



TAKORADI LIMITED AND CONTROLLED ENTITIES  
ACN 006 708 676

**ANNUAL FINANCIAL REPORT**  
FOR THE  
YEAR ENDED  
30 JUNE 2009



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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The Directors present their report together with the financial report of the company and the consolidated entity consisting of Takoradi Limited ("Takoradi" or "Company") and the entities it controlled for the year ended 30 June 2009 and independent auditors report thereon.

**DIRECTORS NAMES**

The names of the directors in office at any time during or since the end of the 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.

**COMPANY SECRETARY**

The name of the company secretary in office at the date of this report and throughout the year is Robert Blake (since November 2002).

**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, Ghana, West Africa, and Chile, Peru, South America.

**TRADING RESULTS**

The consolidated operating loss of the economic entity comprising Takoradi Limited ("Takoradi") and its controlled entities after tax for the financial year ended 30 June 2009 was \$4,828,810 (2008: \$3,205,359) of which \$4,233,253 (2008: \$2,908,610) is attributable to shareholders of Takoradi.

**DIVIDENDS**

No dividends were paid or declared during the year by the Company and no recommendation is made as to dividends.

**REVIEW OF OPERATIONS**

The consolidated operating loss of the economic entity comprising Takoradi and its controlled entities after tax for the year ended 30 June 2009 was \$4,828,810 of which \$4,233,253 is attributable to shareholders of Takoradi. A review of the company's activities for the financial year ended 30 June 2009 is presented below.

**MINERAL INTERESTS**

The Company's African mineral investments are located in Namibia and Ghana. In Namibia the Company continued, during the period, an active exploration programme on 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 and a 100% interest in the Kutukrom gold project.

The Company's mineral interests in Chile are held through its 27.2% shareholding (26.7% as at the date of this report) in Hampton Mining Limited ("Hampton") an Australian unlisted public company. Hampton has a 50% interest in a highly regarded portfolio of exploration properties located in the prime, well established Copper/Gold/Molybdenum geological environment, of Chile. The principal properties Mollacas, Vallecillo, Camaron, Isidro as well as Loica - Victoria are each being evaluated through extensive drilling programmes, resource assessment and pre-feasibility studies.

Hampton's mineral portfolio also includes the highly prospective Los Colatos project in Peru that has the potential for a large copper / molybdenum resource. In each of the areas in Chile and Peru, Hampton has entered into option agreements to earn equity by meeting specific expenditure commitments on the properties and making certain cash payments.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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**AFRICA PROJECTS**

**NAMIBIA, SOUTH WEST AFRICA**

The Kuiseb Copper / Gold 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.

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

**Drilling Activity**

Previous drilling undertaken 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.

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

**Hope Deposit - Resources**

As at 30 June 2009 the JORC Code Complaint resources established at the Hope deposit are approximately 3,600,000 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:

Indicated Resources of	1,807,463t at 2.4% Cu	and	0.59g/t AU	at a 0.2% cut off
Inferred Resources of	1,789,368t at 2.6% Cu	and	0.65g/t Au	at a 0.2% cut off

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.

Analogies of other Matchless belt deposits strongly suggests continuity of mineralization down plunge at Hope to more than 4km, an increase of 50%, with expected resources of approximately 6,000,000 tonnes at @ 2.5% Cu to a depth of 700m.

Wide spaced drill holes could be successful in extending the mineralized envelope without the expense of detailed drilling. This could provide inferred volumes of mineralization of between 5 – 8,000,000 tonnes that could be used for mine planning purposes.

During the second half of the reporting period to 30 June 2009, the Company's drilling programs were temporarily curtailed. Management, however, has continued to evaluate technical data for ongoing work programs.

Pending the outcome of a further limited wide spaced drill program, a scoping study is expected to be done in order to determine the economic parameters of the body.

**Metallurgical Test work - Hope**

A 140m deep shaft with two levels of underground development was established at the Hope deposit by previous owners. Underground drilling and bulk sampling was conducted from the underground development for metallurgical test work and resource assessment. Beneficiation flotation test work on several samples, totaling over 1000kg of material, resulted in the following:

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

**Other Kuiseb Targets**

**Gorob and Vendome Deposits**

Diamond drilling of the Gorob Deposit supported the concept of plunging shoot-like mineralization and confirmed a high grade – variability over short distance. These deposits have a high potential for combined resources of more than 3,000,000 tonnes. These targets will complement the Hope deposit.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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**Anomaly Area**

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

The Company's prime objective is to establish an initial copper/gold mining operation at the Hope deposit supplemented by the mineralized deposits at Gorob, Vendome and Anomoly.

**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 in the Yakomba Prospecting License. Application for renewals of the licenses have been lodged at the Minerals Commission in Ghana. Discussions are continuing with several parties that have expressed interest in acquiring equity in these licences.

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

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

**SOUTH AMERICA PROJECTS - HAMPTON MINING LIMITED**  
**LOS CALATOS**

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 current and future drilling programmes.

The Project is located in an established copper porphyry belt that hosts three major producing mines, Toquepala, Cuajone and Cerro Verde. Another copper-molybdenum deposit, Quellaveco, is currently being evaluated for development.

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

**Resources and Tenements**

The current JORC compliant resource established at Los Calatos, (Indicated plus Inferred) is 262 million tonnes at 0.43% copper and 0.042% molybdenum at a 0.2% copper cut-off. This resource is based on 12,639 metres of diamond core drilling, including 6,385 metres of drilling completed by Hampton, in late 2008 / early 2009. The resources are defined as follows:

Indicated Resources	69 million tonnes at 0.44% Cu and 0.051% Mo
Inferred Resources	192 million tonnes at 0.42% Cu and 0.038% Mo

North Hill Holdings Group Inc (North Hill), wholly owned by Highland Resources Holdings Inc (HHR), is the beneficial holder of exploration rights to tenements Alfa, Gamma and Nelson at Los Calatos (North Hill / Los Calatos Tenements). These tenements, totalling 28 sq kms, contain the current drill delineated JORC mineral resources.

Hampton has an option to purchase the North Hill Los Calatos Tenements from North Hill. Hampton also directly holds 100% of additional tenements totalling 149 sq kms that surround the North Hill Los Calatos Tenements.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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***Drilling and sampling***

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

**MOLLACAS PROJECT**

The Mollacas Project is located approximately 80km southeast of the town of La Serena, or approximately 450km north of Santiago. Hampton holds a 50% interest in the project, with the balance beneficially held by Chilean corporation MN Ingenieros Limitada. Tenements cover 32.55 sq kms.

Initial drilling of 10 reverse circulation and 46 diamond core drill holes generated JORC compliant Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Resources of 9.8 million tonnes @ 0.52% copper, for total copper resources of 17.0 million tonnes, at 0.54% Cu at a 0.2% Cu cut-off for 92,000 tonnes of copper metal in-situ.

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

***Infill drilling and leach testing***

In November 2008, Hampton completed a 3,970 metre infill drilling program to upgrade the resource classification from Inferred to Measured and Indicated. This program also provided material for further detailed leach testing.

Initial leach test work on representative samples from Mollacas drill core, produced good leach results and copper recovery. Hampton is currently proceeding with further and more detailed metallurgical leach test work on oxide and supergene ores for the Mollacas deposit. This will provide information for leaching and solvent extraction/electrowinning design as part of a final feasibility study. The additional work will refine copper recoveries and provide more accurate estimates of operating and capital costs.

Hampton is currently completing sample preparation ahead of detailed column leach testwork planned for completion during 2010.

**VALLECILLO PROJECT**

The Vallecillo gold-zinc project, covering a tenement area of 54.5 km<sup>2</sup>, is located approximately 70km southeast of La Serena and some 25km north of the Mollacas deposit. Vallecillo is a porphyry related mineralised breccia system, comprising 4 discrete hydrothermal alteration zones, known as Chiffon, Potrero Colorado, Las Pircas and La Colorada respectively, of which the most advanced is La Colorada.

As with Mollacas, Hampton holds a 50% interest in the project, with the balance beneficially held by MN Ingenieros Limitada.

Hampton drilled 12 reverse circulation holes on the La Colorada deposit during 2006, totalling 2,170 metres. This generated an initial JORC-compliant Inferred Resources of 8.5 million tonnes @ 1.42% zinc, 0.76 g/t gold, 8.1 g/t silver and 0.25% lead.

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

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

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



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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**CAMARON PROJECT**

The Camaron Project is located to the north of the Vallecillo Project, some 20km south of the town of Vicuna. Hampton has an extensive tenement holding of some 133.7 km<sup>2</sup>. Hampton holds most of these tenements in its own right and has an option to purchase (expiring 23 August 2010) 100% of the Genesis tenements (30 sq kms).

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

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

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

**RC drilling program**

RC drilling is planned over a number of significant low-sulphidation Au anomalies identified by initial geochemical sampling.

**ISIDRO PROJECT**

Isidro is a predominantly copper gold manto (blanket) style early exploration project, located 85km east of La Serena. Hampton owns 100% of the Isidro tenements (269 km<sup>2</sup>), as well as a 50% interest in the San Lorenzo tenements (20.5sq km).

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

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

**LOICA / VICTORIA, CHILE**

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

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

In the fourth quarter of 2008, early 2009, Hampton carried out a 6 hole – 2,400 meter diamond drilling program at the Victoria prospect on a 200 x 200 metre grid towards the north end of the 4km long north south Loica / Victoria copper – molybdenum porphyry system.

The results were inconclusive and at a lower grade than expected, consequently Hampton did not exercise its option to acquire the Victoria Tenements. Discussions have continued with the land owners in regard to ongoing Joint Venture arrangements.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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**Additional Technical Information provided to the market**

10 November 2008	Takoradi released a South American update report.
14 January 2009	General overview on South America Projects
22 January 2009	Update on Los Calatos Project, Peru
9 July 2009	Update on South American Projects
15 September 2009	Update on Peru South Australia
22 October 2009	Progress report on South America
4 March 2010	Update on Los Calatos Copper Molybdenum

**OTHER 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 intends to divest or Joint Venture this investment.

**CORPORATE**

The following announcements were lodged with the Australian Securities Exchange (ASX) and Australian Securities and Investments Commission (ASIC) in regards to the corporate activity of the Company during the financial year ended 30 June 2009, and to the date of this financial report.

4 August 2008	Hampton Mining Limited (Hampton) issued a prospectus for an Initial Public Offering (IPO). It noted that a pre-financing to the IPO of US\$20million had been completed by Hampton in April 2008. This reduced Takoardi's interest in Hampton from 43.7% to 26.41%.
18 September 2008	The Sentient Group (Sentient) announced it had increased its interest in Takoradi to 18.06%
30 October 2008	The Hampton IPO was withdrawn, after being scheduled to close on the 24 October 2008.
31 October 2008	Takoradi announced it's Annual General Meeting (AGM) to be held on 25 November 2008.
25 November 2008	Takoradi announced the results of its AGM.
6 January 2009	Takoradi announced that Hampton had received a formal takeover offer from Metminco Limited (MNC). The basis of the offer for Hampton was as follows: <ul style="list-style-type: none"><li>o 2.5 MNC Fully Paid Shares for each Hampton Fully Paid Share</li><li>o 1.875 MNC Fully Paid Shares for each 30 March 2009 Hampton Option exercisable at \$0.125 per Option</li><li>o 0.9 MNC Fully Paid Shares for each 28 April 2009 Hampton Option exercisable at \$0.32 per Option</li></ul>
30 January 2009	Takoradi announced it had received further details on the MNC takeover offer for Hampton, being an increase from a ratio of 2.5 MNC shares for each Hampton share to a ratio of 4:1.
2 February 2009	Takoardi requested a Trading Halt on its shares on the ASX, pending the completion of commercial and corporate issues of the Company.
4 February 2009	Takoradi requested a Voluntary Temporary Suspension of its shares from the ASX. Subsequently the request was granted.
18 June 2009	Takoradi released a Corporate Update on its activities.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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25 August 2009	Takoradi received a non-payment advice from the ASX for its annual listing fees.
9 February 2010	Takoradi provided a detailed Corporate Update on the Company to the ASX.
12 February 2010	Takoradi announced a change of Directors following the passing of Rear Admiral Kevin Zhang.
22 March 2010	Takoradi released legal proceedings against MNC and two directors of Hampton for alleged breaches of director's duties.
24 March 2010	Takoradi released a copy of the Originating Process which had been filed in the Federal Court against MNC.
4 May 2010	Takoradi released a Corporate Update on the company's 2008 and 2009 statutory accounts.
3 June 2010	Takoradi provided a Corporate Update on the Company to the ASX.
2 July 2010	Takoradi announced a Letter to Shareholders of the Company to the ASX.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the Financial Year ended 30 June 2009 other than as referred to in the Review of Operations and Financial Statements or notes thereto.

**FINANCIAL POSITION**

At 30 June 2009 the consolidated entity held cash and receivables totalling approximately \$285,125. This compares with an equivalent figure of \$389,850 at 30 June 2008.

These liquid assets will not be sufficient to cover the consolidated entity's expected commitments and projected outgoings for the current year. Accordingly additional monies will need to be raised to finance the consolidated entity's operations for the following 12 months. The Directors are continually reviewing the alternatives for the raising of future finance and are confident that the Company will receive the support of its shareholders and private investors. The Company is also in discussion with its Convertible Notes Holder (subsequently lapsed and now a debt, due and payable), Secured Noted Holders as well as other significant creditors.

**EVENTS SUBSEQUENT TO BALANCE DATE**

Following important matters occurred, subsequent to 30 June 2009.

- a) On the 9 July 2009 Metminco Limited (MNC) announced that its takeover offer for Hampton Mining Limited (Hampton) had closed and that MNC then owned approximately 36.5% of Hampton. Takoradi retained its 27.2% interest, as did the Chilean Investor – Junior Investment Company (JIC), which retained its 31.9% interest.
- b) The Unsecured Convertible Noteholder – the Sentient Group of Companies (Sentient) gave notice to Takoradi on 18 December 2009, that it wished to have the financial facility of A\$7million plus interest repaid. On 24 December 2009 Sentient issued a Notice of Demand for the full repayment of the principal and interest. Subsequently, Sentient agreed to continue to review its position. Negotiations continue with Sentient in regards to this matter.
- c) 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



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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d) The Company has made application for the renewal of its Bole Exploration Tenements in Ghana. Once approval is granted the Company will be required to pay US\$60,000 to the Government of Ghana.

e) 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 which allow it to take up a number of shares under the pre-emptive rights process set out in Hampton's Constitution, Takoradi would be required to make a significant cash payment to JIC in proportion to the shares it would acquire. At the date of this report, Takoradi is evaluating its position to exercising its rights under the pre-emptive rights process.

f) 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.

g) Takoradi provided an update on the South American Projects on 15 September 2009 and 22 October 2009.

h) 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.

i) On 27 January 2010 Hampton Mining Limited announced a pro rata Rights Issue Offer to raise \$1.4 million. Takoradi did not subscribe for its share of the issue and subsequently reduced its holding in Hampton from 27.2% to 26.7%.

j) On 9 February 2010 Takoradi provided a detailed Corporate Update on the Company to the ASX

k) On 12 February 2010 Takoradi announced a change of Directors following the passing of Rear Admiral Kevin Dzang



**Takoradi Limited and Controlled Entities  
Directors' Report  
For the year ended 30 June 2009**

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- l) 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.
- m) 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.
- n) 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.
- o) 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.
- p) On 30 March 2010 Agreement was reached with the Secured Noteholders which extended the date for repayment of monies owing to the 4 July 2011.
- q) 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.

**LIKELY FUTURE DEVELOPMENTS**

The Company will continue to evaluate its mineral interests in Namibia recognising that the prospects within its tenements offer the opportunity to establish a potential resource capable of commercial development. Consideration will also be given to the ongoing evaluation of the Bole project in Ghana which may include a Joint Venture arrangement of the project.

Through its shareholding in Hampton Mining Limited the Company will continue to support the exploration evaluation and development of the mineral prospects held by Hampton in Chile and Peru, South America, subject to the Company's financial capability.

The Directors intend to divest the Company's Technology interests.

**INDEMNIFICATION OF OFFICERS / AUDITORS**

Under the provisions of the Constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all costs expenses and liabilities incurred as such an officer providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and is in respect of a liability for costs and expenses incurred in defending proceedings in which judgment is given in favour of the officer or in which the officer is acquitted or is granted relief under the Law.

**INFORMATION ON DIRECTORS**

**Rodney T Hudspeth, Executive Chairman since 1993**

Mr Hudspeth's primary area of expertise is in the financial and commercial environment of the mineral resources, technology and telecommunications industries in which he has had extensive experience both within Australia and internationally. Since 1970, he has been involved with a number of successful mining companies, his functions encompassing all aspects of exploration, economic development and production. During the period 1986 to 1991, Mr Hudspeth was Chairman, Managing Director and the founder of a substantial gold producing company. From 1996 to 2001, Mr Hudspeth was Chairman, Chief Executive and founder of a United States' based telecommunications company. Mr Hudspeth is a director of Hampton Mining Limited, an associated company, and Chairman of Nimrod Metals Limited.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

---

**Rear Admiral (Ret'd) C Kevin Dzung, Executive Director since 1990 (Deceased – 29 December 2009)**

Rear Admiral Dzung, G.N. Rtd was a former Commander of the Ghana Navy. He also served as a Senior Diplomat for Ghana in Japan, with concurrent accreditations to many countries in Asia. Previously, he was High Commissioner to Australia from 1978-1982 and Secretary of Defence, Government of the Republic of Ghana, from 1983-84.

**Albert G Harris, Executive Director since 1992**

Mr Harris is a member of the Institute of Measurement and Control (M Inst M.C.) and a Fellow of the Energy Institute (F.E.I.). His management responsibilities have spanned a wide range of petroleum and mineral resource activities including oil and gas production, drilling and exploration operations in Australia and overseas. He has had management responsibility for the development of petroleum and mineral projects in Australia, the Middle East, West Africa and the USA and for extensive exploration operations in Papua New Guinea and Indonesia. Since 1980, Mr Harris has been involved in both gold and diamond resource exploration and evaluation activities in West Africa. He has been a Director of Australian public and private companies for over 25 years and is currently a Director of the listed resource companies, Goldsearch Limited (since October 1995) and PepinNini Limited (since January 2005).

**John S McIntyre, Non Executive Director since 1993**

Mr McIntyre is a qualified engineer with over 30 years experience in the mining industry. In 1987 he formed his own company to act as an independent consultant for the mining industry and has provided services and advice for projects in Australia, Ghana, Philippines, New Zealand and Vietnam. Subsequently, he has become a Director of Behre Dolbear Australia Pty Ltd, a subsidiary of Behre Dolbear and Company Inc. of the United States of America, an international mineral industry consultancy that has operated continuously since 1911 and is currently a Director of Eastern Corporations Limited (since 2004).

**INFORMATION ON COMPANY SECRETARY**

**Robert Blake**

Has been company secretary for five years. He is supported in this role by highly experienced professional consultants, Pitcher Partners who assist in preparation of all accounting matters including the Annual Report.

**NON AUDIT SERVICES**

There were no non-audit services provided to the Company during the year by the auditors.

**AUDIT INDEPENDENCE DECLARATION**

The Company's independent auditor has provided an independent declaration to the Company for the year ended 30 June 2009. A copy of the declaration is attached to and forms part of this Directors Report.

**ENVIRONMENTAL REGULATION**

All the Company's current exploration operations are overseas in the Republic of Ghana, West Africa, Chile and Peru, South America and Namibia, South Western Africa. Operations are subject to the environmental regulations under the mining laws of those countries.

Prospecting licenses held by the Company in each of its regions of operation impose environmental obligations in relation to site remediation following on ground exploration work and the Company's Board and management are diligent in ensuring that these obligations are complied with. The Directors are not aware of any breaches of any environmental regulations during the past year relative to the Company's and its controlled entities operation.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

**MEETINGS OF THE BOARD**

The Board of Directors held 8 (eight) meetings during the year ended 30 June 2009. Attendances of Directors at these meetings are shown in the table below together with a table of each Director's interest in Takoradi Limited as at the date of this report.

Attendance at Board Meetings During the Financial Year Ended 30 June 2009			Particulars of Directors' Interests in Shares and Options of Parent Entity	
	A	B	Ordinary Shares	
			1	2
R T Hudspeth *	8	8	-	22,434,294
C K Dzang	8	-	411,600	2000
A G Harris	8	8	198,867	-
J S McIntyre	8	8	583,000	-
<b>Column A</b> meetings held <b>Column B</b> number attended  Note: A G Harris alternate for C K Dzang			1. Beneficially in own name. 2. Non-beneficially, director of private Company or family member. * shares are owned by companies associated with R T Hudspeth (Refer Note 5).	

The Chairman, Executive Director A G Harris and the Company Secretary meet as a committee on a bi monthly basis to review operational and financial matters of the Company.

**REMUNERATION REPORT**

The remuneration of the executive directors and company secretary of the Company has been established by the Board of Directors who have considered issues of policy as they relate to current performance of the company and its potential future earnings. The Key Management Personnel of Takoradi are:

- R T Hudspeth – Executive Director
- A G Harris – Executive Director
- C K Dzang – Executive Director
- J S McIntyre – Non Executive Director

The board has not established a separate Remuneration Committee due to the small size of the Company. The board itself sets the remuneration policies and undertakes regular reviews of the performance and remuneration of Company Executives. In accordance with ASX Corporate Governance best practice (Recommendation 1.2 and 2.5) the structure of non-executive director and executive remuneration is separate and distinct.

**Non-executive director's remuneration**

Fixed Remuneration: The board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of high calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the maximum aggregate remuneration of non – executive directors shall be determined from time to time by shareholders. The constitution of the Company further provides that the remuneration of non – executive directors will not be more than the aggregate fixed sum determined by a general meeting of shareholders.

The maximum aggregate remuneration sought to be approved by shareholders and the manner in which it is to be apportioned amongst the non – executive directors is reviewed from time to time. When undertaking such reviews the board considers independent external advice and takes into account the fees paid to non – executive directors of comparable companies. The directors fixed fee remuneration is inclusive of committee fees and superannuation.

At the annual general meeting held on the 29 of November 2007 shareholders approved an increase in the maximum annual aggregate remuneration for non – executive directors from \$100,000 per annum to \$200,000 per annum.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

**Company executive, executive director and company secretary remuneration:**

Fixed remuneration: The fixed remuneration of executive directors, senior executives and company secretary is reviewed annually by the board taking into account the Company's financial compatibilities at the time. The board reviews relevant comparable remuneration in the employment market for the industry and within the Company and where appropriate independent advice is obtained.

Details of the nature and amount of each element of the emoluments paid or payable to each director and company secretary of Takoradi Limited in the financial year are set out in the following tables.

**Schedule of remuneration for the year ended June 2009**

**Key Management Personnel**

<b>Executive Directors</b>	<b>Salary, Management Fee \$</b>	<b>Other Benefits ** \$</b>	<b>Super Contribution \$</b>	<b>Total \$</b>
R T Hudspeth *	250,000	-	-	250,000
A G Harris	55,000	25,000	-	80,000
C K Dzang	59,417	-	-	59,417
<b>Total</b>	<b>364,417</b>	<b>25,000</b>	<b>-</b>	<b>389,417</b>

<b>Non Executive Directors</b>	<b>Salary, Management Fee \$</b>	<b>Other Benefits ** \$</b>	<b>Super Contribution \$</b>	<b>Total \$</b>
J S McIntyre	55,860	-	-	55,860
<b>Total</b>	<b>55,860</b>	<b>-</b>	<b>-</b>	<b>55,860</b>

**Other Executives**

<b>Company Secretary</b>	<b>Salary, Management Fee \$</b>	<b>Other Benefits ** \$</b>	<b>Super Contribution \$</b>	<b>Total \$</b>
R. Blake	72,309	50,000	15,000	137,309
<b>Total</b>	<b>72,309</b>	<b>50,000</b>	<b>15,000</b>	<b>137,309</b>

\* Notesan Pty Ltd, a company which provides management services to the Takoradi group, received \$250,000 in respect to services provided by Mr Hudspeth as Executive Chairman.

\*\* Other benefits comprises ex gratia payments to A G Harris and the company secretary.

The company had no other executives and no share based payments were made during the year.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

**Schedule of remuneration for the year ended June 2008**

**Key Management Personnel**

<b>Executive Directors</b>	<b>Salary, Management Fee \$</b>	<b>Other Benefits ** \$</b>	<b>Super Contribution \$</b>	<b>Total \$</b>
R T Hudspeth *	275,000	-	-	275,000
A G Harris	55,000	-	-	55,000
C K Dzang	53,748	-	-	53,748
<b>Total</b>	<b>383,748</b>	<b>-</b>	<b>-</b>	<b>383,748</b>

<b>Non Executive Directors</b>	<b>Salary, Management Fee \$</b>	<b>Other Benefits ** \$</b>	<b>Super Contribution \$</b>	<b>Total \$</b>
J S McIntyre	47,885	-	2,700	50,585
<b>Total</b>	<b>47,885</b>	<b>-</b>	<b>2,700</b>	<b>50,585</b>

\* Notesan Pty Ltd a company which provides management services to the Takoradi group received \$275,000 in respect of services provided by Mr. Hudspeth as Executive Chairman.

\* Shares issued to the directors as remuneration were approved by shareholders at a meeting of shareholders.

**Other Executives**

<b>Company Secretary</b>	<b>Salary, Management Fee \$</b>	<b>Other Benefits ** \$</b>	<b>Super Contribution \$</b>	<b>Total \$</b>
R. Blake	55,000	-	4,950	59,950
<b>Total</b>	<b>55,000</b>	<b>-</b>	<b>4,950</b>	<b>59,950</b>

The company had no other executives and no share based payments were made during the year.

**DIRECTORS DEFERRED REMUNERATION**

Since August 2008 the Company has withheld all payments to the Directors and Management, due to the Company's financial position. The amounts have been accrued in the Company's financial statements and will be paid once the Company has completed a capital raising sufficient to satisfy creditors and has completed refinancing arrangements with its significant lenders.

**OPTIONS**

The Company has issued 6,790,126 options at an exercise price of \$0.50 per share exercisable on or before 23 December 2011, to companies associated with the Chairman Mr Rodney Hudspeth. These options were granted in 30 December 2008 and vested. Consequently there was no share based payment for the 30 June 2009 financial year.



**Takoradi Limited and Controlled Entities**  
**Directors' Report**  
**For the year ended 30 June 2009**

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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 July 2010



## CORPORATE GOVERNANCE STATEMENT

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Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2009.

### Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The name of the independent director of the company is:

John S McIntyre

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- None of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

### Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- Comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

### Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.



## CORPORATE GOVERNANCE STATEMENT

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### **Audit Committee**

Takoradi has an audit committee comprising two Executive Directors and the Company Secretary. Mr Albert Harris is Chair of the Audit Committee. There are no other committees as the Directors consider that, for Takoradi's current size and stage of development, they are not yet appropriate. In addition to formal Board meetings, of which there were 8 during the year, the Directors also held frequent informal discussions and reviews of Takoradi's affairs. These include matters pertaining to Takoradi's assets, budgets, investments, exploration programmes, acquisitions and dispositions, joint ventures, remuneration of executives, staff and contractors, independent professional advice, accounting, audit, internal financial controls, risk assessment and ethical standards.

The audit Committee meets and reports to the Board as required but in any case at least twice a year. The Committee has authority to seek any pertinent information it requires from any employee or external party. The Company's external auditor consults with the Committee by telephone or attends the meetings of the Audit Committee.

### **Performance Evaluation**

No formal performance evaluation of any Board member was conducted during the current financial year. The performance of the Board and key executives is regularly reviewed throughout the year in Board meetings.

The Chairman also speaks to each director individually regarding their role as director.

### **Board Roles and Responsibilities**

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

### **Shareholder Rights**

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Takoradi Limited, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

### **Risk Management**

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The worsening economic environment has emphasised the importance of managing and reassessing its key business risks.

### **Remuneration Policies**

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the Board after seeking professional advice from independent consultants. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Board reviews executive packages annually by reference to comparable information from industry sectors and other listed companies and independent advice. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all key management personnel for the company and the five highest paid executives, including all monetary and non-monetary components, are detailed in the Directors' report under the heading key management personnel compensation. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.



## CORPORATE GOVERNANCE STATEMENT

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The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The Board directors and Company Secretary currently receive fixed remuneration packages which are reviewed annually taking into account the Company's financial capabilities at the time.

Since August 2008 the Company has withheld all payments to the Directors and Management, due to the Company's financial position. The amounts have been accrued in the Company's Accounts and will be paid once the Company has completed a Capital Raising sufficient to satisfy creditors and has completed refinancing arrangements with its significant lenders.

Any changes must be justified by reference to measurable performance criteria.

### **Remuneration Committee**

The Board does not have a remuneration committee.

Because of the size of the Board and executives, the Board as a whole determines the remuneration for all Executive Directors, Directors and senior staff.

The remuneration policy of the consolidated entity is set out in both Directors' Report and Note 5 to the Financial Statements. With respect to Non- Executive Director remuneration, shareholders have approved an aggregate annual sum of \$200,000.

In respect of Executive Directors' remuneration, the fees paid are not dependent upon the performance of the Company's level of activity and its financial capacity. As such there is no separate Remuneration Committee.

### **Other Information**

Further information relating to the company's corporate governance practices and policies are available from the company secretary Robert Blake.



## CORPORATE GOVERNANCE STATEMENT

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### ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

Subject to the exceptions outlined below, the Company has adopted the Principles of Good Corporate Governance and Best Practice Recommendations (Guidelines) applying to listed entities as published in August 2007 by the ASX Corporate Governance Council.

<b>Best Practice Recommendation</b>	<b>Notification of departure</b>	<b>Explanation of Departure</b>
Principle 2.1	A majority of the Board should be independent.	<p>The Board of Directors comprises one non-executive Director and three executive Directors, one of who is Chairman. Due to the fact that each of the Directors has valuable and necessary skills, experience and expertise that the Board wishes to utilise it is not considered appropriate that a majority of the Board should be independent directors and that the Chairman should be independent. However this may change upon reconstruction of the Board in the future. The only independent director is Mr John McIntyre.</p> <p>The qualifications, skills and experience of all members of the Board are set out in the Directors' Report.</p>
Principle 2.2 and 2.3	The Chair is not an independent Director.	<p>The Board considers the position of Mr Rodney Hudspeth as Chairman and CEO to be appropriate as he founded the Company and represents the largest shareholder, has been instrumental in the development of the Company, has a comprehensive knowledge of its operations and has successfully built value for shareholders of the Company. Rodney Hudspeth's industry experience and his involvement with the Company since its inception are well recognised and viewed positively by shareholders. Clear protocols are in place to deal with conflicts of interest. Mr Albert Harris acts as an independent Chairman when the Board is discussing items in which a conflict of interest may arise.</p> <p>The Board does however recognised that as the Company expands its operations the ability of the Chairman to provide an independent view of management may require changes in the future.</p>



## CORPORATE GOVERNANCE STATEMENT

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### Best Practice Recommendation

Principle 2.4

### Notification of departure

The Board does not have a separate nomination committee.

The Board has not formed a separate Nomination Committee. The Full Board consists of four Directors and has formed the view that it is more efficient for the Board as a whole to deal with matters that would otherwise be dealt with by a Nomination Committee. Strategies such as reviewing the skill base and experience of existing Directors and identification of attributes required in new Directors are in place and, if necessary, appropriate independent consultants will be engaged to identify possible new candidates for the Board. This policy could change in the future will the appointment of new Directors.

Principle 8.1

The Board does not have remuneration committee.

Because of the size of the Board and executives, the Board as a whole determines the remuneration for all Executive Directors, Directors and senior staff.

The remuneration policy of the consolidated entity is set out in both Directors' Report and Note 5 to the Financial Statements. With respect to Non-Executive Director remuneration, shareholders have approved an aggregate annual sum of \$200,000.

In respect of Executive Directors' remuneration, the fees paid are not dependent upon the performance of the Company's level of activity and its financial capacity. As such there is no separate Remuneration Committee.



Chartered Accountants  
& Business Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Takoradi Limited for the year ended 30 June 2009, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

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

14 July 2010  
Melbourne

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## DIRECTORS' DECLARATION

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In the opinion of the Directors of Takoradi Limited:

- (a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the Accounting Standards and give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date.
- (b) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after the directors have been given the declarations required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

A handwritten signature in dark ink, appearing to read 'Rodney T Hudspeth', written over a faint watermark.

RODNEY T HUDSPETH  
Chairman

14 July 2010  
SYDNEY



TAKORADI LTD AND CONTROLLED ENTITIES  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 \$	2008 \$	Parent Entity 2009 \$	2008 \$
Other income	3	-	-	-	195,746
Expenses from continuing operations	3	(3,842,919)	(1,999,113)	(4,890,215)	(1,833,334)
Net financial expense	3	(895,731)	(683,788)	(730,863)	(513,064)
Share of loss of associate		(90,160)	(522,458)	-	-
Loss before Income Tax		(4,828,810)	(3,205,359)	(5,621,078)	(2,150,652)
Income Tax	4	-	-	-	-
Net Loss after Income Tax		(4,828,810)	(3,205,359)	(5,621,078)	(2,150,652)
Net Loss attributable to Minority Equity Interests		595,557	296,749	-	-
Net Loss attributable to Equity Holders of the Parent Entity		(4,233,253)	(2,908,610)	(5,621,078)	(2,150,652)
Basic Earnings (Loss) Per Share (cents per share)	7	(6.30)	(4.77)		
Diluted Earnings (Loss) Per share (cents per share)	7	(6.30)	(4.77)		

The Income Statements should be read in conjunction with the accompanying notes.



TAKORADI LTD AND CONTROLLED ENTITIES  
BALANCE SHEET  
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 \$	2008 \$	Parent Entity 2009 \$	2008 \$
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	17(a)	30,424	131,091	20,015	83,867
Trade and Other Receivables	8	254,701	258,759	86,921	54,563
<b>TOTAL CURRENT ASSETS</b>		<b>285,125</b>	<b>389,850</b>	<b>106,936</b>	<b>138,430</b>
<b>NON-CURRENT ASSETS</b>					
Trade and Other Receivables	8	-	-	-	2,961,567
Property, Plant and Equipment	9	9,959	12,995	-	-
Exploration & Evaluation Expenditure	10	7,395,377	9,232,674	-	-
Other Financial Assets	11	-	-	1,900,000	1,900,000
Equity Accounted Investment	12	9,292,595	8,230,181	6,997,086	6,592,382
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,697,931</b>	<b>17,475,850</b>	<b>8,897,086</b>	<b>11,453,949</b>
<b>TOTAL ASSETS</b>		<b>16,983,056</b>	<b>17,865,700</b>	<b>9,004,022</b>	<b>11,592,379</b>
<b>CURRENT LIABILITIES</b>					
Trade and Other Payables	13	4,660,195	2,216,599	2,464,734	1,682,903
Borrowings	14	10,670,341	653,095	10,670,341	653,095
<b>TOTAL CURRENT LIABILITIES</b>		<b>15,330,536</b>	<b>2,869,694</b>	<b>13,135,075</b>	<b>2,335,998</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	14	-	7,766,356	-	7,766,356
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>7,766,356</b>	<b>-</b>	<b>7,766,356</b>
<b>TOTAL LIABILITIES</b>		<b>15,330,536</b>	<b>10,636,050</b>	<b>13,135,075</b>	<b>10,102,354</b>
<b>NET ASSETS</b>		<b>1,652,520</b>	<b>7,229,650</b>	<b>(4,131,053)</b>	<b>1,490,025</b>
<b>EQUITY</b>					
Equity attributable to Equity Holders of the Parent					
Issued Capital	15	39,351,423	39,351,423	39,351,423	39,351,423
Foreign Exchange Translation Reserve		(1,213,143)	(683,459)	-	-
Asset Revaluation Reserve		2,904,371	2,904,371	-	-
Accumulated Losses		(38,471,894)	(34,238,641)	(43,482,476)	(37,861,398)
<b>PARENT ENTITY INTEREST</b>		<b>2,570,757</b>	<b>7,333,694</b>	<b>(4,131,053)</b>	<b>1,490,025</b>
<b>OUTSIDE EQUITY INTEREST</b>		<b>(918,237)</b>	<b>(104,044)</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>1,652,520</b>	<b>7,229,650</b>	<b>(4,131,053)</b>	<b>1,490,025</b>

The Balance Sheets should be read in conjunction with the accompanying notes.



TAKORADI LTD AND CONTROLLED ENTITIES  
STATEMENT IN CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Foreign Exchange Translation Reserve \$</b>	<b>Asset Revaluation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Minority \$</b>	<b>Total Equity \$</b>
Balance as at 1 July 2007	35,851,424	182,860	-	(31,330,031)	220,983	4,925,236
Shares issued	3,499,999	-	-	-	-	3,499,999
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transactional currency to the reporting currency	-	(345,341)	-	-	(28,278)	(373,619)
Share of change in associate's foreign currency translation reserve	-	(520,978)	-	-	-	(520,978)
Revaluation of share of net assets of associate to fair value upon change of ownership interest in associate	-	-	2,904,371	-	-	2,904,371
Loss after income tax for the period	-	-	-	(2,908,610)	(296,749)	(3,205,359)
<b>Balance as at 30 June 2008</b>	<b>39,351,423</b>	<b>(683,459)</b>	<b>2,904,371</b>	<b>(34,238,641)</b>	<b>(104,044)</b>	<b>7,229,650</b>
Balance as at 1 July 2008	39,351,423	(683,459)	2,904,371	(34,238,641)	(104,044)	7,229,650
Shares issued	-	-	-	-	-	-
Exchange differences arising from translation of results and financial positions of foreign subsidiaries from their transactional currency to the reporting currency	-	(1,277,554)	-	-	(218,636)	(1,496,190)
Share of change in associate's foreign currency translation reserve	-	747,870	-	-	-	747,870
Loss after income tax for the period	-	-	-	(4,233,253)	(595,557)	(4,828,810)
<b>Balance as at 30 June 2009</b>	<b>39,351,423</b>	<b>(1,213,143)</b>	<b>2,904,371</b>	<b>(38,471,894)</b>	<b>(918,237)</b>	<b>1,652,520</b>

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



TAKORADI LTD AND CONTROLLED ENTITIES  
STATEMENT IN CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

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<b>Parent Entity</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
Balance as at 1 July 2007	35,851,424	(35,710,746)	140,678
Shares issued	3,499,999	-	3,499,999
Loss after income tax for the period	-	(2,150,652)	(2,150,652)
Balance as at 30 June 2008	<u>39,351,423</u>	<u>(37,861,398)</u>	<u>1,490,025</u>
Balance as at 1 July 2008	39,351,423	(37,861,398)	1,490,025
Loss after income tax for the period	-	(5,621,078)	(5,621,078)
Balance as at 30 June 2009	<u>39,351,423</u>	<u>(43,482,476)</u>	<u>(4,131,053)</u>

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



TAKORADI LTD AND CONTROLLED ENTITIES  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Inflows (Outflows)		Parent Entity Inflows (Outflows)	
		2009 \$	2008 \$	2009 \$	2008 \$
Cash Flows from Operating Activities					
Receipts from Customers		-	-	-	-
Payments to Suppliers and Employees		(849,017)	(1,687,650)	(490,572)	(620,182)
Interest Received		6,459	13,393	6,459	13,391
Interest and Other Finance Costs		(234)	(1,285)	(234)	(1,219)
Net Cash Used in Operating Activities	17(b)	(842,792)	(1,675,542)	(484,347)	(608,010)
Cash Flows from Investing Activities:					
Exploration Expenditure (includes Capitalised Expenditure)		(147,571)	(1,827,373)	-	-
Advances to controlled entities		-	-	(469,201)	(2,916,832)
Purchase of Property, Plant & Equipment		-	(15,516)	-	-
Purchase of Shares in associated entity	12	(404,704)	(1,510,538)	(404,704)	(1,510,538)
Net Cash Used in Investing Activities		(552,274)	(3,353,427)	(873,904)	(4,427,370)
Cash Flows from Financing Activities:					
Proceeds from Ordinary Share Issue		-	1,350,000	-	1,350,000
(i) Proceeds from loans by Related Parties		94,700	132,000	94,700	132,000
Repayments of loans from Related Parties		(50,300)	(46,000)	(50,300)	(46,000)
Proceeds from loans by other entities		1,250,000	1,909,513	1,250,000	1,909,513
Net Cash Provided by Financing Activities		1,294,400	3,345,513	1,294,400	3,345,513
Net Decrease in Cash Held Cash and Cash Equivalents at Beginning of Year		(100,667)	(1,683,456)	(63,852)	(1,689,867)
Cash and Cash Equivalents at End of Year	17(a)	30,424	131,091	20,015	83,867

(i) During the year ended 30 June 2008 a total of \$3,500,000 in new shares was issued, of which \$1,350,000 was received in cash, \$1,350,000 was issued to Sentient Group for conversion to shares of loans advanced earlier in the same financial year, and \$800,000 was issued to former Nimrod shareholders as part settlement of the purchase price.

The Cash Flow Statements should be read in conjunction with the accompanying notes.



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

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## INTRODUCTION

The 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 which is currently suspended from trading on the Australian Securities Exchange ("ASX").

The principal activity of the economic entity during the financial year is exploration. The financial statements are presented in Australian dollars.

The financial report was authorised for issue by the Directors on the date of signing the Directors' Declaration.

## 1. STATEMENT OF ACCOUNTING POLICIES

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

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

### (b) Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The 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.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

### (c) Going Concern

The consolidated entity has incurred a loss of \$4,828,810 for the year ended 30 June 2009 (Loss of \$3,205,359 for the 30 June 2008 year) and had negative cash outflows from operating activities of \$842,792 for the period then ended (Negative cash outflows of \$1,675,542 for the 30 June 2008 year). It also has an excess of current liabilities over current assets of \$15,045,411 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 company and consolidated entity's ability to continue as a going concern.

The directors have carefully considered the company's and consolidated entity's current position and these uncertainties and believe that the company and consolidated entity will continue to operate as a going concern. The financial statements have therefore been prepared on the basis that the company and consolidated entity are 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.



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

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**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

The ability of the company and 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 Ltd. 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;

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 \$8,325,644, 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.



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

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**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

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 company and consolidated entity not continue as a going concern.

**(d) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the company as at 30 June 2009 and the results of all controlled entities for the 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.

A controlled entity is any entity controlled by Takoradi Limited. Control exists where Takoradi Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Takoradi Limited to achieve the objectives of Takoradi Limited. A list of controlled entities is contained in Note 11 of the financial statements.

Where control of an entity is obtained during a financial year, its results are included from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

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 report.

**2. SUMMARY OF ACCOUNTING POLICIES**

**(a) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

***Plant and equipment***

Plant and equipment are measured on a cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed as the greater of the fair value less costs to sell and expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

***Depreciation***

The depreciable amount of all fixed assets are depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.



## 2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Roads – at cost	2.5%
Buildings and improvements	2.5%
Exploration Equipment and vehicles – at cost	20%
Furniture, Fixtures and Fittings – at cost	15%
Office Equipment	15%

### (b) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability.

### (c) Investments

#### *Controlled Entities*

Investments in Controlled Entities are carried in the Company's financial statements at the lower of cost and recoverable amount. The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Associated Entities*

Investments where the company has the capacity to exert significant influence over that entity but does not have control of the entity are accounted for on an equity basis. The initial equity investment is recorded on a cost basis. Post acquisition the consolidated entity's proportionate share of the equity investments profits and losses, and increments and decrements in reserves are brought to account until the carrying amount of the equity investment is zero or the consolidated entity no longer has the capacity to exert significant influence over that entity.

#### *Other Investments*

Non-current investments are measured at fair value. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have been discounted to their present value in determining the recoverable amounts.



## 2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

### (d) Exploration and Development Expenditure

#### *Exploration and evaluation expenditure*

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest. Each area of interest is limited to an individual geological area, which is related to a known or probable mineral resource and is considered to constitute a favourable environment for the presence of mineral deposits. Exploration and evaluation expenditure for each area of interest is carried forward provided that the following conditions are met:

- rights of tenure to that area of interest are current; and
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing; or
- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### (e) Foreign Currency Translation

#### *Transactions*

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At reporting date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current on that date. Resulting exchange differences are recognised in determining the profit and loss for the year.

#### *Foreign controlled entities*

Foreign controlled entity assets and liabilities are translated into Australian currency at rates of exchange current at reporting date, while revenues and expenses are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are recognised directly in equity.

### (f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

### (g) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash includes:

- Cash on hand and at all call deposits with banks or financial institutions, net of bank overdrafts; and
- Investments in money market instruments with less than 14 days to maturity

### (h) Impairment

The carrying amounts of the company's and consolidated entity's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

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## 2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (i) Revenue

Interest revenue is recognised upon control of the right to receive the interest payment. Revenue from the rendering of a service is recognised where the contract outcome can be reliably measured, control of the right to be compensated for the services and the state of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

All revenue is stated net of the amount of goods and services tax (GST).

### (j) Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

### (k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

### (l) Taxes

The consolidated entity uses the "Balance Sheet" method to determine tax expense for the current period. Current period tax expense is determined from the tax payable on the current period's taxable income adjusted for changes in deferred tax assets and liabilities and their carrying amounts in the Balance Sheet, and by unused tax losses. Tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences where the parent entity is able to control the timing of reversal of the temporary differences between the carrying value and the tax bases of the investments and it is probable that the differences will not reverse in the foreseeable future.



## 2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

### (m) Research and development expenditure

Research costs are recognised as an expense when incurred. Other development costs are expensed when incurred, except to the extent that such costs are expected, beyond any reasonable doubt, to be recoverable. Deferred development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced. The deferred development expenditure is reviewed each year to ensure the criteria for deferral continues to be met.

Where such costs are no longer considered recoverable, they are written off as an expense in net profit or loss.

### (n) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

### (o) Borrowings

Bank loans and other borrowings are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest.

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of the asset.

### (p) New and Revised Accounting Standards and Interpretations

#### New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity;
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and



## 2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

- where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

AASB 2008-2: Amendments to Australian Accounting Standards — Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2008-8: Amendments to Australian Accounting Standards — Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.



## 2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 — Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners be measured at the lower of carrying value and fair value less costs to distribute.

AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.

AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.

AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>3. LOSS:</b> Net loss before tax includes the following:				
<b>Other income</b>				
Foreign currency gain	-	-	-	195,746
	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,746</u>
<b>Expenses /Impairment for continuing operations</b>				
Depreciation of plant and equipment	(2,909)	(17,594)	-	(1,680)
Impairment of exploration costs	(2,176,088)	-	-	-
Impairment of loans (ii)	-	-	(4,118,895)	(1,173,436)
Tenement maintenance costs	(203,132)	(221,572)	-	-
Consulting fees	(150,908)	(38,600)	(108,330)	(38,600)
Administration expenses	(828,845)	(1,465,726)	(434,716)	(399,766)
Corporate expenses	(469,504)	(234,675)	(222,640)	(208,472)
Other expenses	(11,533)	(20,946)	(5,634)	(11,380)
	<u>(3,842,919)</u>	<u>(1,999,113)</u>	<u>(4,890,215)</u>	<u>(1,833,334)</u>
<b>Net financial expense</b>				
Interest Income	6,459	13,393	125,804	184,051
Interest Expense	(902,190)	(697,181)	(856,667)	(697,115)
	<u>(895,731)</u>	<u>(683,788)</u>	<u>(730,863)</u>	<u>(513,064)</u>

(i) Directors reviewed loans by the parent to controlled subsidiaries. The Directors determined that progress on subsidiary projects have not reached a stage where recovery of these loans by the parent is certain.



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

**4. INCOME TAX**

The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:

Prima Facie Tax payable/(benefit) on profit/(loss) from continuing activities before income tax at 30% (2008: 30%)	(1,448,643)	(961,608)	(1,686,323)	(645,195)
Less non-deductible items	991,787	599,839	1,303,019	333,818
Tax Assets not Recognised	456,856	361,769	383,304	311,377

The company and consolidated entity have undetermined tax losses that are the subject of further investigations and have not yet been confirmed by the taxation authority.

Realisation of these benefits will depend upon:

- the ability of the companies in the economic entity to derive future assessable income of a nature and of sufficient amount to enable the benefit to be realised;
- the ability of the companies in the economic entity to continue to comply with the conditions for deductibility imposed by the law; and
- the expectation that legislation will not change in a manner which would adversely affect the companies in the economic entity's ability to realise the benefit.

**5. KEY MANAGEMENT PERSONNEL**

Key Management Personnel comprise directors and other persons having authority and responsibility for planning and directing and controlling the activities of Takoradi Limited and its controlled entities.

Parent Entity Directors:

Mr Rodney T Hudspeth	Executive Chairman since 1993
Mr Albert G Harris	Executive Director since 1992
Rear Admiral (Ret'd) C Kevin Dzang	Executive Director since 1990 (Deceased December 2009)
Mr John S McIntyre	Non executive Director since 1993

There are no other executives currently employed by the consolidated entity.

**(a) Key Management Personnel Compensation**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	420,277	431,663	420,277	431,663
Post – employment benefits	25,000	2,700	25,000	2,700
<b>TOTAL</b>	<b>445,277</b>	<b>434,333</b>	<b>445,277</b>	<b>434,333</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 14.



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

**5. KEY MANAGEMENT PERSONNEL (CONT'D)**

**(b) Shareholdings**

Number of shares held by Key Management Personnel: -

**2009**

	Balance 1.7.08	Acquired	Acquired/ (Disposed)	Balance 30.6.09
<b>Parent Entity Directors</b>				
Mr Rodney T Hudspeth *	22,434,294	-	-	22,434,294
Mr Albert G Harris	198,867	-	-	198,867
Mr Rear Admiral (Ret'd) C Kevin Dzang	413,600	-	-	413,600
Mr John S McIntyre	583,500	-	-	583,500

\* Shares are owned by companies associated with Mr R T. Hudspeth

**2008**

	Balance 1.7.07	Acquired	Share Consolidation 50:1	Acquired/ (Disposed)	Balance 30.6.08
<b>Parent Entity Directors</b>					
Mr Rodney T Hudspeth *	1,111,678,320	10,036,322	22,434,294	-	22,434,294
Mr Albert G Harris	9,943,348	-	198,867	-	198,867
Mr Rear Admiral (Ret'd) C Kevin Dzang	20,680,000	-	413,600	-	413,600
Mr John S McIntyre	24,175,000	-	483,500	100,000	583,500

\* Shares are owned by companies associated with Mr R T. Hudspeth

**(c) Options**

6,790,127 options were issued on 23 December 2005 to companies associated with Mr R. T Hudspeth, in satisfaction of advances by Notesan Pty Limited, at an exercise price of \$0.50 (post consolidation), were not exercised and expired on 23 December 2008.

At the AGM of the company on 25 November 2008, 6,790,127 new options were issued to companies associated with Mr R. T Hudspeth at an exercise price of \$0.50, for a period of three years expiring 23 December 2011.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>6. AUDITORS' REMUNERATION</b>				
Remuneration of the auditor of the parent entity for:				
- Auditing and reviewing the financial reports	72,544	67,864	72,544	67,864
Remuneration of other auditors of subsidiaries for:				
- Auditing and reviewing the financial report of subsidiaries	49,002	46,723	-	-
	121,546	114,587	72,544	67,864



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

**7. EARNINGS PER SHARE (EPS)**

	<b>Consolidated 2009 cents</b>	<b>2008 cents</b>
Basic EPS (Loss)	(6.3)	(4.77)
Diluted EPS (Loss)	(6.3)	(4.77)
Net loss used in calculation of basic and diluted earnings/(loss) per share	(4,233,253)	(2,908,610)
Weighted average number of shares on issue used in calculation of basic earnings/(loss) per share	Number 67,162,219	Number 60,906,994

6,790,126 options at an exercise price of \$0.50 with an expiry date of 23 December 2011 and 300,000 options expiring on 27 October 2009 have not been considered in diluted EPS as the Company is in a loss position.

**8. RECEIVABLES  
 (a) OTHER RECEIVABLES**

	<b>Consolidated 2009 \$</b>	<b>2008 \$</b>	<b>Parent Entity 2009 \$</b>	<b>2008 \$</b>
<b>CURRENT (i)</b>				
Non trade debtors receivable	30,985	210,338	6,140	6,140
Goods and services tax refund	223,716	48,421	80,781	48,423
	<u>254,701</u>	<u>258,759</u>	<u>86,921</u>	<u>54,563</u>

**(b) CONTROLLED ENTITIES**

<b>CURRENT (i)</b>				
Loan due from Controlled Entity	-	-	9,335,692	9,062,608
Less: Allowance for Diminution	-	-	(9,335,692)	(9,062,608)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NON-CURRENT (i)</b>				
Amounts owed by Controlled Entities	-	-	20,163,943	19,279,699
Less: Allowance for Diminution	-	-	(20,163,943)	(16,318,132)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,961,567</u>

(i) The carrying amounts of receivables approximate net fair values

**9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Consolidated 2009 \$</b>	<b>Parent Entity 2008 \$</b>	<b>Consolidated 2009 \$</b>	<b>Parent Entity 2008 \$</b>
Roads - at Cost	13,523	14,053	-	-
Less: Accumulated Depreciation	(13,523)	(14,053)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Buildings and Improvements				
- at Directors' 1993 Valuation	24,822	24,822	-	-
- at Cost	25,068	27,949	-	-
	<u>49,890</u>	<u>52,771</u>	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	(49,890)	(52,771)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Consolidated	Parent Entity	Consolidated	Parent Entity
	2009	2008	2009	2008
	\$	\$	\$	\$
Exploration Equipment and Vehicles - at Cost	205,336	209,958	-	-
Less: Accumulated Depreciation	(196,610)	(198,323)	-	-
	8,726	11,635	-	-
Furniture, Fixtures and Fittings - at Cost	47,995	48,077	22,414	22,414
Less: Accumulated Depreciation	(47,995)	(48,077)	(22,414)	(22,414)
	-	-	-	-
Office Equipment - at Cost	103,911	102,092	15,286	15,286
Less: Accumulated Depreciation	(102,678)	(100,732)	(15,286)	(15,286)
	1,233	1,360	-	-
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>9,959</b>	<b>12,995</b>	<b>-</b>	<b>-</b>

Movements during the year	Roads	Buildings	Furniture Fixtures Fittings	Exploration Equipment & Vehicles	Office Equipment
2009:	\$	\$	\$	\$	\$
<b>Consolidated:</b>					
Beginning of year	-	-	-	11,635	1,360
Additions	-	-	-	-	-
Currency Movements	-	-	-	-	(127)
Depreciation charge	-	-	-	(2,909)	-
End of year	-	-	-	8,726	1,233
<b>Parent Entity:</b>					
Beginning of year	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	-	-	-	-
End of year	-	-	-	-	-



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

**9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Movements during the year	Roads	Buildings	Furniture Fixtures Fittings	Exploration Equipment & Vehicles	Office Equipment
2008:	\$	\$	\$	\$	\$
<b>Consolidated:</b>					
Beginning of year	-	-	430	-	16,858
Additions	-	-	-	13,731	-
Currency Movements	-	-	-	1,783	(2,213)
Depreciation charge	-	-	(430)	(3,879)	(13,285)
End of year	-	-	-	11,635	1,360
<b>Parent Entity:</b>					
Beginning of year	-	-	430	-	1,250
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	-	(430)	-	(1,250)
End of year	-	-	-	-	-

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>10. EXPLORATION EXPENDITURE</b>				
Opening Exploration Expenditure - At Cost	9,232,674	8,047,463	-	-
Exploration expenditure current year	1,982,106	1,827,372	-	-
Revaluation due to foreign currency movement	(1,643,315)	(642,161)	-	-
Impairment of capitalised exploration expenditure	(2,176,088)	-	-	-
	<u>7,395,377</u>	<u>9,232,674</u>	-	-

In line with Australian Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources", exploration tenements with costs of \$2,176,088 were fully provided for impairment during the year ended 30 June 2009 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.

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.

**(a) Group Interests In Mineral Tenements**

Tenement	Type of Licence	Group Interest	
		2009	2008
		%	%
<b>Ghana, West Africa</b>			
- Kutukrom	Prospecting Licence	100	100
- Bajju	Prospecting Licence	80	80
- Yakomba	Prospecting Licence	80	80
- Sakpa	Prospecting Licence	80	80
- Cherebong	Prospecting Licence	80	80
<b>Namibia</b>			
- Kuiseb	Prospecting Licence	70	70

The Government of Ghana has a right to take up 10% of the Company's interest in the project when a mine development occurs. At balance date the Government of Ghana had not exercised this right.



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>11. OTHER FINANCIAL ASSETS</b>				
<b>(a) CONTROLLED ENTITIES</b>				
Shares in Controlled Entities				
Cost	-	-	3,301,342	3,301,342
Impairment	-	-	(1,401,342)	(1,401,342)
	-	-	1,900,000	1,900,000

Takoradi Limited acquired a 100% interest in Nimrod Metals Limited ("Nimrod") on 19 September 2006 for consideration of \$1,900,000. The consideration consisted of 110,000,000 (pre-share consolidation) Takoradi shares at \$0.01 per share (based on ASX market value) to be issued to Nimrod shareholders at time of purchase with a final settlement of \$800,000 made by way of an issue of 80,000,000 shares in September 2007. Nimrod's major asset is its 70% interest in Kuiseb Mining and Processing Pty Ltd which has exploration licences in Namibia. Upon acquisition, exploration licences were prescribed a fair value of \$2,684,860. At time of acquisition the fair value of Nimrod's consolidated total assets was \$2,705,422 (Takoradi's interest \$1,949,190) with liabilities (sundry creditors) of \$49,190 (Takoradi's interest \$49,190). Outside Minority interest at acquisition date was \$805,422.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>(b) OTHER</b>				
Shares in Unquoted Investments				
Cost	20,000	20,000	20,000	20,000
Impairment	(20,000)	(20,000)	(20,000)	(20,000)
	-	-	-	-

Controlled Entities	Place of Incorporation.	Group Interest	
		2009	2008
		%	%
Takoradi Gold (Australia) Pty Ltd	Victoria, Australia	100	100
Takoradi Gold (International) Limited	United Kingdom	100	100
Takoradi Gold (Ghana) Limited	United Kingdom	100	100
Northern Goldfields Limited	Ghana	80	80
Nimrod Metals Limited	Bahamas	100	100
Kuiseb Mining and Processing (Pty) Ltd	Namibia	70	70
Terradex (Pty) Ltd	Namibia	100	100
Office Online Pty Ltd (deregistered 27 April 2009)	New South Wales, Australia	-	100
Matchtip Limited	United Kingdom	100	100
Remote Business Solutions International Limited	Hong Kong	100	100



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

12. EQUITY ACCOUNTED INVESTMENT

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
Investment in Associate *	7,009,618	6,604,914	7,009,618	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	226,892	(520,978)		-
Equity share of loss after tax 2006	(12,532)	(12,532)	(12,532)	(12,532)
Equity share of loss after tax 2007	(223,136)	(223,136)		-
Equity share of loss after tax 2008	(522,458)	(522,458)		-
Equity share of loss after tax 2009	(90,160)	-		-
	<u>9,292,595</u>	<u>8,230,181</u>	<u>6,997,086</u>	<u>6,592,382</u>

\* As at 30 June 2009 Hampton Mining Ltd had assets of \$34,625,077 (2008: \$31,453,256) and liabilities of \$671,475 (2008: \$566,116). Revenue was immaterial for the current and prior year. The principal activity is exploration for mineral assets.

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 in respect of acquisition costs.

The Company's 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.

Associate Entity	Place of Incorporation	2009 %	2008 %
Hampton Mining Ltd	New South Wales, Australia	27.2	27.5

13. TRADE AND OTHER PAYABLES	Consolidated		Parent Entity	
	2009	2008	2009	2008
CURRENT				
Trade creditors and accruals (i)	4,346,729	1,993,061	2,151,268	1,459,365
Amounts due to Directors (ii)	313,466	223,538	313,466	223,538
	<u>4,660,195</u>	<u>2,216,599</u>	<u>2,464,734</u>	<u>1,682,903</u>

All accounts payable are unsecured.

Net Fair Values

The carrying amounts of accounts payable approximate their net fair values.

Refer Note 21 for unhedged foreign currency monetary items.

(i) Trade creditors and accruals include \$1,053,303 (2008: \$1,051,361) payable by Matchtip Limited and \$2,252,010 (2008: \$515,256) payable by Kuiseb Mining and Processing (Proprietary) Limited.

(ii) As at 30 June 2009 directors fees were owing in respect to directors services provided by Mr R T Hudspeth (\$183,335), Mr J McIntyre (\$55,860), Rear Admiral (Ret'd) C K Dzang (\$74,271) (Deceased) and Mr A G Harris (\$32,083). As at 30 June 2008 directors fees were owing in respect to directors services provided by Mr R T Hudspeth (\$177,917), Mr J McIntyre (\$32,885) and Rear Admiral (Ret'd) C K Dzang (\$12,736) (Deceased).



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>14. BORROWINGS</b>				
<b>CURRENT</b>				
Secured Liabilities				
Sellers Holdings Pty Ltd (i)	292,356	257,582	292,356	257,582
Allstates Secretariat Pty Limited (i)	283,214	-	283,214	-
City Natural Resources High Yield Trust PLC (i)	850,140	-	850,140	-
Unsecured Liabilities				
Amount due to Director related entity (ii)	254,261	86,000	254,261	86,000
Unsecured Loan (iii)	377,945	309,513	377,945	309,513
Short term facility (iv)	286,781	-	286,781	-
Convertible Note (v)	8,325,644	-	8,325,644	-
	<u>10,670,341</u>	<u>653,095</u>	<u>10,670,341</u>	<u>653,095</u>
<b>NON-CURRENT</b>				
Unsecured Liabilities				
Convertible Note (v)	-	7,766,356	-	7,766,356
	<u>-</u>	<u>7,766,356</u>	<u>-</u>	<u>7,766,356</u>

Net Fair Values

The carrying amounts of borrowings approximate net fair values.

(i) On 4 April 2008 Takoradi issued a secured note to Sellers Holdings Pty Ltd for the amount of \$250,000. The secured note is secured by a fixed charge over 1,562,500 shares in Hampton Mining Limited held by Takoradi. The term of the secured note is for 12 months with interest at 13.5% per annum. Interest of \$42,356 has been accrued in the balance of financial liabilities.

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 are secured by a fixed charge over 1,562,500 shares in Hampton Mining Limited held by Takoradi. The term of the secured note is for 12 months with interest at 13.5% per annum. Interest of \$33,214 has been accrued in the balance of financial liabilities.

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 note is secured by a fixed charge over 4,687,500 shares in Hampton Mining Limited held by Takoradi. The term of the secured note is for 12 months with interest at 13.5% per annum. Interest of \$100,140 has been accrued in the balance of financial liabilities.

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.

(ii) Takoradi has received advances by way of unsecured loans totalling \$254,261 from Notesan Pty Limited, a related entity of Mr Rodney T Hudspeth. This amount includes accrued interest of \$23,861 and is in addition to the amount of director's fees payable to Notesan totalling \$183,335 as disclosed in Note 13 Payables.

(iii) Takoradi has received advances by way of unsecured loans totalling \$309,513 from Sentient Group. Interest of \$68,432 has been accrued in the balance of financial liabilities.

(iv) Takoradi has received a short term facility of unsecured loans totalling \$250,000 from Sentient Group. Interest of \$36,781 has been accrued in the balance of financial liabilities.

(v) On 12<sup>th</sup> December 2006 Takoradi raised \$3,750,000 by issue of a convertible note with a coupon rate of 8% per annum from 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 owing. The Note may convert to 5,000,000 Takoradi shares at \$0.75 (post consolidation) per share on or before 12<sup>th</sup> December 2009. Under the arrangement, should Takoradi's share price trade at any time over the life of the Note, at a 60 day weighted average price of \$0.90 (post consolidation) per share, Takoradi can elect to call for conversion of the Note into equity at \$0.75 (post consolidation) per share. If this occurs, within the first six months period of the issuance of the Note there will be no interest due on the Note at the time of conversion.

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TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

**14. BORROWINGS (CONT'D)**

On 16<sup>th</sup> 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 note may convert to 4,333,333 Takoradi shares at \$0.75 per share on or before 12 December 2009. Interest of \$1,325,644 (2008: \$766,356) has been accrued in the balance of financial liabilities. Both notes expired on 12<sup>th</sup> December 2009 and the company has defaulted on its repayment obligation.

	<b>Consolidated</b>	<b>Consolidated</b>	<b>Parent Entity</b>	<b>Parent Entity</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>15. ISSUED CAPITAL</b>				
Issued Ordinary Shares, fully paid	39,351,423	39,351,423	39,351,423	39,351,423
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Number of fully paid shares</b>	<b>Number of fully paid shares</b>	<b>\$</b>	<b>\$</b>
Movement in Share Capital				
Ordinary shares issued during the Year				
Opening Balance	67,162,219	2,940,601,270	39,351,423	35,851,423
Shares 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
	<b>67,162,219</b>	<b>67,162,219</b>	<b>39,351,423</b>	<b>39,351,423</b>

**Ordinary Shares**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The authorised capital of the Company is unlimited and shares have no par value.

**Options**

Option holders do not have a right to receive dividends and are not entitled to vote at a meeting of members of the Company or to participate in new issues of ordinary shares during the currency of the option. Options may be exercised at any time from the date they vest to the date of their expiry. Share options convert into ordinary shares on a one for one basis on the day they are exercised and rank equally in all respect with the then issued shares of the Company.



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

**15. ISSUED CAPITAL (CONT'D)**

**Capital Management**

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, share options, convertible notes, secured notes and other financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. The responses include the management of its debts levels and new share issues.

There has been no change in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that an appropriate mix of debt and capital is maintained to provide sufficient funding of continuing operations of the group. The gearing ratios for the year ended 30 June 2009 and 30 June 2008 are as follows:

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Total borrowings*	13,14	15,330,536	10,636,050	13,135,075	10,102,354
Less cash and cash equivalents		(30,424)	(131,091)	(20,015)	(83,867)
Net debt		15,300,112	10,504,959	13,115,060	10,018,487
Total equity		3,828,608	7,229,650	(4,131,053)	1,490,025
Total capital		19,128,720	17,734,609	8,984,007	11,508,512
Gearing ratio		80%	59.2%	145.98%	87.1%

\*Includes interest bearing loans and borrowings and trade and other payables.

At 30 June 2009 the Company held net debt totalling approximately \$15,300,112. This compares with an equivalent figure of \$10,504,959 at 30 June 2008. The directors are attempting to address the company's high debt levels by:

- seeking the continued support/ availability of funds from a related entity of the Chairman, Notesan Pty Ltd;
- Renegotiating extensions of time with secured note holders for the repayment of secured notes totalling \$1,250,000 to early July 2010; and
- Continuing to work with its major financier and unsecured convertible note holder to reach a mutually beneficial outcome for both parties.

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 company and the consolidated entity.



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

	Exercise Prices \$	Number	Expiry Date
<b>16. OPTIONS (Unlisted)</b>			
Issued 30 December 2005	\$0.50	6,790,127	19 December 2008
Outstanding as at 30 June 2008	\$0.50	6,790,127	19 December 2008
Outstanding as at 30 June 2009 (i)	\$0.50	-	19 December 2008
Options issued for services rendered (ii)	\$0.90	300,000	27 October 2009
Outstanding as at 30 June 2008	\$0.90	300,000	27 October 2009
Outstanding as at 30 June 2009	\$0.90	300,000	27 October 2009
Issued 23 December 2008	\$0.50	6,790,127	23 December 2011
Outstanding as at 30 June 2009 (iii)	\$0.50	6,790,127	23 December 2011

(i) 6,790,127 (post consolidation) Options expiring on 19 December 2008, exercisable at \$0.50 anytime after 19 December 2006 to fully paid ordinary shares were issued on 30 December 2005. The options were issued as part of the Debt for Equity swap to Notesan Pty Ltd.

The Options were not exercised by Notesan Pty Ltd and expired on 19 December 2008.

(ii) 300,000 (post consolidation) Options expiring on 27 October 2009, exercisable at \$0.90 anytime after 19 September 2006 to fully paid ordinary shares were issued on 19 September 2006. The options issued to Southern Cross Equities as part of the payment for assisting with capital raisings were not exercised and expired on 27 October 2009.

(iii) At the AGM of the company on 25 November 2008, 6,790,127 new options were issued to Notesan Pty Limited, a company associated with Mr R. T Hudspeth, at an exercise price of \$0.50, for a period of three years expiring 23 December 2011.

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TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>17. NOTES TO CASH FLOW STATEMENTS</b>				
<b>(a) Components of Cash and Cash Equivalents</b>				
Cash on Hand	200	200	200	200
Cash at Bank	30,224	130,891	19,815	83,667
	<u>30,424</u>	<u>131,091</u>	<u>20,015</u>	<u>83,867</u>

**(b) Reconciliation of Net Cash Used in Operating Activities to the Operating Loss after Tax.**

Operating Loss after Income tax	(4,828,810)	(3,205,359)	(5,621,078)	(2,150,652)
Foreign Currency Exchange Gain	-	-	-	(195,746)
Depreciation	2,909	17,594	-	1,680
Exploration costs written off	2,176,088	-	-	-
Loan impairment	-	-	4,118,895	1,173,436
Share of loss of associate	90,160	522,458	-	-
Decrease/(Increase) in Debtors	4,058	(201,016)	(480,427)	(31,916)
Decrease/(Increase) in Interest Receivable	-	-	(125,804)	(170,660)
(Decrease)/Increase in Provisions	-	(41,438)	-	(41,438)
(Decrease)/Increase in Creditors	710,847	536,323	622,111	111,390
(Decrease)/Increase in Interest Payable	1,001,956	695,896	1,001,956	695,896
Net Cash Used in Operating Activities	<u>(842,792)</u>	<u>(1,675,542)</u>	<u>(484,347)</u>	<u>(608,010)</u>

**18. RELATED PARTIES**

**Controlled Entities**

Details of interest in controlled entities are set out in Note 11. Takoradi Limited, which is the Parent Entity, has made loans totalling \$29,499,635 (2008: \$28,342,307) to the following Controlled Entities:

	2009	2008
	\$	\$
Takoradi Gold (International) Limited	2,080,778	2,080,778
Takoradi Gold (Ghana) Limited	10,997,487	10,723,938
Northern Goldfields Limited	3,624,667	3,505,259
Matchtip Limited	9,335,692	9,062,608
Nimrod Metals Limited	3,453,066	2,961,567
Office Online Pty Ltd (Deregistered 19 April 2009)	-	212
Takoradi Gold (Australia) Pty Ltd	7,945	7,945
Total	<u>29,499,635</u>	<u>28,342,307</u>

The loans are included in receivables (refer Note 8). Interest is charged on loans to Northern Goldfields Limited at normal commercial rates. The Company is entitled to receive interest of \$119,408 (2008: \$170,660).

During the year the parent entity provided for a further allowance for diminution of \$4,118,895 (2008: \$1,173,436) in the value of the loans receivable from Controlled Entities.



## 18. RELATED PARTIES (CONT'D)

### Directors

The names of persons who were Directors of Takoradi Limited at any time during the financial year are as follows: R T Hudspeth, Rear Admiral (Ret'd) C K Dzung (deceased), A G Harris, J S McIntyre. In addition, A G Harris acts as an alternate for Rear Admiral (Ret'd) C K Dzung (Now deceased).

### Remuneration of Directors

Information on remuneration of Directors is disclosed in the Remuneration Report in the Directors Report.

### Administration

The Company utilised fully maintained premises provided by Notesan Pty Limited a company in which Mr R T Hudspeth is a Director. An amount of \$33,572 (2008: \$31,266) was charged in relation to administration and other occupancy expenses. Interest charged on unpaid services provided by Notesan Pty Ltd \$23,861 (2008: \$NIL).

### Loan from Director Related Entity

During the year the Company received loans of \$94,700 (2008:\$120,000) from Notesan Pty Limited a company in which Mr RT Hudspeth is a Director. In addition fees of \$100,000 payable to Notesan Pty Ltd for assistance in fund raising were reclassified from trade payables to loans. Repayments of \$50,300 were made during the year against these loans. The balance of the unsecured loan at 30 June 2009 is \$254,261 (2008: \$86,000).

### Loan from Director

During the year the Company received a loan of \$55,514 from Rear Admiral (Ret'd) C. Kevin Dzung. The balance of the unsecured loan at 30 June 2009 is \$55,514 (2008: \$NIL).

During 2008, the company received a loan of \$12,000 from Mr. A.G. Harris. This loan was repaid prior to 30 June 2008.

### Acquisition of Nimrod Metals Limited

Notesan Pty Limited, a company in which Mr RT Hudspeth is a Director, being also a shareholder of Nimrod Metals Limited at time of acquisition received 10,036,322 shares (200,726 shares post consolidation) in Takoradi Limited in September 2007 in accordance with the settlement plan (refer Note 11).

### Share Issue to Directors

No shares were issued to directors as payment for unpaid services and director fees.



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

**19. SEGMENT INFORMATION**

**Primary reporting – business segments**

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

	Minerals		Software development		Unallocated		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b>RESULT</b>								
Segment Result	(3,056,483)	(956,444)	(269,825)	(589,306)	(1,502,502)	(1,659,609)	(4,828,810)	(3,205,359)
<b>ASSETS</b>								
Segment assets	16,876,120	17,727,270	-	-	106,936	138,430	16,983,056	17,865,700
<b>LIABILITIES</b>								
Segment liabilities	2,316,024	523,756	1,053,303	1,051,361	11,961,209	9,060,933	15,330,536	10,636,050
<b>OTHER</b>								
Investment accounted for using the equity method	9,292,595	8,230,181	-	-	-	-	9,292,595	8,230,181
Acquisitions of non-current segment assets	2,386,810	3,337,911	-	-	-	-	2,386,810	3,337,911
Depreciation	2,909	-	-	11,737	-	5,857	2,909	17,594

**Secondary reporting - geographical segments**

The consolidated entity's business segments operate predominantly in Ghana, Namibia, United Kingdom, Chile Australia, with Australia being the home country of the parent company. The revenue and assets relating to software development are predominantly based in the United Kingdom. The mineral assets and revenue are predominantly based in Ghana, Chile and Namibia.



## 20. COMMITMENTS AND CONTINGENT LIABILITIES

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) On 18 December 2009, the Unsecured Convertible Noteholder – Sentient Group (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. Subsequently, Sentient agreed to review its position. Negotiations continue with Sentient in regards to this matter.

c) 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.

d) The Company has made application for the renewal of it's Bole Exploration Tenements in Ghana. Once approval is granted the Company will be required to pay US\$60,000 to the Government of Ghana.

e) Minimum expenditure required to maintain exploration properties in Africa are approximately \$US100,000 per annum for Ghana and \$US80,000 per annum for Namibia

f) Takoradi has a 26.7% interest in Hampton Mining Limited at the date the directors signed 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:

- a. 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. Hampton Directors' have received legal advice that the current litigation is also likely to be successfully defended.
- b. In July 2007 Hampton entered into an option to purchase a 100% interest in exploration properties known as Los Calatos located in Peru by paying North Hill Holdings Group Inc (North Hill) A\$285,000 (US\$250,000). Hampton has met all its commitments under the Option Agreement as at the date of this report. Hampton must pay a further annual instalment of US\$500,000 on or before 1 August 2010 and meet the licence fee obligations to earn the right to acquire a 100% interest in the Los Calatos Project. To exercise the option Hampton must complete a further 2,700 metres of drilling, and pay North Hill US\$0.005 per lb copper equivalent proven and probable reserves as defined by a Scoping Study. If the Scoping Study is not completed by the 30 September 2010 then an interim payment, based on resources in the ground, must be paid prior to 30 September 2010, to be adjusted when the scoping study is completed. A bonus payment of A\$1,850,000 (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 then be made on and when a Scoping Study is completed based on reserves identified in the Scoping Study.



## 20. COMMITMENTS AND CONTINGENT LIABILITIES (CONT'D)

- c. On 23 August 2007 Minera Hampton Chile Limitada 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, Minera Hampton Chile Limitada must pay monthly instalments of A\$12,000 (US\$10,000) per month for a further 14 months (28 months to 31 December 2009 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. Minera Hampton Chile Limitada has met its commitments under the option agreement as at the date of this report.
- d. On 25 February 2008 Minera Hampton Chile Limitada entered into an option agreement to acquire a 100% interest in the Santa Berta tenements located in the Isidro area, Chile for A\$9,000 (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. Minera Hampton Chile Limitada has met its commitments under the option agreement as at the date of this report.

g) 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\$12 million in cash and up to 132.8 million Metminco shares.

Should Takoradi elect to exercise its rights which allow it to take up a number of shares under the pre-emptive rights process set out in Hampton's Constitution, Takoradi would be required to make a significant cash payment to JIC in proportion to the shares it would acquire. At the date of this report, Takoradi is evaluating its position to exercising its rights under the pre-emptive rights process.

h) 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.



## 21. FINANCIAL INSTRUMENTS RISK EXPOSURES

### (a) Financial Risk management Policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, convertible notes and secured notes.

The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not have any derivative financial instruments.

#### (i). Treasury Risk Management

The group's management, comprising executive directors and company secretary, evaluate treasury management strategies in the context of economic conditions as part of the ongoing business management.

#### (ii) Financial Risk Exposures & Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk and liquidity risk.

##### *Interest Rate Risk*

Financial instruments that have interest rate risk comprise convertible notes issued to Sentient Group and secured notes issued to Sellers Holdings Pty Limited. In each case a fixed interest rate is established under the terms and conditions of each note issue. Management considers that as interest rates on these financial debt instruments are fixed there is no significant exposure to risk arising from interest rate fluctuations in the broader economy. In addition amounts held in cash deposits during the current and preceding financial year have not been material. Accordingly, there has been no sensitivity analysis performed in respect of potential interest rate fluctuations.

##### *Foreign Exchange Risk*

Financial instruments that have foreign exchange risk comprise accounts payable by subsidiary entities in foreign currency jurisdictions. The group is exposed to foreign currency fluctuations between the time that liabilities are incurred and when monies are provided by the parent company to extinguish such liabilities. The group's management, comprising executive directors and company secretary, evaluate foreign exchange risks on an ongoing basis in the context of economic conditions as part of the ongoing business management.

##### *Liquidity Risk*

The group's management, comprising executive directors and company secretary, evaluate liquidity issues and funding requirements to ensure that expenditure commitments can be met.

Liquidity is managed by capital raising initiatives and by debt instruments issued to shareholders. Management is confident that there are measures in place to ensure that there will be sufficient liquidity provided by existing shareholders to meet future expenditure commitments.

### (b) Interest Rate Risk

The economic entity is exposed to the following interest rate risk on its financial assets and liabilities as summarised below:



TAKORADI LTD AND CONTROLLED ENTITIES  
 NOTES TO THE YEAR END FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2009

21. FINANCIAL INSTRUMENTS RISK EXPOSURES (CONT'D)

<b>Consolidated Entity</b>	<b>Consolidated Non interest bearing \$</b>	<b>Consolidated interest bearing \$</b>	<b>Total Carrying Amount \$</b>
<b>2009</b>			
<b>Financial Assets</b>			
Cash	-	30,424	30,424
Receivables	254,701	-	254,701
	<u>254,701</u>	<u>30,424</u>	<u>285,125</u>
Weighted Average Interest Rate		5%	
<b>Financial Liabilities</b>			
Accounts payable	4,660,195	-	4,660,195
Interest bearing liabilities	-	10,670,341	10,670,341
	<u>4,660,195</u>	<u>10,670,341</u>	<u>15,330,536</u>
Weighted Average Interest Rate		8%	
Net financial assets/(liabilities)	<u>(4,405,494)</u>	<u>(10,639,917)</u>	<u>(15,045,411)</u>
	<b>Consolidated Non interest bearing \$</b>	<b>Consolidated interest bearing \$</b>	<b>Total Carrying Amount \$</b>
<b>2008</b>			
<b>Financial Assets</b>			
Cash	-	131,091	131,091
Receivables	258,759	-	258,759
	<u>258,759</u>	<u>131,091</u>	<u>389,850</u>
Weighted Average Interest Rate		5%	
<b>Financial Liabilities</b>			
Accounts payable	2,216,599	-	2,216,599
Interest bearing liabilities	-	8,419,451	8,419,451
	<u>2,216,599</u>	<u>8,419,451</u>	<u>10,636,050</u>
Weighted Average Interest Rate		8%	
Net financial assets/(liabilities)	<u>(1,957,840)</u>	<u>(8,288,360)</u>	<u>(10,246,200)</u>
	<b>Parent Entity Non interest bearing \$</b>	<b>Parent Entity interest bearing \$</b>	<b>Total Carrying Amount \$</b>
<b>2009</b>			
<b>Financial Assets</b>			
Cash	-	20,015	20,015
Receivables	86,921	-	86,921
	<u>86,921</u>	<u>20,015</u>	<u>106,936</u>
Weighted Average Interest Rate		5%	



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

21. FINANCIAL INSTRUMENTS RISK EXPOSURES (CONT'D)

2009 Financial Liabilities	Parent Entity Non interest bearing \$	Parent Entity interest bearing \$	Total Carrying Amount \$
Accounts payable	2,464,734	-	2,464,734
Interest bearing liabilities	-	10,670,341	10,670,341
	<u>2,464,734</u>	<u>10,670,341</u>	<u>13,135,075</u>
Weighted Average Interest Rate		8%	
Net financial assets/(liabilities)	<u>(2,377,813)</u>	<u>(10,650,326)</u>	<u>(13,028,139)</u>
<b>2008</b>			
<b>Financial Assets</b>			
Cash	-	83,867	83,867
Receivables	54,563	-	54,563
	<u>54,563</u>	<u>83,867</u>	<u>138,430</u>
Weighted Average Interest Rate		5%	
<b>Financial Liabilities</b>			
Accounts payable	1,682,903	-	1,682,903
Interest bearing liabilities	-	8,419,451	8,419,451
	<u>1,682,903</u>	<u>8,419,451</u>	<u>10,102,354</u>
Weighted Average Interest Rate		8%	
Net financial assets/(liabilities)	<u>(1,628,340)</u>	<u>(8,335,584)</u>	<u>(9,963,924)</u>

(c) **Credit Risk**

The maximum credit risk exposure of financial assets is represented by the carrying amounts of assets recognised in the balance sheet net of any allowance for diminution in value. There is no significant concentration of credit risk within the consolidated entity.

(d) **Foreign exchange risk**

	Consolidated 2009 \$	2008 \$
Current assets not effectively hedged		
Cash		
- US Dollars	-	1,923
	<u>-</u>	<u>1,923</u>
Current liabilities not effectively hedged		
Accounts payable		
- Pounds Sterling	1,053,303	1,051,361
- Ghanaian Cedis	8,500	8,500
- American Dollar	55,514	-
- Namibian Rand	2,252,010	515,256
	<u>3,369,327</u>	<u>1,575,387</u>

(e) **Fair Values of Financial Asset and Liabilities**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their fair value.

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**NOTE 22: SUBSEQUENT EVENTS**

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

(a) 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.

(b) On 15 September 2009 Takoradi released an exploration update on the Peru, South American project – Los Calatos

(c) 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 which allow it to take up a number of shares under the pre-emptive rights process set out in Hampton's Constitution, Takoradi would be required to make a significant cash payment to JIC in proportion to the shares it would acquire. At the date of this report, Takoradi is evaluating its position to exercising its rights under the pre-emptive rights process.

(d) On 22 October 2009 a further report on it's South American / Hampton exploration activities was released by Takoradi.

(e) 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.



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

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**NOTE 22: SUBSEQUENT EVENTS (CONT'D)**

- (f) 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.
- (g) 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
- (h) On 27 January 2010 Hampton Mining Limited announced a pro rata Rights Issue Offer to raise \$1.4 million. Takoradi did not subscribe for its share of the issue and subsequently reduced its holding in Hampton from 27.2% to 26.7%.
- (i) On 9 February 2010 Takoradi provided a detailed Corporate Update on the Company to the ASX.
- (j) On 12 February 2010 Takoradi announced a change of Directors following the passing of Rear Admiral Kevin Dzang.
- (k) 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.
- (l) 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.
- (m) 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.
- (n) 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.
- (o) 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.
- (p) 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.



TAKORADI LTD AND CONTROLLED ENTITIES  
NOTES TO THE YEAR END FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

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DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 22 to 58 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standards; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2009 and of its performance as represented by the results of its operations and its cash flows, for the 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 REPORT TO THE MEMBERS OF TAKORADI LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Takoradi Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Takoradi Limited, the company, and the consolidated entity. The consolidated entity comprises Takoradi Limited and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit, 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 Opinion**

(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 \$4,828,810 for the year ended 30 June 2009, had negative cash flows of \$842,792 for the period then ended and had an excess of current liabilities over current assets of \$15,045,411 at that date. In addition, included in borrowings in Note 14 are amounts owed to the Sentient Group of Companies of \$8,990,370 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 \$7,395,377 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 \$7,395,377 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) *Investments in Subsidiary Entities*

In the parent entity balance sheet is an investment in subsidiary entities of \$1,900,000. The recoverability of this investment is dependent upon the ability of Takoradi Limited to generate sufficient future cash flows from capitalised exploration expenditure held by subsidiaries. Due to the qualification referred to in the paragraph above we have been unable to obtain sufficient reliable independent evidence to support the recoverability of the capitalised exploration expenditure. Therefore we are unable to conclude whether the investments in subsidiary entities are carried at an amount above their recoverable amount in accordance with AASB 139 "Financial Instruments: Recognition and Measurement".

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(iv) *Limitation on Scope of Audit of Subsidiary Entities*

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 an audit of these subsidiaries for the year ended 30 June 2009. As a result there has been a limitation in the scope of our audit and we are unable to conclude on the consolidated loss attributable to these subsidiaries of \$252,714, or on the value of the consolidated net assets relating to these subsidiaries of \$2,525,652.

**Adverse Auditor's Opinion**

For the reasons set out in the *Basis for Adverse Auditor's Opinion* paragraph above, in our opinion

- (a) the financial report of Takoradi Limited is not in accordance with the Corporations Act 2001, and does not:
- (i) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report does not comply with International Financial Reporting Standards as disclosed in Note 1(a).

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 12 to 14 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Takoradi Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PKF

PKF

**D J Garvey**  
Partner

16 July 2010  
Melbourne

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