



TAKORADI LIMITED AND CONTROLLED ENTITIES  
ACN 006 708 676

**FINANCIAL REPORT**  
FOR THE  
HALF-YEAR ENDED  
31 DECEMBER 2008

The half-year financial report is to be read in conjunction with the financial report for the year ended 30<sup>th</sup> of June 2008.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the half year ended 31 December 2008**

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The Directors present their report together with the condensed financial report of the consolidated entity consisting of Takoradi Limited ("Takoradi") and the entities it controlled for the half year ended 31 December 2008 and independent auditors 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)  
Rear Admiral (Ret'd) C. Kevin Dzang (Deceased - 29 December 2009)  
Albert G. Harris  
John S. McIntyre

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

**REVIEW OF OPERATIONS**

The consolidated operating loss of the economic entity comprising Takoradi and its controlled entities after tax for the period ended 31 December 2008 was \$4,548,953 of which \$3,684,123 is attributable to shareholders of Takoradi.

**PRINCIPAL ACTIVITIES**

The Company's principal activity is the exploration for minerals, specifically for gold, copper and base metal resources in Chile and Peru, South America, Namibia, South-western Africa and Ghana, West Africa. The Company's mineral interests in Chile and Peru are held through Hampton Mining Limited in which Takoradi, holds a 26.7% shareholding, as at the date of this report.

**MINERAL INTERESTS**

Details outlined below are as at the date of this reporting period of 31 December 2008. Further updated technical information has been released since the date of the financial statements, being 31 December 2008.

The Company's African mineral investments are located in Namibia and Ghana. In Namibia the Company continued, during this period, a very active exploration programme on its Kuiseb copper, gold project. Takoradi holds a 70% interest in the Kuiseb Project through its wholly owned subsidiary Nimrod Metals Limited (Nimrod). In Ghana the Company holds an 80% interest in the Bole gold project and a 100% interest in the Kutukrom gold project.

The company's mineral interests in South America are held through its 26.7% shareholding in Hampton Mining Limited (Hampton) an Australian unlisted public company. Hampton had initially the right to acquire up to a 75% (subsequently reduced to 50%) interest in a highly regarded portfolio of exploration properties located in the prime well established Copper/Gold/Molybdenum geological environment of Chile. The properties include Mollacas, Vallecillo, Loica and Victoria each evaluated through extensive drilling programmes and resource studies.

Hampton's mineral portfolio also include interests in several other properties namely Camaron (gold), and Isidro (gold / copper), located in Chile and the highly prospective Los Calatos project in Peru that has the potential for a large copper - molybdenum mineral resource. In each of the areas Hampton has entered into option agreements to earn equity by meeting specific expenditure commitments on the properties.

Substantial drilling programmes have been completed at Mollacas, Vallecillo, Loica and Victoria, as well as at the Los Calatos Project.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the half year ended 31 December 2008**

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**Namibia, South West Africa**

The Company's principle mineral interest in Namibia, the Kuiseb Copper Project is located at the southwest end of the Matchless Amphibolite Belt ("MAB"), a narrow regional feature which runs northeast to the capital city Windhoek and beyond.

Previous drilling by the South African mining company JCI Limited (JCI) in the early 1980's of 19,000m of diamond holes and 55,000m of percussion holes had identified the potential of the Kuiseb Project area and in particular the Hope Deposit and the Gorob, Anomaly and Vendome prospects.

Past drilling of each of the deposits has identified a copper/gold resource that the Company is delineating through extensive drilling programs, during this period, designed to establish a gold resource of a size sufficient to support a commercial mining operation.

The Company's prime objective is to establish a copper/gold mining operation at the main Hope deposit supplemented by the mineralized deposits from the nearby Gorob and Vendome prospects.

To the 31 December 2008 the JORC code compliant inferred resource established for the Hope deposit was 3,000,000 tonnes at a grade of 2.67% Copper (Cu) and 0.68g/t Gold (Au) at 0.8% Cu cut off. Subsequent to this report the company has announced an increased resource.

Drilling programs at the Kuiseb Project were completed in December 2008. A total of 36 diamond drill holes for 14,935 metres were completed during the reporting period on the combined Hope, Gorob and Anomaly prospects. Resources estimates for the project were updated by the Company, to include the results obtained from all drilling completed to date. Full details were reported to the ASX on 30 January 2009 which included a new resource estimate.

**Chile & Peru, South America**

The acquisition of the shareholding in Hampton was the Company's first new move to expand its mineral resource activities, with the emphasis being to focus on acquiring significant gold, copper and molybdenum mineral targets with the potential for early development.

Hampton had been planning to list on the Australian Stock Exchange (ASX) through an initial Public Offering (IPO) and all approvals were in place for the listing in July 2008 however, because of the financial instability resulting from the Global Financial Crisis ("GFC"), on 23 October 2008 Hampton finally announced its withdrawal of the IPO. Full details of the Hampton mineral interests and the IPO document are available from ASX announcements.

On 24 December 2008, Hampton received a formal proposal from Metminco Limited (MNC) an Australian company listed on the ASX, to merge the two companies through the acquisition by MNC of at least 51% of the shareholding of Hampton. Details of the proposal were announced to the ASX by MNC, Hampton and Takoradi.

In July 2009 MNC closed its offer having obtained 36.5% of Hampton with Takoradi retaining its 27.5% and the other significant shareholder Junior Investment Company (JIC) retaining its 31.9% interest with the minorities holding 4.1%.

**Ghana, West Africa**

The Company continues to maintain its Prospecting Licences in Ghana, four of which are located in the north western region of the country near the township of Bole, while the fifth is located at Kutukrom in the south western region of the country near the township of Tarkwa. The Kutukrom area is adjacent to the border of the Prestea/Bogasu Gold mine.

The Company intends to further evaluate the gold tenements at Bole, including the Dokrupe Gold Project within the Yakomba Prospecting License and the Reconnaissance License acquired from Red Back Mining Limited (Red Back). Applications for renewals of the licences have been lodged at the Minerals Commission in Ghana. Discussions are continuing with several parties that have expressed interest in acquiring equity in these licenses.

During the 6 months covered by this report, field and administration staff in Ghana carried out care and maintenance on the mineral tenements, camps and equipment.

The JORC Code compliant resources identified to date at the Dokrupe Gold Project include Proven and Probable Reserves of 145,000ozs Au and Inferred Resources of 17,000ozs Au.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the half year ended 31 December 2008**

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**TECHNOLOGY INTEREST**

Matchtip Limited (100% owned UK Subsidiary)

The Company's subsidiary Matchtip Limited (Matchtip) is a developer of software applications for use in the mobile telecommunications industry. The Company is reviewing its activities in regards to this investment and expect to sell or joint venture the interest in due course.

**CORPORATE**

During August 2008, \$1,250,000 was raised by way of short term loans to provide ongoing working capital for the company.

In June 2008, Hampton in which Takoradi owned a 27.5% interest as at 31 December 2008 (26.7% at date of this report), issued a Prospectus for an Initial Public Offering (IPO). Subsequently in October 2008, as previously stated, due to the effect of the GFC at that time, Hampton withdrew the offering. In December 2008, Hampton received a takeover-offer from Metminco Limited (MNC). Details are outlined under Note 3: Subsequent Events. Full details of the Hampton mineral interests were outlined in ASX announcements.

On 2 February 2009 the Company requested the ASX to accommodate a temporary halt on the trading of its securities. On 4 February 2009 the Company requested a temporary suspension of share trading to allow time for a number of important corporate and financial matters to be completed.

Discussions are in progress with financial institutions and high net worth individuals to arrange a capital raising to provide working capital for the Company's ongoing operations. A number of alternatives for the capital raising are being considered by the Directors, including a rights issue for Shareholders

The Directors are also reviewing the sale or joint venture of certain of the Company's assets.

**SUBSEQUENT EVENTS** – see Note 3 of the Financial Statements

**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 were 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. Willsteed, BE (Min) Hons BA AusIMM as a Competent Person overviewed the information in this report and consents to the inclusion of the 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

Dated: 14 July 2010

Sydney



Chartered Accountants  
& Business Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Takoradi Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) 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 half year.

**D J Garvey**  
**Partner**  
**PKF**

14 July 2010  
Melbourne

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TAKORADI LTD AND CONTROLLED ENTITIES  
CONSOLIDATED INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Half-year 2008 \$	2007 \$
Revenue	2 (a)	3,663	8,232
Share of profit of equity accounted associate	5	641,236	-
Expenses from continuing operations	2 (b)	(4,764,808)	(1,140,896)
Share of loss of equity accounted associate		-	(244,657)
Finance costs		<u>(429,044)</u>	<u>(283,407)</u>
<b>Loss before income tax</b>		(4,548,953)	(1,660,728)
Income tax		<u>-</u>	<u>-</u>
<b>Loss for the half-year</b>		(4,548,953)	(1,660,728)
Loss attributable to minority interests		<u>864,830</u>	<u>47,471</u>
<b>Loss attributable to the members of the parent</b>		<u><u>(3,684,123)</u></u>	<u><u>(1,613,257)</u></u>
Basic earnings (loss) per share (cents per share)		<u>(5.5)</u>	<u>(2.7)</u>
Diluted earnings (loss) per share (cents per share)		<u>(5.5)</u>	<u>(2.7)</u>

The accompanying notes form part of these financial statements.



**TAKORADI LTD AND CONTROLLED ENTITIES**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	Note	31 December 2008 \$	30 June 2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		84,097	131,091
Trade and other receivables		306,910	258,759
<b>TOTAL CURRENT ASSETS</b>		<u>391,007</u>	<u>389,850</u>
<b>NON-CURRENT ASSETS</b>			
Equity accounted investments	5	11,082,557	8,230,181
Property, plant and equipment		13,402	12,995
Exploration expenditure	6	7,026,598	9,232,674
<b>TOTAL NON-CURRENT ASSETS</b>		<u>18,122,557</u>	<u>17,475,850</u>
<b>TOTAL ASSETS</b>		<u>18,513,564</u>	<u>17,865,700</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,871,059	2,216,599
Borrowings	7	10,166,978	653,095
<b>TOTAL CURRENT LIABILITIES</b>		<u>14,038,037</u>	<u>2,869,694</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	7	-	7,766,356
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>-</u>	<u>7,766,356</u>
<b>TOTAL LIABILITIES</b>		<u>14,038,037</u>	<u>10,636,050</u>
<b>NET ASSETS</b>		<u>4,475,527</u>	<u>7,229,650</u>
<b>EQUITY</b>			
Issued capital	8	39,351,423	39,351,423
Reserves		4,031,523	2,220,912
Accumulated losses		(37,922,764)	(34,238,641)
Parent entity interest		5,460,182	7,333,694
		<u>5,460,182</u>	<u>7,333,694</u>
Issued capital		388,518	388,518
Reserves		1,108,501	1,124,282
Accumulated losses		(2,481,674)	(1,616,844)
Minority equity interest		(984,655)	(104,044)
<b>TOTAL EQUITY</b>		<u>4,475,527</u>	<u>7,229,650</u>

The accompanying notes form part of these financial statements.



**TAKORADI LTD AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Minority Equity Interests \$</b>	<b>Total Equity \$</b>
Balance as at 1 July 2007	35,851,423	182,860	(31,330,030)	220,983	4,925,236
Shares issued	800,000	-	-	-	800,000
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transactional currency to the reporting currency	-	(381,846)	-	(151,412)	(533,258)
Loss after income tax for the period	-	-	(1,613,257)	(47,471)	(1,660,728)
Balance as at 31 December 2007	36,651,423	(198,986)	(32,943,287)	22,100	3,531,250
Balance as at 1 July 2008	39,351,423	2,220,912	(34,238,641)	(104,044)	7,229,650
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transactional currency to the reporting currency	-	(25,529)	-	(15,781)	(41,310)
Share of change in associates foreign currency translation reserve	-	1,836,140	-	-	1,836,140
Loss after income tax for the period	-	-	(3,684,123)	(864,830)	(4,548,953)
Balance as at 31 December 2008	39,351,423	4,031,523	(37,922,764)	(984,655)	4,475,527

The accompanying notes form part of these financial statements.





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TAKORADI LTD AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Half-year	
	2008	2007
	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(749,661)	(1,002,026)
Interest received	3,663	8,232
Interest expense	(18)	(1,106)
<b>Net cash used in operating activities</b>	<u>(746,016)</u>	<u>(994,900)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Exploration expenditure	(144,478)	(227,465)
Purchase of shares in associated entity	<u>(375,000)</u>	<u>(1,458,327)</u>
<b>Net cash used in investing activities</b>	<u>(519,478)</u>	<u>(1,685,792)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	1,268,800	1,012,000
Repayments on borrowings	<u>(50,300)</u>	<u>-</u>
<b>Net cash provided by financing activities</b>	<u>1,218,500</u>	<u>1,012,000</u>
<b>Net decrease in cash held</b>	(46,994)	(1,668,692)
Cash and cash equivalents at beginning of half year	<u>131,091</u>	<u>1,814,547</u>
<b>Cash and cash equivalents at end of the half-year</b>	<u>84,097</u>	<u>145,855</u>

The accompanying notes form part of these financial statements.



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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

This general purpose half year financial report consists of Takoradi Limited ("Takoradi") and its controlled entities as an economic entity. Takoradi is a listed public company, incorporated and domiciled in Australia and is the parent entity whose shares are listed on the Australian Securities Exchange (ASX). At the date of this report, the company's shares are suspended from trading on the ASX.

The principal activity of the economic entity during the half year is exploration and investment in Hampton Mining Limited.

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 2008 and any public announcements made by Takoradi Limited during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

### **STATEMENT OF ACCOUNTING POLICIES**

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

#### **(a) Statement of compliance**

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

#### **(b) Basis of accounting**

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

### **GOING CONCERN**

The consolidated entity has incurred a loss of \$4,548,953 for the half year ended 31 December 2008 (Loss of \$1,660,728 for the 31 December 2007 half year) and had negative cash outflows from operating activities of \$746,016 for the period then ended (Negative cash outflows of \$994,900 for the 31 December 2007 half year). It also has an excess of current liabilities over current assets of \$13,647,030 and is reliant on equity capital and/or loans and borrowings from third parties to meet its operating costs. These conditions and the fact the company is currently suspended from trading on the ASX indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The directors have carefully considered the consolidated entity's current position and these uncertainties and believe that the consolidated entity will continue to operate as a going concern. The financial statements have therefore been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, including the continued support/availability of funds from the related entity of a director and major shareholder, continued support from its financiers and through the successful implementation of the company's corporate strategies over the next twelve (12) months. The key objective of these strategies is to have the company's shares re-instated to trading on the ASX and to raise capital to provide on-going working capital for the consolidated entity.

Further to the above:

- In the past the company has received loan funding/financial support from the related entity of the chairman and major shareholder, Notesan Pty Limited. The company is expecting to receive further loan funding during the next twelve months from this major shareholder, either directly or indirectly to meet the working capital requirements of the company. This support is expected to continue until a capital raising is completed by the company;
- Subsequent to balance date, the company has successfully renegotiated extensions of time with its secured note holders for the repayment of secured notes totalling \$1,250,000, to July 2011;



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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- The company is continuing to work with its major financier and unsecured convertible note holder, the Sentient Group of Companies ("Sentient"), to reach a mutually beneficial outcome for both parties. At the date of this report, the convertible notes of \$8,047,945, including accrued interest, are no longer convertible as the time for conversion under the notes has expired. The company has received on 24 December 2009, a demand for payment in respect of amounts owed. The period of compliance with the demand for payment has elapsed and the company has not complied with this demand and has not had the demand set aside;
- Subject to shareholder approval, the company proposes to issue shares and raise capital through placements or by way of a rights issue, which will enable all shareholders to subscribe for new equity, to provide funding to the company for its working capital requirements. A number of significant shareholders have been approached and have indicated willingness to support a capital raising;
- The company is also negotiating a formal agreement in regard to an outstanding liability owed to a single creditor of approximately \$A1.9 million incurred by its Namibian based subsidiary, Kuiseb Mining and Processing (Proprietary) Limited ("Kuiseb"). Initial negotiations on behalf of Kuiseb indicate a willingness by the creditor to defer the requirement for payment of funds over the next twelve (12) months;
- Expenditure commitments include minimum work obligations and annual expenditures to maintain exploration properties. Minimum work obligations, may, subject to negotiation and approval, be varied and/or satisfied by farm-out, sale, relinquishment or surrender of a permit;
- Should the capital raising activities outlined above not be successful or should the negotiations mentioned above not be successful then it would be the consolidated entity's intention to meet its obligations through the realisation of its exploration and investment assets in the best interests of its shareholders, by the full or partial sale or farm out of its tenement interests, the latter course of action being part of its overall strategy, and or the full or partial realisation of its investments, including by way of potential sale; and
- The company's directors are also reviewing the sale or joint venture of certain of the company's assets to realise funding for the company.

Based on the above matters, the directors are satisfied that the 'going concern' basis of preparation is appropriate. The financial statements have therefore been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

### **(c) Principles of Consolidation**

The half year financial statements incorporate the assets and liabilities of all entities controlled by the company as at 31 December 2008 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 report.

The consolidated entity's interest in associated companies is accounted for on an equity basis. The cost of the consolidated entity's investment in an associate is adjusted for the consolidated entity's proportionate share of the associate's post acquisition profit or loss and increments and decrements to reserves. Unrealised profits and losses on transactions between the consolidated entity and the equity investment are eliminated on consolidation.

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



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

### NOTE 2: LOSS BEFORE TAX

Net loss before tax includes the following:

	Dec 2008 \$	Dec 2007 \$
<b>(a) Revenue</b>		
Interest	3,663	8,232
	<u>3,663</u>	<u>8,232</u>
<b>(b) Expenses from continuing operations</b>		
Impairment of exploration costs	(3,897,251)	-
Depreciation of plant and equipment	-	(13,579)
Consulting fees	(46,108)	(127,940)
Administration expenses	(816,500)	(989,510)
Other expenses	(4,949)	(9,867)
	<u>(4,764,808)</u>	<u>(1,140,896)</u>

### NOTE 3: SUBSEQUENT EVENTS

Material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements are as follows:

(a) On 6 January 2009, Hampton Mining Limited (Hampton) the company through which Takoradi holds its South American mineral interests, specifically in Chile and Peru, received a formal offer from Metminco Limited (Metminco) an ASX Listed Company, to purchase 100% of Hampton's issued capital and outstanding options. Takoradi which holds a 26.7% interest in Hampton, at the date of this report, received a formal Bidders Statement from Metminco. The initial offer for Hampton was as follows:

- 2.5 Metminco fully paid shares for each Hampton fully paid share
- 1.875 Metminco fully paid shares for each 30 March 2009 Hampton option exercisable at 12.5 cents per option
- 0.9 Metminco fully paid shares for each 28 April 2009 Hampton option exercisable at 32 cents per option

(b) On 9 January 2009 Takoradi confirmed details of the Metminco offer and advised an extension to the acceptance date for the offer to 24 February 2009. Hampton provided a Target Statement in response to the MNC offer and sent the Target Statement to Hampton shareholders (including Takoradi) in January 2009.

(c) On 30 January 2009, Hampton received a Supplementary Bidder's Statement which outlined a substantial increase in the offer for each Hampton share by the following:

- An increase from 2.5 Metminco shares to 4 Metminco shares.

The offer for each Hampton option remained unchanged. Based on the supplementary offer Takoradi would have received 226,047,624 ordinary shares in Metminco for its holding of 56,511,906 shares in Hampton and 17,812,500 Metminco shares for the 9,500,000 options, held in Hampton.

The offer period expired on 24 March 2009 however the offer for the shares in Hampton (excluding the options which had expired) was extended on several occasions. The Director's of Takoradi continued to evaluate the merit of the Metminco bid for Hampton and for its direct holding in Hampton's equity.

Had Takoradi accepted the offer it would ultimately have owned an interest of approximately 25% in the ASX quoted company, Metminco.

At the date of this report, the offer had expired.

(d) 14 January 2009 Takoradi announced an exploration update on it's South American / Hampton activities.



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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### NOTE 3: SUBSEQUENT EVENTS (CONT'D)

- (e) On 21 January 2009 the Company released to the market details and results of Hampton's drilling program on the Los Colatos Project in Peru under "Important Market Release, Peru Takoradi-Hampton Mining".
- (f) On 22 January 2009 Takoradi announced a report on the Peru, South America project – Los Calatos.'
- (g) On 30 January 2009 Takoradi released its December Quarterly Report.
- (h) On 30 January 2009 the company released a detailed update on the exploration drilling program on the Kuiseb copper/gold project in Namibia, under "Namibia – Africa - Kuiseb Copper/Gold Project".
- (i) On 2 February 2009 the Directors of Takoradi requested that the ASX grant a temporary 2 day trading halt on Takoradi shares, to allow the company to review a number of corporate and commercial issues that may have had important relevance to the future of the company and its activities.
- (j) On 4 February 2009, following a 2 day trading halt, the shares of Takoradi were suspended from official quotation by the ASX. This was a temporary voluntary suspension at the request of the company, pending the completion of various commercial and corporate issues of the company. At the date of this report, the company's shares remain suspended from trading.
- (k) On 13 February 2009, Hampton lodged a "Supplementary Target Statement" in relation to the acquisition offer from MNC.
- (l) On 20 February 2009, Takoradi lodged an application for the voluntary deregistration of one of its dormant subsidiaries, Office Online Pty Ltd. The subsidiary was deregistered on 27 April 2009.
- (m) On 24 April 2009, Takoradi Gold Ghana Ltd entered into a non-circumvention agreement, with a term of thirty (30) years, for the party to the agreement to bring together investors to explore and mine the Kutukrom Concession.
- (n) On 18 June 2009 Takoradi announced an update on it's Corporate Activity.
- (o) In July 2009, after extending its bid, Metminco announced the bid was unconditional and ultimately closed its offer. Takoradi did not accept the offer from Metminco, consequently it remains a 26.7% shareholder in Hampton at the date of this report, however Metminco became a 36.5% shareholder, in Hampton. See announcement to the ASX dated 9 July 2009.
- (p) On 15 September 2009 Takoradi released an exploration update on the Peru, South American project – Los Calatos
- (q) On 25 September 2009, Metminco announced an Option Agreement with Junior Investment Company (JIC) the holder of a 31.9% interest in Hampton. If the option is exercised, Metminco would increase its interest in Hampton from 36.5% to a minimum of 53.6% and up to a maximum of 68.4, depending on the extent to which other Hampton shareholders (including Takoradi) exercised their pre-emptive rights. Metminco paid JIC US\$700,000 for granting the Option for a period of 4 months, extendable at Metminco's election for a further month (5 months in total) on payment of US\$100,000 and an additional one more (6 months in total) on payment of a further US\$200,000. Metminco has agreed to pay US\$0.18074 per share and 2 Metminco shares for every Hampton share (63,393,750) held by JIC. The total consideration is up to US\$12million in cash and up to 132.8million Metminco shares.

Should Takoradi elect to exercise its rights under the Hampton Constitution, which allows it to take up a number of shares under the JIC Pre-Emptive Right, Takoradi would be required to make a significant cash payment to JIC in proportion to the shares it would acquire.



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

### NOTE 3: SUBSEQUENT EVENTS (CONT'D)

- (r) On 22 October 2009 a further report on it's South American / Hampton exploration activities was released by Takoradi.
- (s) In December 2009 Metminco announced it had entered into an agreement with Highland Resources Holding Inc (HHR) to acquire North Hill Holding Inc (North Hill) indirect beneficial owner of Alpa 1-900, Gamma 1-1000 and nelson 1-900 tenements located in southern Peru (North Hill Los Calatos tenements). The consideration for the acquisition was US\$0.5 million and the issue of 150,000,000 million fully paid ordinary shares in Metminco on settlement, and a payment of US\$1.5million on or before 1 August 2010 (Metminco – HHR Agreement). The agreement was subject to:

- \*Metminco acquiring a controlling interest in Hampton (via exercising the JIC Option) and
- \*Metminco shareholder approval for the issue of Metminco shares to HHR.

Separately, Hampton has an option agreement with North Hill to acquire the North Hill Los Calatos Tenements as summarised below, which remains in place despite the Metminco – HHR Agreement.

If Hampton exercises its option with North Hill, title to the North Hill Los Calatos Tenements would pass to Hampton in which North Hill would then receive:

- \*An option payment of US\$0.5million on 1 August 2010
- \*US\$0.05 /lb equivalent copper in reserves based on a scoping study; and
- \*A bonus payment of US\$1.5million upon a decision to mine.

Takoradi has expressed concerns in regards to the Metminco and North Hill arrangement. Legal proceedings are in process regarding this matter.

- (t) On 18 December 2009, the Unsecured Convertible Noteholder – Sentient gave notice to Takoradi that it wished to have the financial facility of A\$7million plus interest repaid and consequently the Convertible Note was no longer valid. On 24 December 2009 Sentient issued a Notice of Demand for the full repayment of the principal and interest. Negotiations continue with Sentient in regards to this matter.
- (u) In December 2009 the Company reached agreement with a former consultant to it's technology subsidiary Matchtip Limited (Matchtip) whereby the total claim for outstanding services and costs of A\$749,464 would be settled for a payment of A\$305,000 (in default A\$390,000). The terms of the settlement are payment of A\$305,000 by way of:
- A\$25,000 within 30 days of execution of agreement – (paid)
  - A\$25,000 on 31 March 2010 – (paid)
  - A\$50,000 on 30 June 2010
  - A\$100,000 on 31 December 2010
  - A\$105,000 on 30 June 2011
- (v) On 27 January 2010 Hampton Mining Limited announced a pro rata Rights Issue Offer to raise \$1.4 million. Takoradi did not subscribe for it's share of the issue and subsequently reduced it's holding in Hampton from 27.2% to 26.7%.
- (w) On 9 February 2010 Takoradi provided a detailed Corporate Update on the Company to the ASX.
- (x) On 12 February 2010 Takoradi announced a change of Directors following the passing of Rear Admiral Kevin Dzang.
- (y) On 4 March 2010 Takoradi announced an update on the Los Calatos Project including advice of legal proceedings regarding Hampton Mining Limited (Hampton), certain Directors of Hampton and Metminco Limited (MNC). The announcement also included notification of a Rights Issue by Hampton to raise A\$1.4million.



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

### NOTE 3: SUBSEQUENT EVENTS (CONT'D)

- (z) On 22 March 2010 Takoradi announced legal proceedings in regards to an application to be brought under Section 237 of the Corporations Act in the Federal Court of Australia involving Hampton, certain Directors and MNC.
- (aa) On 23 March 2010 MNC announced that it had no knowledge of the legal proceedings. MNC, however had been advised by letter in January 2010 of the pending action.
- (bb) On 24 March 2010 Takoradi advised the ASX of the legal proceedings and released a copy of the Originating Process, which had been filled in the Federal Court.
- (cc) On 30 March 2010 Agreement was reached with the Secured Note Holders which extended the date for repayment of monies owing to the 4 July 2011.
- (dd) On 2 July 2010, Takoradi announced in a letter to shareholders advising of a letter sent to shareholders by BJ Yahl & Associates requesting support to call an Extraordinary General Meeting to consider a resolution to wind up Takoradi. The directors are of the opinion that it is extremely unlikely that major shareholders will support the resolution.

### NOTE 4: SEGMENT INFORMATION

Primary reporting – business segments

The consolidated entity operates predominantly in the exploration for minerals industry and software development.

	Minerals		Software Development		Unallocated		Consolidated	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
	\$	\$	\$	\$	\$	\$	\$	\$
Segment Revenue	-	-	-	-	3,663	8,232	3,663	8,232
Segment Result	(4,237,136)	(279,858)	(174,853)	(322,704)	(136,964)	(1,058,166)	(4,548,953)	(1,660,728)

### NOTE 5: EQUITY ACCOUNTED INVESTMENT

	Half Year Ended 31 December 2008	Year Ended 30 June 2008
Investment in Associate	6,979,914	6,604,914
Share of Associate:		
Revaluation of share of net assets of associate to fair value upon change of ownership interest in associate	2,904,371	2,904,371
Equity share of change in foreign currency translation reserve	1,315,162	(520,978)
Equity share of loss after tax June 2006	(12,532)	(12,532)
Equity share of loss after tax June 2007	(223,136)	(223,136)
Equity share of loss after tax June 2008	(522,458)	(522,458)
Equity share of profit after tax Dec 2008	641,236	-
	11,082,557	8,230,181

On 4 July 2008, the Company converted 3,000,000 options held in Hampton Mining Limited into Fully Paid Ordinary Shares, the exercise price being 12.5 cents per share, for consideration of \$375,000 with an additional \$29,704 incurred after balance date in respect of acquisition costs.

The Company's remaining 9,500,000 options in Hampton convertible into fully paid ordinary shares at a price of 12.5 cents per share were not exercised and expired during the month of March 2009.





## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

### NOTE 5: EQUITY ACCOUNTED INVESTMENT (CONT'D)

Associate Entity	Place of Incorporation	31 December 2008 %	30 June 2008 %
Hampton Mining Ltd	New South Wales, Australia	27.5	26.41

### NOTE 6: EXPLORATION EXPENDITURE

	Half Year Ended 31 December 2008	Year Ended 30 June 2008
	\$	\$
Opening Exploration Expenditure - At Cost	9,232,674	8,047,463
Exploration expenditure current period	1,623,902	1,827,372
Revaluation due to foreign currency movement	(39,996)	(642,161)
Impairment of capitalised exploration expenditure	(3,789,982)	-
	7,026,598	9,232,674

In line with Australian Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources", exploration tenements with costs of \$3,789,982 were fully provided for impairment during the period ended 31 December 2008 as the rights to tenure expired in July 2009. The rights to tenure are the subject of renewal applications as at the date of this report. The Directors anticipate that the applications for renewal will be accepted so that the consolidated entity will retain its interests in these tenements.

### NOTE 7: BORROWINGS

	31 December 2008	30 June 2008
	\$	\$
<b>CURRENT</b>		
<b>Secured Liabilities</b>		
Secured Notes – Sellers Holdings Pty Ltd	275,017	257,582
Allstates Secretariat Pty Limited	266,477	-
City Natural Resources High Yield Trust PLC	799,932	-
<b>Unsecured Liabilities</b>		
Amount due to Director related entity	154,500	86,000
Unsecured Loan – Sentient Group	354,922	309,513
Short term facility – Sentient Group	268,185	-
Convertible Note – Sentient Group	8,047,945	-
	10,166,978	653,095
<b>NON – CURRENT</b>		
<b>Unsecured Liabilities</b>		
Convertible Note	-	7,766,356

On 12 December 2006 Takoradi raised \$3,750,000 by issue of a convertible note with a coupon rate of 8% per annum to the Sentient Group. Interest is not payable until the repayment date or upon conversion of the Note, however it accumulates in addition to the loan balance owing. The Note may convert to 5,000,000 Takoradi shares at \$0.75 per share on or before 12 December 2009.

On 16 May 2007 Takoradi raised a further \$3,250,000 by an amendment to the abovementioned Convertible Note with the Sentient Group under the same terms and conditions. The Notes expired on 12 December 2009 and the Company has defaulted on its repayment obligations.

Interest of \$1,047,945 has been accrued as at 31 December 2008.





## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

### NOTE 7: BORROWINGS (CONT'D)

Between July and August 2008 Takoradi raised \$1,250,000 by issuing several secured loan notes. Each secured note is for an amount of \$250,000. Each secured note is secured by a fixed charge over 1,562,500 shares in Hampton Mining Limited held by Takoradi. The term of each secured note is for 12 months with interest at 13.5% per annum. Interest of \$91,425 has been accrued as at 31 December 2008. Subsequent to balance date, the company has successfully renegotiated extensions of time with its secured note holders for the repayment of secured notes totalling \$1,250,000, to July 2011.

As at 31 December 2008, the Company has drawn down on a short term facility of \$250,000 in addition to unsecured advances of \$309,513 from the Sentient group. Interest of \$63,594 is accrued on these loans as at 31 December 2008.

Non-interest bearing, unsecured loans from director-related entities amounted to \$154,500 at the end of the reporting period.

In summary, the balance of borrowing comprises of convertible notes, secured and unsecured loans of \$8,964,014 and accrued interest on these borrowings of \$1,202,964. All borrowings are classified as current liabilities as at 31 December 2008.

### NOTE 8: ISSUED CAPITAL

	Half Year Ended Dec 2008		Year Ended 30 June 2008	
	Qty	\$	Qty	\$
Opening balance	67,162,219	39,351,423	2,940,601,270	35,851,423
Share issues to acquire Nimrod Metals	-	-	80,000,000	800,000
Share consolidation on the basis of 1 new share for each 50 shares held on 29 November 2007	-	-	(2,960,189,051)	-
Shares issued to Sentient Group	-	-	3,375,000	1,350,000
Conversion of Sentient Group loan facilities to shares	-	-	3,375,000	1,350,000
Closing balance	67,162,219	39,351,423	67,162,219	39,351,423

#### Options Issued:

	Exercise Prices \$	Number	Expiry Date
<b>OPTIONS (Unlisted)</b>			
Options issued 30 December 2008 (i)	\$0.50	6,790,127	23 December 2011
Options issued for services rendered 19 September 2006 (ii)	\$0.90	300,000	27 October 2009



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

### NOTE 8: ISSUED CAPITAL (CONT'D)

- (i) It was resolved at the Annual General Meeting in November 2008, that 6,790,127 options exercisable at 50 cents on or before 23 December 2011, be issued to Notesan Pty Limited (a company associated with Mr RT Hudspeth), subject to 6,790,127 existing options held by Notesan Pty Limited not being exercised before their expiry date of 23 December 2008.
- (ii) Options issued to Southern Cross Equities for assistance with capital raisings which were not exercised and expired on 27 October 2009.

### NOTE 9: CONTINGENT LIABILITIES AND COMMITMENTS

- (a) The company is currently in negotiation with the Executrix of the Estate of George Blay Kwofie in respect to the Insamankaw Joint Venture Agreement which has expired. The following issues are being renegotiated: - the amount outstanding for payment; and renewal of the Joint Venture Agreement for an additional period. The Directors are confident that the Company and its subsidiaries will not incur a material liability.
- (b) Minimum expenditure required to maintain exploration properties are approximately \$US70,000 per annum for Ghana and \$US80,000 per annum for Namibia.
- (c) Takoradi held 9,500,000 options in Hampton, exercisable before 30 March 2009 for 12.5cents per option. The total cost to Takoradi if it were to exercise these options would have been \$1,125,000. These options were not exercised subsequent to year end and as such lapsed.
- (d) In December 2009 the Company reached agreement with a former consultant to its technology subsidiary Matchtip Limited (Matchtip) whereby the total claim for outstanding services and costs of A\$749,464 would be settled for a payment of A\$305,000 (in default A\$390,000). The terms of the settlement are payment of A\$305,000 by way of:

A\$25,000 within 30 days of execution of agreement – (paid)  
A\$25,000 on 31 March 2010 – (paid)  
A\$50,000 on 30 June 2010  
A\$100,000 on 31 December 2010  
A\$105,000 on 30 June 2011

A contingent liability of \$90,000 applies if the repayment arrangements are not met.

- (e) As stated, Takoradi had a 27.5% interest in Hampton Mining Limited at 31 December 2008 (26.7% at date of this report). Hampton Mining has various future expenditure commitments and accordingly Takoradi may be called upon to assist with funding some part of the following commitments
  - (i) Hampton Chile is a party to litigation with the Mollacas Project surface title landholder in respect to various matters relating to access and environmental accusations. Previous actions by the surface title landholder have been successfully defended and the Hampton Directors' have received legal advice that the current litigation is also likely to be successfully defended.
  - (ii) During July 2007 the Company purchased an option to take a 100% interest in exploration property known as Los Calatos located in Peru by paying to North Hill US\$250,000. The Company paid an instalment of US\$500,000 in August 2008. To earn the right to acquire the 100% interest in the Los Calatos Project the Company must pay further instalments each of US\$500,000 on or before 1 August 2009 and 1 August 2010, complete at least 3,000 meters of drilling per annum and meet license fee obligations. To exercise the option the Company must pay North Hill US\$0.005 per lb copper in Reserve as defined by a Scoping Study. A bonus payment of US\$1,500,000 is payable on a decision to mine and a royalty of 2% Net Smelter Return ("NSR") is payable on production. If Hampton has not completed a Scoping Study by the end of September 2010, then Hampton must pay North Hill an interim payment based on resources identified at Los Calatos. A final payment must



NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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**NOTE 9: CONTINGENT LIABILITIES AND COMMITMENTS (CONT'D)**

then be made on and when a Scoping Study is completed based on reserves identified in the Scoping Study.

- (iii) On 23 August 2007 Hampton Chile entered into an option to purchase 100% of the Genesis Property located in the Vicuna area of Chile. To exercise its right to acquire the Genesis Property, Hampton Chile must pay monthly instalments of US\$10,000 per month for a further 20 months (16 months to 31 December 2008 already paid) and complete an independent scoping study which will determine the Resources and Reserves on the Genesis Property. An additional US\$0.005 (half a cent of dollar) per pound copper equivalent is payable on the Resources identified by the scoping study, or a bankable feasibility study if such a study is completed prior to acquisition. Hampton Chile has met its commitments under the option agreement as at the date of this report.
- (iv) On 7 September 2007, Hampton Chile entered into an option agreement to purchase a 100% interest in the Victoria Properties, adjacent to the Loica Project. To acquire the Victoria Property, Hampton Chile must pay US\$5,000,000 on or before 7 September 2009, or US\$1,000,000 on or before 7 September 2009 with a final payment of US\$4,000,000 on or before 7 September 2010. MN Ingenieros, has a right to participate in the Victoria Property on a quid pro quo basis. On 7 September 2009, Hampton Chile relinquished this option.
- (v) On 28 January 2008 Hampton Chile, entered into an option to purchase 100% of the licenses known as Cerro Plata in the Vicuna area of Chile. The option period is for 5 years with a first payment of US\$300,000 being paid on signing of the option agreement. To maintain the option and ultimately acquire the Cerro Plata property, Hampton Chile must make consecutive annual payments of US\$500,000, US\$700,000, US\$900,000 and US\$1,100,000 and a final payment at the end of 5 years of US\$6,500,000. On 28 January 2009, Hampton Chile relinquished this option.
- (vi) On 25 February 2008 Hampton Chile entered into an option agreement to acquire 100% interest in the Santa Berta tenements located in the Isidro area, Chile for US\$7,000 per month for 3 years. An acquisition price of US\$0.005 per lb copper in proven and probable reserves is payable on exercise of the option.
- (vii) On 4 March 2008 Hampton Chile entered into an option agreement to acquire 100% interest in the Kamikaze Project located in the Copiapo area, Chile by paying US\$200,000. To exercise the option, Hampton Chile must pay US\$400,000 on the first anniversary and US\$500,000 on the second anniversary of the agreement. A payment equivalent to 1% value of the proven and the provable reserves of the in-situ iron is payable on completion of a bankable feasibility study. A royalty of US\$0.15 per tonne of recoverable iron and 2% NSR on recovered copper is payable on production. On 4 March 2009, Hampton Chile relinquished this option.



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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### TAKORADI LIMITED DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

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

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

RODNEY T HUDSPETH  
Chairman

Sydney

Date: 14 July 2010



Chartered Accountants  
& Business Advisers

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Takoradi Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Takoradi Limited, the company, and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 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*, provided to the directors of Takoradi Limited on 14 July 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

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## **Basis for Adverse Auditor's Conclusion**

### *(i) Continuation as a Going Concern*

The Directors have prepared the financial report on the going concern basis as described in Note 1 "Going Concern" and state in the Director's declaration that in their opinion there are reasonable grounds to believe that the company will be able to pay its debt as and when they fall due.

Sufficient evidence to support the Directors assertions that the company will be able to continue as a going concern and pay its debts as and when they fall due has not been provided.

As referred to in Note 1 "Going Concern" to the financial statements, the consolidated entity incurred a loss of \$4,548,953 for the half year ended 31 December 2008, had negative cash flows of \$746,016 for the period then ended and had an excess of current liabilities over current assets of \$13,647,030 at that date. In addition, included in borrowings in Note 7 are amounts owed to the Sentient Group of Companies of \$8,671,052 for which the company received a Demand for Payment from the Sentient Group on 24 December 2009. The period for compliance with the Demand for Payment has elapsed and the company has not complied with this Demand and has not had the Demand set aside. The Sentient Group of Companies has the right to seek winding up of the company and they reserve the right to do so at any time without notice to the company.

The company is reliant upon continued financial support from the related entity of a director and major shareholder and the support of its creditors whilst it implements its strategies to lift the temporary suspension from trading in its shares on the Australian Securities Exchange and raise additional capital to fund its ongoing operations and existing liabilities.

The financial report has been prepared on a going concern basis which presumes that the consolidated entity will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not included any adjustments relating to the recoverability and the classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and not be able to meet its debts as and when they fall due.

### *(ii) Recoverability of Capitalised Exploration Expenditure*

The consolidated entity has \$7,026,598 of capitalised exploration expenditure, the ultimate recoupment of which is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest. We have been unable to obtain sufficient reliable independent evidence that capitalised exploration expenditure of \$7,026,598 is in accordance with the recognition requirements of paragraph AUS 7.2 of Accounting Standard AASB 6: "Exploration for and Evaluation of Mineral Resources"

### *(iii) Limitation on Scope of Review of Subsidiary Entities in respect of Post Balance Date Events Review*

The company has Namibian based subsidiaries, Kuiseb Mining and Processing (Proprietary) Limited (70% owned) and Terradex (Proprietary) Limited (100% owned) which are subject to review by a Namibian based audit firm. At the date of this report the Namibian based audit firm has not performed a post balance date events review on the operations of these subsidiaries since the last review which was dated 5 February 2009. As a result there have been a limitation in the scope of our review and we are unable to conclude whether there have been any post balance date events in respect of the above entities that require disclosure in the half year financial report.

### **Adverse Auditor's Conclusion**

For the reasons set out in the *Basis for Adverse Auditor's Conclusion* paragraph above, we conclude that the financial report of Takoradi Limited is not in accordance with the Corporations Act 2001, and does not:

- (a) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.



**PKF**

16 July 2010  
Melbourne



**D J Garvey**  
Partner