

TAKORADI GOLD (INTERNATIONAL) LIMITED

Company Number 2065485

ANNUAL REPORT

YEAR ENDED 30 JUNE 2005

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TAKORADI GOLD (INTERNATIONAL) LIMITED

COMPANY INFORMATION

Directors	Rodney T Hudspeth Albert G Harns C Kevin Dzang
Company Number	2065485
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP

TAKORADI GOLD (INTERNATIONAL) LIMITED

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TAKORADI GOLD (INTERNATIONAL) LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2005

The directors submit their report and the financial statements for the year ended 30 June 2005

Principal activity

The principal activity of the company and its subsidiaries during the year was exploration for gold

Dividend

The Directors do not recommend the payment of a dividend

Review of Operations

The Company continued its involvement in exploration activities in Ghana through its wholly owned subsidiary Takoradi Gold (Ghana) Limited and its other partly owned (72%) subsidiary, Northern Goldfields Limited with the objective of identifying a mineral resource and commencing production

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were

Rodney T Hudspeth
Albert G Harris
C Kevin Dzang

Material Interest in Contracts

No Director has any material interest in contracts undertaken by either the Company or other group companies except for both Mr R T Hudspeth, who is employed by a management company under contract to the group of companies and Mr A G Harris to provide management advice

The ultimate parent undertaking is providing sufficient funds to meet the Company's, and its group companies' working capital requirements

Auditors

The resolution to re-appoint the auditors, PKF (UK) LLP, will be proposed at the Annual General Meeting

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the board


Secretary

17 September 2005

TAKORADI GOLD (INTERNATIONAL) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**Independent auditors report to the members of
Takoradi Gold (International) Limited**

We have audited the financial statements of Takoradi Gold (International) Limited for the year ended 30 June 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors report to the members of
Takoradi Gold (International) Limited
(continued)**

Fundamental uncertainty

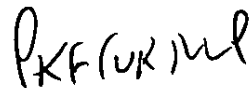
In forming our opinion, we have considered the adequacy of the disclosures made in note 1(b) of the financial statements concerning the ability of the company to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends on continued support from the ultimate parent undertaking. The financial statements do not include any adjustments that would result should such support become unavailable. Details of the circumstances relating to this fundamental uncertainty are described in note 1(b). Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London, UK
Date

1 November 2007



PKF (UK) LLP
Registered Auditors

TAKORADI GOLD (INTERNATIONAL) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2005

	Notes	2005 A\$	2004 A\$
Other operating income		-	16,839
Distribution costs		(2,704)	-
Administrative expenses		(8,000)	(10,000)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(10,704)	6,839

TAKORADI GOLD (INTERNATIONAL) LIMITED
BALANCE SHEET
30 JUNE 2005

	Notes	2005 A\$	2004 A\$
FIXED ASSETS			
Intangible	4	16,548	16,548
Investments	5	1	1
		<u>16,549</u>	<u>16,549</u>
CURRENT ASSETS			
Cash at bank and in hand		222	222
		<u>222</u>	<u>222</u>
CREDITORS: amounts falling due within one year	6	(3,000)	(3,000)
NET CURRENT LIABILITIES		<u>(2,778)</u>	<u>(2,778)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,771</u>	<u>13,771</u>
CREDITORS: amounts falling due after more than one year	7	(2,562,286)	(2,551,582)
NET LIABILITIES		<u>(2,548,515)</u>	<u>(2,537,811)</u>
CAPITAL AND RESERVES			
Called up share capital	8	222	222
Profit and loss account	9	(2,548,737)	(2,538,033)
		<u>(2,548,515)</u>	<u>(2,537,811)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the board on 17 September 2005

Signed on behalf of the board of directors


Director

TAKORADI GOLD (INTERNATIONAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002)

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(b) Accounting basis

The balance sheet shows that liabilities exceed assets by A\$2,548,515 (2004 A\$2,537,811) including a liability of A\$2,562,286 (2004 A\$2,551,581) to the ultimate parent undertaking, Takoradi Limited. Takoradi Limited has confirmed that it will not seek repayment of the amounts outstanding for a period of at least one year from the date of approval of these financial statements. Takoradi Limited has also confirmed its intention to maintain its financial support for the foreseeable future to enable the company to meet its commitments as these fall due. This company is therefore dependent on Takoradi Limited's ability to continue as a going concern. The financial statements of the company have been drawn up on a going concern basis.

(c) Foreign currencies

Amounts payable and cash at bank of the Company in foreign currencies have been translated to Australian currency at the rates ruling at year end. Transactions during the year have been accounted for at the ruling rates at date of payment. The applicable rate of exchange between the United Kingdom Pound and the Australian Dollar as at 30 June 2005 was £1 to A\$2.3701.

(d) Intangible fixed assets

Mineral Tenements

The costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities have not reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Regular review of the carrying value of tenements is undertaken by Directors to determine whether any revaluation is appropriate.

TAKORADI GOLD (INTERNATIONAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

(e) Investments

Investments in subsidiaries are included at cost less provision for impairment. Impairment is based upon the directors' view of the prospects of the subsidiary undertakings.

(f) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

2 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2005 A\$	2004 A\$
Audit fees	4,000	3,000

No directors received any emoluments (2004 – A\$NIL)

3 TAXATION

Although the company has cumulative tax losses, no provision has been included for a deferred tax asset on the basis that there is uncertainty in respect of the company's ultimate recoupment of costs incurred to date and return to profitability.

4 INTANGIBLE FIXED ASSETS – Deferred development expenditure

	A\$
Cost	
At 1 July 2004 and 30 June 2005	16,548
Net book amount	
At 30 June 2005	16,548
At 30 June 2004	16,548

The company's mining tenements were reviewed by the directors as at 30 June 2003. The directors reviewed internal geological reports and considered the existing market conditions for gold mining to determine the tenement values.

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

TAKORADI GOLD (INTERNATIONAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

5 FIXED ASSET INVESTMENTS

Investment in subsidiary undertakings

A\$

Cost

At 1 July 2004
and 30 June 2005

2,416,277

Provisions

At 1 July 2004
and 30 June 2005

2,416,276

Net book amount

At 30 June 2005

1

At 30 June 2004

1

The company holds the following investments in subsidiary undertakings

Name	Country of incorporation/ registration and operation	Type of share	% of nominal value of shares	Loss for the year		Aggregate capital and reserves	
				2005 A\$	2004 A\$	2005 A\$	2004 A\$
Takoradi (Gold) Ghana Ltd	UK	Ord	100	(261,882)	(299,921)	(8,944,337)	(8,682,455)
Northern Goldfields Limited	Ghana	Ord	72	(55,642)	(26,823)	(404,074)	(377,251)

Both companies undertake exploration for gold

6 CREDITORS:

Amounts falling due within one year

	2005 A\$	2004 A\$
Other creditors	3,000	3,000
	3,000	3,000

7 CREDITORS:

Amounts falling due after more than one year

	2005 A\$	2004 A\$
Amounts owed to group undertakings	2,562,286	2,551,582

TAKORADI GOLD (INTERNATIONAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

8 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	A\$
At 1 July 2004 and 30 June 2005 Ordinary shares of £1 each	10,000	100	222

9 RESERVES

	A\$
Profit and loss account	
At 1 July 2004	(2,538,033)
Loss for the year	(10,704)
At 30 June 2005	(2,548,737)

10 CONTINGENT LIABILITIES

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 terminated. The issues being negotiated are

- (a) the amount outstanding for payment,
- (b) renewal of the Joint Venture Agreement for an additional period.

11 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary, the company has taken advantage of the exemption available and not disclosed details of transactions with other group companies

12 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by Takoradi Limited

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Takoradi Limited, a company incorporated in Australia. Consolidated accounts are available by conducting a company search in Australia

In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party