1,218,633	-
Expenses	2c	(628,334)	(3,240,484)
Finance costs		(358,597)	(353,425)
<b>Profit/(Loss) before income tax</b>		231,821	(3,593,586)
Income tax benefit		-	-
<b>Profit/(Loss) for the half-year</b>		231,821	(3,593,586)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations, net of tax		(236,682)	(112,026)
<b>Other comprehensive income for the half year, net of tax</b>		(236,682)	(112,026)
<b>Total comprehensive income for the half year</b>		(4,861)	(3,705,612)
<b>Profit/(Loss) for the half year is attributable to:</b>			
Members of the parent		266,331	(3,560,812)
Non-controlling interest		(34,510)	(32,774)
		231,821	(3,593,586)
<b>Total comprehensive income for the half year is attributable to:</b>			
Members of the parent		34,769	(3,728,297)
Non- controlling interest		(39,630)	22,685
		(4,861)	(3,705,612)
Basic profit/(loss) per share (cents)		0.40	(5.30)
Diluted profit/(loss) per share (cents)		0.40	(5.30)

The Consolidated Statement of Profit or Loss and Other 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 2013**

		31 December 2013	30 June 2013
	Note	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		18,502	24,880
Trade and other receivables		24,464	25,703
Other financial assets	5	1,298,900	700,009
<b>TOTAL CURRENT ASSETS</b>		<u>1,341,866</u>	<u>750,592</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,415	2,761
Exploration expenditure	4	5,963,524	6,066,732
<b>TOTAL NON-CURRENT ASSETS</b>		<u>5,965,939</u>	<u>6,069,493</u>
<b>TOTAL ASSETS</b>		<u>7,307,805</u>	<u>6,820,085</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,671,281	3,302,791
Borrowings	6	2,251,422	2,099,501
<b>TOTAL CURRENT LIABILITIES</b>		<u>5,922,703</u>	<u>5,402,292</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	6	1,480,978	1,508,808
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,480,978</u>	<u>1,508,808</u>
<b>TOTAL LIABILITIES</b>		<u>7,403,681</u>	<u>6,911,100</u>
<b>NET ASSET DEFICIENCY</b>		<u>(95,876)</u>	<u>(91,015)</u>
<b>EQUITY</b>			
Issued capital	7	30,855,433	30,855,433
Foreign exchange translation reserve		(2,529,779)	(2,332,727)
Accumulated losses		(27,381,867)	(27,648,198)
Parent entity interest		943,787	874,508
Non-controlling interest	8	(1,039,663)	(965,523)
<b>TOTAL EQUITY</b>		<u>(95,876)</u>	<u>(91,015)</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 2013

	Issued Capital \$	Foreign Exchange Translation Reserve \$	Accumulated Losses \$	Non- controlling interest \$	Total Equity \$
Balance as at 1 July 2012	30,855,433	(2,446,519)	(20,530,214)	(753,065)	7,125,635
Loss after income tax for the period	-	-	(3,560,812)	(32,774)	(3,593,586)
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transactional currency to the reporting currency	-	(134,711)	-	22,685	(112,026)
Balance as at 31 December 2012	<b>30,855,433</b>	<b>(2,581,230)</b>	<b>(24,091,026)</b>	<b>(763,154)</b>	<b>3,420,023</b>
Balance as at 1 July 2013	30,855,433	(2,332,727)	(27,648,198)	(965,523)	(91,015)
Profit/(Loss) after income tax for the period	-	-	266,331	(34,510)	231,821
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transactional currency to the reporting currency	-	(197,052)	-	(39,630)	(236,682)
Balance as at 31 December 2013	<b>30,855,433</b>	<b>(2,529,779)</b>	<b>(27,381,867)</b>	<b>(1,039,663)</b>	<b>(95,876)</b>

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



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**TAKORADI LTD AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	<b>Half-year</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(304,515)	(656,707)
Payments for exploration costs	(134,993)	(57,063)
Interest received	119	323
Interest paid	(9,255)	-
<b>Net cash used in operating activities</b>	<b>(448,644)</b>	<b>(713,447)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of equity investments	530,273	745,612
<b>Net cash provided by investing activities</b>	<b>530,273</b>	<b>745,612</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	72,600	-
Repayments of borrowings	(160,607)	(55,000)
<b>Net cash used in financing activities</b>	<b>(88,007)</b>	<b>(55,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(6,378)</b>	<b>(22,835)</b>
Cash and cash equivalents at beginning of half year	24,880	63,339
<b>Cash and cash equivalents at end of the half-year</b>	<b>18,502</b>	<b>40,504</b>

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

These general purpose financial statements for the interim half-year reporting period ended 30 June 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 2013 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### Going Concern

The consolidated entity recognised a profit of \$231,821 and had negative cash flows from operating activities of \$448,644 for the half year ended 31 December 2013. In addition the consolidated entity had net current liabilities of \$4,580,837 and a deficiency in equity of \$95,876 as at 31 December 2013. Included in total liabilities of \$7,403,681 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. Also included in total liabilities of the consolidated entity is 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.

The ability of the consolidated entity to continue as a going concern is dependent on deferring payment to secured noteholders and creditors in addition to the successful raising of funds through the exploitation of the consolidated entity's tenements, and/or sale of non-core assets or through equity placements. These conditions give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash to meet all of its expenses for the next 12 months based on realising cash from the sale of its exploration assets. Should this not occur in the next six months the consolidated entity will raise funds via an equity placement;
- The ability to continue to defer payment to secured noteholders in relation to borrowings totalling \$2,251,422 as detailed in Note 6. The consolidated entity's intention is to repay the noteholders from the proceeds from the commercialisation of the consolidated entity's exploration assets. The directors confirm that no legal action has been taken against the consolidated entity by these note holders;
- The ability to continue to defer payment with the mining services contractor in relation to outstanding amounts of \$1,093,904 due by a subsidiary that has been guaranteed by Takoradi Limited. The directors confirm that despite a demand for repayment being received in February 2012, no legal action has been taken against the consolidated entity by the mining services contractor;
- Included in trade and other payables are amounts owing to directors and other related parties of \$2,056,176 and included in borrowings are amounts owing to Notesan Pty Ltd, a director-related entity, of \$1,480,978. Confirmation has been obtained that these amounts totalling \$3,537,154 shall not be demanded for repayment until the consolidated entity has sufficient cash resources to meet these obligations without having a negative impact on the ability of the consolidated entity to continue as a going concern;



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

**GOING CONCERN (CONT'D)**

- The directors of the consolidated entity have successfully renewed its licences with the Namibian government. The renewal of the tenements enables the consolidated entity to commercialise the project by either sale or joint venture. The consolidated entity seeks to raise funds from the commercialisation of this asset by means of sale or joint venture;
- The ability of the consolidated entity to maximise the value of its investment in ASX listed consolidated entity Metminco Limited which has traded between 2.7 cents and 3.6 cents over the last three months. Based on the current shareholdings this would value the investment between \$965,250 and \$1,287,000 over this timeframe. As at 14 March 2014, the value of the investment is approximately \$1,144,000. A proportion of these shares are pledged as security against secured note holders;
- Should the consolidated entity not obtain sufficient funds from the Metminco shares or commercialisation of the exploration assets, the directors have the ability to raise additional funds via a capital raising to existing shareholders or to sophisticated investors. This placement will be dependent on financial market conditions at the time that any additional equity funds are being sought and subject to shareholder approval at a general meeting of members.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half year financial statements. These half year financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

**(a) Principles of Consolidation**

The half year financial statements incorporate the assets and liabilities of all entities controlled by the company as at 31 December 2013 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.

**(b) 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 2013. 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 2013

**NOTE 2: LOSS BEFORE TAX**

Loss before tax includes the following:

	Dec 2013 \$	Dec 2012 \$
<b>(a) Revenue</b>		
Interest	119	323
<b>(b) Other income</b>		
Foreign currency gain	93,239	-
Profit on disposal of available for sale investments	371,194	-
Fair value gain in value of available for sale investments	754,200	-
	<u>1,218,633</u>	<u>-</u>
<b>(c) Expenses</b>		
Impairment of exploration costs	(58,330)	(57,063)
Consulting fees	(67,476)	(31,220)
Administration expenses	(284,578)	(306,653)
Other expenses	(217,950)	(224,678)
Loss on disposal of available for sale investments	-	(209,890)
Fair value impairment in value of available for sale investments	-	(2,410,980)
	<u>(628,334)</u>	<u>(3,240,484)</u>

**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.

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. 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 2013 is as follows:

**Segment Performance**

	Minerals		Corporate		Consolidated	
	Dec 2013	Dec 2012	Dec 2013	Dec 2012	Dec 2013	Dec 2012
	\$	\$	\$	\$	\$	\$
<b>Segment Revenue</b>	-	-	1,218,752	323	1,218,752	323
<b>Segment Result/(Loss)</b>	(198,255)	(312,043)	430,076	(3,281,542)	231,821	(3,593,586)



NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2013

**NOTE 3: SEGMENT INFORMATION**

(b) Segment information (Cont'd)

**Total Segment Assets**

	<b>Minerals \$</b>	<b>Corporate \$</b>	<b>Consolidated \$</b>
31 December 2013	5,970,790	1,337,015	7,307,805
30 June 2013	6,073,703	746,380	6,820,083

**Total Segment Liabilities**

	<b>Minerals \$</b>	<b>Corporate \$</b>	<b>Consolidated \$</b>
31 December 2013	1,093,904	6,309,777	7,403,681
30 June 2013	1,000,665	5,910,435	6,911,100

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**

	<b>Half Year Ended 31 December 2013</b>	<b>Year Ended 30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Opening balance - At Cost	6,066,732	6,275,417
Revaluation due to foreign currency movement	(103,208)	(208,685)
Closing balance – At Cost	5,963,524	6,066,732

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**

<b>(a) Available-for-sale investments at fair value</b>	<b>31 December 2013</b>	<b>Consolidated 30 June 2013</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Available – for – sale financial assets:		
Shares in quoted investments at Fair Value* - Metminco Limited	1,298,900	700,009
	<u>1,298,900</u>	<u>700,009</u>

\*The closing share price as at 31 December 2013 of Metminco on the ASX was \$0.031 (30 June 2013: \$0.013), giving Takoradi's shares a fair value of \$1,298,900 (30 June 2013: \$700,009). The current share price of Metminco on the ASX as at the date of signing is \$0.029, giving Takoradi's shares a fair value of approximately \$1,144,000.





NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2013

**NOTE 6: BORROWINGS**

	31 December 2013 \$	30 June 2013 \$
<b>CURRENT</b>		
Secured Liabilities		
Sellers Holdings Pty Ltd (i)	443,068	426,147
Allstates Secretariat Pty Limited (i)	451,964	418,214
City Natural Resources High Yield Trust PLC (i)	1,356,390	1,255,140
	<u>2,251,422</u>	<u>2,099,501</u>
<b>NON-CURRENT</b>		
Secured Liabilities		
Amount due to Director related entity (ii)	1,480,978	1,508,808
	<u>1,480,978</u>	<u>1,508,808</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 \$193,068 has been accrued in the balance of financial liabilities as at 31 December 2013.

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 \$201,964 has been accrued in the balance of financial liabilities as at 31 December 2013.

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 \$606,390 has been accrued in the balance of financial liabilities as at 31 December 2013.

As at the date of the half year financial report, the note holders have not issued a demand for repayment.

**Secured loans**

(ii) Takoradi has received advances by way of secured loans totalling \$1,480,978 from Notesan Pty Limited, a related entity of Mr Rodney T Hudspeth. This is in addition to the amount of director's fees payable to Notesan totalling \$1,303,156. As at the date of this report, Notesan had made no further advances to Takoradi.

At 31 December 2013, these advances were not due for repayment per the terms of the arrangement with Notesan Pty Limited for a period of 12 months from the date of signing the financial reports.

The loan advanced by Notesan Pty Limited is secured with a floating charge over Takoradi assets (up to \$1,000,000 in company assets).



NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
31 DECEMBER 2013

**NOTE 7: CONTRIBUTED EQUITY**

	<b>December 2013</b>	
	<b>Qty</b>	<b>\$</b>
<b>Movement in share capital</b>		
Opening balance 1 July 2013	67,162,219	30,855,434
Movements during the period	-	-
<b>Closing balance 31 December 2013</b>	<b>67,162,219</b>	<b>30,855,434</b>

**NOTE 8: NON-CONTROLLING INTEREST**

	<b>31 December 2013</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
<b>NON-CONTROLLING INTEREST</b>		
Ordinary shares	388,519	388,519
Revaluation reserve	801,390	801,390
Foreign currency translation reserve	293,859	333,489
Accumulated losses	(2,523,431)	(2,488,921)
	<b>(1,039,663)</b>	<b>(965,523)</b>



**NOTE 9: CONTINGENT LIABILITIES AND COMMITMENTS**

- a) The following issues are being renegotiated with relation to the Insamankaw Joint Venture Agreement: 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 filed to 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.
- c) Minimum expenditures required to maintain exploration properties in Africa are approximately \$US75,000 per annum for Ghana and \$US150,000 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 on or before 31 March 2012

As at 31 December 2013, the total amount outstanding to Drillcon including interest was N\$9,858,042 (Principal of A\$447,687 and interest of A\$646,217 totalling A\$1,093,904).

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. Discussions have continued on a regular basis during the 2014 financial year and the Board expects to formalise agreement with relation to the total borrowings.

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

**NOTE 10: 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 2013 or on the results and cash flows of the Company for the period ended on that date.



DIRECTORS' DECLARATION  
31 DECEMBER 2013

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**DIRECTORS DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

RODNEY T HUDSPETH  
Chairman

Sydney

Date: 14 March 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Takoradi Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Takoradi Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### 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 internal 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 half-year 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 2013 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Takoradi Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### **Basis for Qualified Conclusion**

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

Included in the consolidated statement of financial position of the consolidated entity at 31 December 2013 are capitalised exploration assets related to the above subsidiaries amounting to \$5,963,524. 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. The ultimate recoupment of the exploration assets depends on the subsidiaries being able to continue as a going concern.

A demand for payment was served on the subsidiaries by a mining services contractor on 6 February 2012, as detailed in Note 9(d) to the half-year financial report, which has not been settled to date.

We were unable to complete our review procedures relating to the exploration assets due to the incomplete review procedures relating to 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 these entities and consequently we were unable to determine whether any adjustments might be necessary to the half-year financial report.

#### **Qualified Conclusion**

Based on our review, which is not an audit, except for the possible effects of the matter described in the preceding paragraph, we have not become aware of any matter that makes us 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 2013 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 "Going Concern" in the half-year financial report, which indicates the consolidated entity had negative cash flows from operating activities of \$448,644, net current liabilities of \$4,508,837 and net asset deficiency of \$95,876 as at 31 December 2013.

The ability of the consolidated entity to continue as a going concern is dependent on deferring payment to secured noteholders and creditors in addition to the successful raising of funds through the exploitation of the consolidated entity's tenements, and/or sale of non-core assets or through equity placements. These conditions along with other matters set forth in Note 1 "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.

**BDO East Coast Partnership**



**Alex Swansson**

**Partner**

Melbourne, 14 March 2014