



PREDICTIVE DISCOVERY LIMITED
(FORMERLY KNOWN AS PREDICTIVE DISCOVERY PTY LTD)
ACN 127 171 877
AND CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2010

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

TABLE OF CONTENTS

Contents	Page
Directors' Report	2
Auditor's Independence Declaration	10
Directors' Declaration	11
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16
Independent Audit Report	33
Schedule of Tenements	35
Corporate Directory	36

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" which are subject to various risks and uncertainties that could cause actual results and future events to differ materially from those expressed or implied by such statements. Investors are cautioned that such statements are not guarantees of future performance and results.

PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors present their annual financial report on Predictive Discovery Limited and its controlled entities for the year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors of the Company in office at any time during or since the end of the period are:

Director	Position held
Phillip Harman	Non-executive Chairman
Paul Roberts	Managing Director
Thomas Whiting	Non-executive Director
Robert Danchin	Non-executive Director
Philip Henty	Non-executive Director

Company Secretary

The following persons held the position of Company Secretary at the end of the financial period, except for:

Lisa Norden (resigned 30 July 2010)
Melvyn J Drummond (appointed 30 July 2010)

Principal Activities

The principal activity of the Consolidated Entity during the period was mineral exploration with the objective of identifying and developing economic reserves in West Africa and Australia.

Operating Result

The net loss of the Consolidated Entity for the financial period was (\$182,605) (2009: loss \$54,617).

Dividends Paid or Recommended

No amounts have been paid or declared as dividends during the course of the financial period just concluded.

Review of Operations

In the year to June 2010, Predictive Discovery Limited (PD) established itself as a viable mineral exploration Company. A total of \$1.6 million was raised through a series of placements to private investors, and rights to significant tenement holdings were acquired in Burkina Faso, West Africa, Victoria and the Northern Territory in Australia. Areas were selected utilising the Company's unique geological skills, targeting areas which are amenable to the application of PD's technology for target generation.

In Burkina Faso, an office was established and local geological and administrative staff were employed. The completion of a farm-in agreement with EIDore Mining Corporation Ltd gave the Company access to exploration permits in the Samira Hill greenstone belt in north eastern Burkina Faso. The tenements cover 795 square kilometres and contain numerous untested gold anomalies and artisanal workings. During the year, exploration was carried out over two of the known prospects, Fouli and Watamtonga, culminating with RAB drilling of 6,102 metres. The program gave more than 30 intersections 1 g/t Au or better, including two intersections of 15m at 2.3 g/t Au and 6m at 4.9 g/t Au. An anomalous gold zone 1.7km long was outlined for further follow-up in late 2010. When combined with PD's own tenement applications totalling 480 square kilometres and other acquisition opportunities in the pipeline, these tenements will form a package ideally suited to the application of PD's defining technology.

In Australia, PD concluded a farm-in agreement with Lagoon Creek Resources Pty Ltd over part of the Murphy Inlier uranium province in the Northern Territory, known as the Benmara project. The Company utilised its unique technology to identify specific targets under cover in similar settings to the Westmoreland uranium deposits in Queensland further to the east. These targets will be drill tested, once heritage surveys are completed and the dry season allows access for heavy vehicles.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Review of Operations (cont'd)

The Company is exploring the Skipton area in Victoria for analogues of the Stawell gold deposit. Analysis of regional aeromagnetic and gravity data identified a target beneath a younger cover of sediments and basalt. A ground gravity survey was completed and a setting similar to that at Stawell has been tentatively identified. Further ground geophysics is planned prior to utilising PD's technology to determine the optimum target location for drilling.

During the year, the Company's technical team continued with project generation, focussing principally on Burkina Faso in West Africa and in particular, on additional areas in the Samira Greenstone belt in north eastern Burkina Faso.

Financial Position

The loss after tax of the Consolidated Entity for the financial year was (\$182,605) (2009: loss \$54,617).

The loss for the period was mainly attributable to exploration expenditure and administration costs required to operate the Consolidated Entity in the normal course of business.

The net assets of the Consolidated Entity as at 30 June 2010 was \$1,681,597 (2009: \$264,202). The Directors believe the Consolidated Entity is in a strong financial position to undertake its outlined exploration activities.

Significant Changes in the State of Affairs

The following significant changes in the state of the affairs of the Consolidated Entity occurred during the financial period:

- The Company raised \$1.6 million in capital raisings to undertake exploration activities in West Africa and Australia.

After Balance Date Events

In June 2010, Predictive Discovery's Board of Directors approved plans for the Company to seek a listing on the Australian Stock Exchange (ASX) during this calendar year. Independent experts and consultants were engaged in preparing Predictive Discovery Limited for an initial public offering, targeting a capital raising between \$6 to \$8 million.

On 12 July 2010, at a general meeting of shareholders of Predictive Discovery Limited passed an ordinary resolution that the ordinary shares in the capital of the Company be converted into a smaller number of shares on a 2:1 basis. A consolidation of the Company's shares will facilitate the proposed listing of the Company's entire issued share capital on ASX. All of the Company's shares were consolidated in the same proportion, and the proportional interest of each shareholder in the Company did not change as a result of the consolidation.

On 12 July 2010, a further ordinary resolution was passed that the Company change its legal status to a public company limited by shares, in order to enable it to expand its shareholder base and to provide the Company with flexibility in its capital raising options and is in anticipation of listing on the ASX.

On 20 August 2010, the Board proposed to issue 1,700,000 options to the Managing Director, 2,700,000 to Non-executive Directors and 700,000 to other employees under the Employee Option Plan, subject to shareholders approving the issue of options at an Annual General Meeting. The purpose of the options issue is to assist in further aligning the interests of employees with those of shareholders and will also serve as a retention mechanism. If the optionholder is still employed by the Company at the time the options are exercised, the exercise price for the options will be 25 cents per share. If the optionholder is not employed by the Company at the time of exercise, the exercise price for the options will be the higher of 25 cents or the 5 day volume weighted average price (VWAP) of the Company's shares on the ASX once listed prior to exercise. The exercise period of proposed options is between 24 and 60 months post grant date, and carry no rights to dividends and no voting rights. The total estimated value of proposed options is \$222,352, which will vest immediately, subject to shareholders approval.

On 27 August 2010, the Company was converted to a public company limited by shares, the Company's name changed to "Predictive Discovery Limited".

PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

After Balance Date Events (cont'd)

On 10 September 2010, the Company was raising up to \$1 million in capital, at the date of this report it had raised \$900,000, which represents 9 million shares at 10 cents per share.

Business Strategies

The Consolidated Entity is committed to the corporate objective of:

- "The discovery and development of major new economic ore deposits principally, but not exclusively, for commodities of gold and/or uranium."

It seeks to meet this objective by:

- Seeking an appropriate risk reward profile in its exploration portfolio, where the exploration effort in expenditure and personnel, is weighted towards areas, which in the opinion of the Board, offer the best chance of a major discovery through the application of the Company's unique skills and technology.
- The Company is committed to applying for and holding exploration tenements in its own right. However, in areas where ground is held by other companies and in the technical opinion of Predictive Discovery Limited, the potential for discovery is high, the Board has chosen to enter into joint ventures on the basis that at all times it tries to obtain a significant majority shareholding in any resulting mining project.
- Should the results of exploration, in the opinion of the Board downgrade the potential of an area, the Board may seek to farm-out the properties to another company for cash and or an expenditure commitment while attempting to maintain a reasonable if diminished share of the project.

Future Developments

The Consolidated Entity intends to continue to explore and, should a viable discovery be made, would then move that project towards the development phase – subject to completing full feasibility studies, financing and development studies.

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

Environmental Issues

The Consolidated Entity's exploration activities are subject to various environmental regulations under both state and federal legislation in Australia and West Africa. The ongoing operation of these tenements is subject to compliance with the respective mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The Directors are not aware of any significant breaches of mining and environmental regulations and legislation during the period covered by this report.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the period ended 30 June 2010, and the number attended by Directors were:

Director	Number of meetings held	Number eligible to attend	Number of meetings attended
Phillip Harman	4	4	4
Paul Roberts	4	4	4
Thomas Whiting	4	4	4
Robert Danchin	4	4	3
Philip Henty	4	4	4

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Remuneration Report

(a) Names and Positions Held of Key Management Personnel in Office at any time during the Financial Period were:

Phillip Harman	–	Non-executive Chairman
Paul Roberts	–	Managing Director
Thomas Whiting	–	Non-executive Director
Robert Danchin	–	Non-executive Director
Philip Henty	–	Non-executive Director
Lisa Norden	–	Company Secretary

(b) Directors' and Executives' Compensation

It is the policy of the Company that, except in special circumstances, non-executive directors normally be remunerated by way of fixed fees, should not receive a bonus or options and should not be provided with retirement benefits other than statutory superannuation.

The Board, within the limit pre-approved by shareholders, determines fees payable to individual non-executive directors. The remuneration level of any executive director or other senior executive is determined by the Board after taking into consideration levels that apply to similar positions in comparable companies in Australia and taking account of the individual's possible participation in any equity-based remuneration scheme. The Board may use industry-wide data gathered by independent remuneration experts annually as its point of reference. Options or shares issued to any Director pursuant to any equity-based remuneration scheme require approval by shareholders prior to their issue. Options or shares granted to senior executives who are not directors are issued by resolution of the Board.

It is the policy of the Company that persons to whom options have been issued should not enter into any transaction in any associated product which is designed to limit the economic risk of participating in unvested entitlements under an equity-based remuneration scheme.

There are no schemes for retirement benefits, other than the payment of the statutory superannuation contribution for non-executive and executive Directors.

All executives receive a base salary (which is based on factors such as qualifications, expertise, experience etc.), superannuation and fringe benefits and are eligible for the grant of options under the Employee Option Plan.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for the time, commitment and responsibilities.

The fees payable to individual non-executive directors must be determined by the Board within the aggregate sum of \$500,000 per annum provided for under clause 21.1 of the constitution. That aggregate sum can only be increased with the prior approval of the shareholders of the Company at a general meeting. A non-executive director is entitled to a refund of approved expenditure and may also receive payments for consultancy work contracted for and performed separately on the Company's behalf.

(c) Remuneration of Directors and Senior Management

2010	Short term employee benefits		Post-employment benefits		Total
	Salary & Fees	Non-monetary	Superannuation	Other	
	\$	\$	\$	\$	\$
Director					
Phillip Harman	-	-	-	-	-
Paul Roberts	70,461	-	9,189	-	79,650
Thomas Whiting	-	-	-	-	-
Robert Danchin	-	-	-	-	-
Philip Henty	-	-	-	-	-
Executive					
Lisa Norden	14,595	-	-	-	14,595
	85,056	-	9,189	-	94,245

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Remuneration Report (cont'd)

(c) Remuneration of Directors and Senior Management (cont'd)

2009	Short term employee benefits		Post-employment benefits		Total
	Salary & Fees	Non-monetary	Superannuation	Other	
	\$	\$	\$	\$	\$
Director					
Phillip Harman	-	-	-	-	-
Paul Roberts	58,226	-	5,240	-	63,466
Thomas Whiting	-	-	-	-	-
Robert Danchin	-	-	-	-	-
Philip Henty	-	-	-	-	-
Executive					
Lisa Norden	3,713	-	-	-	3,713
	<u>61,939</u>	<u>-</u>	<u>5,240</u>	<u>-</u>	<u>67,179</u>

All key management personnel compensation is paid by Predictive Discovery Limited. No Director or key management personnel appointed during the period received a payment as part of consideration for agreeing to hold the position.

(d) Compensation Options: Granted and Vested during the Year

There were no options issued to Directors or executives during the financial year, or in the previous financial year.

(e) Details concerning Remuneration of Directors and Executives

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

The remuneration structure for executive officers, including executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company, Directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future.

(f) Loans to Key Management Personnel

There were no loans to key management personnel at anytime during the current or prior financial year.

(g) Number of Shares held by Key Management Personnel

2010	Balance 1/07/09	Received as compensation	Net change other	Balance 30/06/10
Directors				
Phillip Harman	2,875,000	-	500,000	3,375,000
Paul Roberts	5,875,000	-	500,000	6,375,000
Thomas Whiting	1,875,000	-	-	1,875,000
Robert Danchin	-	-	-	-
Philip Henty	7,500,000	-	3,125,000	10,625,000
Executives				
Lisa Norden	1,875,000	-	-	1,875,000
	<u>20,000,000</u>	<u>-</u>	<u>4,125,000</u>	<u>24,125,000</u>

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Remuneration Report (cont'd)

(g) Number of Shares held by Key Management Personnel (cont'd)

2009	Balance 1/07/08	Received as compensation	Net change other	Balance 30/06/09
Directors				
Phillip Harman	-	-	2,875,000	2,875,000
Paul Roberts	-	-	5,875,000	5,875,000
Thomas Whiting	-	-	1,875,000	1,875,000
Robert Danchin	-	-	-	-
Philip Henty	-	-	7,500,000	7,500,000
Executives				
Lisa Norden	-	-	1,875,000	1,875,000
	-	-	20,000,000	20,000,000

Information on Directors and Executives

The qualifications, experience and special responsibilities of each person who has been a Director of Predictive Discovery Limited at any time during or since the end of the financial year are provided below, together with details of the Company Secretary as at year end.

Chairman

Phillip Harman
BSc (Hons) MAusIMM
Appointed 12 February 2008

Mr Harman is a professional geophysicist who spent more 30 years working for BHP Billiton in minerals exploration in a broad number of roles both technical and managerial, both in Australia and overseas. Mr Harman was material in bringing BHP Billiton's proprietary FALCON® airborne gravity gradiometer technology to Gravity Capital Limited in 2001 which was the precursor to Gravity Diamonds Limited.

Shareholding: 3,375,000

Director

Paul Roberts
BSc MSc FAIG
Appointed 28 April 2009

Mr Roberts has a long and successful history in mineral exploration management and mine geology both in Australia and overseas. He was responsible for discovery of the Henty gold deposit and major extensions to the St Dizier tin deposit both in Tasmania, as well as resource evaluations of the Kuridala copper-gold deposit in North Queensland, the Bongara zinc deposit in Peru and a number of gold deposits in the Cue and Meekatharra districts in Western Australia. In addition, he led the pmd*CRC's research effort from 2002 to 2007, and therefore has a deep understanding of the practical application of PD technology to mineral exploration. From June 2007 to January 2008, Mr Roberts was responsible for all of CSIRO's mineral exploration-related research under the umbrella of the Minerals Down Under National Research Flagship, a program with an annual budget in excess of A\$20 million. Consequently, he possesses a strong understanding of current trends in exploration innovation which he combines with extensive industry experience.

Shareholding: 6,375,000

Director

Thomas Whiting
BSc (Hons) PhD FINSIA
Appointed 1 July 2008

Dr Whiting is currently a consultant, having retired from BHP Billiton in 2008, after a distinguished career covering 30 years. He is a widely respected explorer with profound insights on the need for innovation in the mineral exploration sector. Dr Whiting was Vice President of Minerals Exploration for BHP Billiton from 2000 to 2004. Earlier in his career, he led the use of innovative reconnaissance airborne geophysical techniques which led to the discovery of the Cannington lead-zinc-silver mine in North Queensland and the development and deployment of the FALCON® system, the world's first airborne gravity gradiometer.

Shareholding: 1,875,000

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Information on Directors and Executives (cont'd)

Director

Robert Danchin
BSc (Hons) MSc PhD
Appointed 11 April 2008

Dr Danchin has over 40 years experience in the exploration industry. He was Chief Executive Officer of Anglo American PLC's Exploration and Acquisition Division and the Anglo American Group's Deputy Technical Director (Geology). From 1997 to 2002, he was an executive director of Anglo American Corporation of South Africa Limited. In 1980, he joined Stockdale Prospecting Limited, (an Australian subsidiary of De Beers) as Chief Geologist based in Australia. He remained with that company for 15 years, eventually becoming Exploration Manager heading up its Australian-based diamond exploration programme.

Shareholding: nil

Director

Philip Henty
BA Acc Dip Sec Ins
Appointed 16 July 2009

Mr Henty has extensive experience in the Australian securities markets. He has worked for nearly 30 years in stockbroking and investments markets. His experience covers the equities, derivatives and fixed interest markets and most aspects of the securities industry from dealing and advice through to management, capital raising, investment management and private investment.

Shareholding: 10,625,000

Company Secretary

Lisa Norden
CPA CSA Dip GAICD
Appointed 7 March 2008
Resigned 30 July 2010

Mrs Norden has 25 years of financial experience in industry and not-for-profit organisations. Lisa has spent the last 10 years working with research consortiums.

Shareholding: 1,875,000

Company Secretary

Melvyn J Drummond
BA BCom FCIS FInstCM
Appointed 30 July 2010

Mr Drummond worked and resided in four countries prior to permanently relocating to Australia in 1985. He has held senior finance and administrative positions (including directorships) in both private and public companies in various business sectors, including the mining sector, in Australasia and the West Indies between 1976 and since coming to Melbourne. Mr Drummond has been responsible for the establishment and management of resources-linked companies in the DRC, Senegal and Mauritius and was closely involved in listings on the ASX and AIM, also the TSX, in recent years.

Shareholding: nil

Indemnifying Officers

The Company has paid premiums to insure each of the Directors, Company Secretary and executive officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director/officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The terms and conditions of the insurance are confidential and cannot be disclosed.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

Non Audit Services

No non-audit services were provided by the Company's auditors, Nexia ASR, during the financial period ended 30 June 2010. Nexia ASR Pty Ltd has been appointed as tax agent and advisors after the year-end, but no costs have been incurred as at 30 June 2010.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2010 has been received and can be found on page 10 of the Directors' Report.

This Directors' Report is signed in accordance with a resolution of Directors' made pursuant to s.298(2) of the Corporations Act 2001 and dated this 13th day of September, 2010.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'P. Harman', with a long horizontal stroke extending to the right.

Phillip Harman
Chairman
Melbourne

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PREDICTIVE DISCOVERY LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, as lead audit partner for the audit of the financial statements of Predictive Discovery Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Nexia ASR

**Nexia ASR
Chartered Accountants**



**SIMON HOURIGAN
Partner
Audit & Assurance Services**

13 September 2010

Melbourne

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a) complying with International Financial Reporting Standards and the Corporations Act 2001 as stated in note 1 to the financial statements; and
 - b) giving a true and fair view of the financial position as at 30 June 2010 and of the performance for the financial period ended on that date of the Company.
 - c) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.
2. The Managing Director and Chief Financial Officer have declared that:
 - a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial period comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial period give a true and fair view.

This declaration is made in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001 and dated this 13th day of September, 2010.

On behalf of the Directors



Phillip Harman
Chairman
Melbourne

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED TO 30 JUNE 2010**

	Note	Year to 30 Jun 2010	Year to 30 Jun 2009
		\$	\$
Revenue	2	10,205	3,068
Other income	2	-	169,126
Administration expenses	3	(174,993)	(226,811)
Exploration expenditure written off	9	(17,817)	-
Loss before tax		(182,605)	(54,617)
Income tax expense	5	-	-
Loss for the year		<u>(182,605)</u>	<u>(54,617)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(182,605)</u>	<u>(54,617)</u>

Notes to the financial statements are included on pages 16 to 32.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	Year to 30 June 2010 \$	Year to 30 June 2009 \$
Current assets			
Cash and cash equivalents	6	1,174,944	262,397
Trade and other receivables	7	23,814	22,200
Total current assets		<u>1,198,758</u>	<u>284,597</u>
Non-current assets			
Property, plant and equipment	8	7,593	-
Exploration expenditure	9	598,939	-
Total non-current assets		<u>606,532</u>	<u>-</u>
Total assets		<u>1,805,290</u>	<u>284,597</u>
Current liabilities			
Trade and other payables	10	110,869	20,395
Provisions	11	12,824	-
Total current liabilities		<u>123,693</u>	<u>20,395</u>
Total liabilities		<u>123,693</u>	<u>20,395</u>
Net assets		<u>1,681,597</u>	<u>264,202</u>
Equity			
Shareholders funds	12	1,915,000	315,000
Accumulated losses		(233,403)	(50,798)
Total equity		<u>1,681,597</u>	<u>264,202</u>

Notes to the financial statements are included on pages 16 to 32.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Note	Shareholder funds	Accumulated losses	Total equity
		\$	\$	\$
Balance at 1 July 2008		-	3,819	3,819
Loss for the year		-	(54,617)	(54,617)
Total comprehensive income for the year		-	(54,617)	(54,617)
Shareholder funds	12	315,000	-	315,000
Balance at 30 June 2009		315,000	(50,798)	264,202
Balance at 1 July 2009		315,000	(50,798)	264,202
Loss for the year		-	(182,605)	(182,605)
Total comprehensive income for the year		-	(182,605)	(182,605)
Shareholder funds	12	1,600,000	-	1,600,000
Balance at 30 June 2010		1,915,000	(233,403)	1,681,597

Notes to the financial statements are included on pages 16 to 32.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Note	Year to 30 Jun 2010 \$	Year to 30 Jun 2009 \$
Cash flows from operating activities			
Receipts from customers		-	169,126
GST receipts from taxation authorities		69,527	3,716
Payments to suppliers and employees		(144,411)	(236,131)
Net cash (used in) operating activities	18	<u>(74,884)</u>	<u>(63,289)</u>
Cash flows from investing activities			
Interest received or receivable		10,205	3,068
Payments for exploration expenditure		(611,899)	-
Payment for property, plant and equipment		(7,593)	-
Net cash (used in)/provided by investing activities		<u>(609,287)</u>	<u>3,068</u>
Cash flows from financing activities			
Proceeds from shareholder funds		<u>1,600,000</u>	<u>315,000</u>
Net cash provided by financing activities		<u>1,600,000</u>	<u>315,000</u>
Net increase in cash and cash equivalents		915,829	254,779
Cash and cash equivalents at beginning of financial year		262,397	7,618
Effects of exchange rate changes on the balance of cash held in foreign currencies		(3,282)	-
Cash and cash equivalents at the end of the financial year	6	<u><u>1,174,944</u></u>	<u><u>262,397</u></u>

Notes to the financial statements are included on pages 16 to 32.

PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

Predictive Discovery Limited (the Company) is a company incorporated in Australia, operating in Australia, Burkina Faso and West Africa and comprises the Company and its subsidiaries (together referred to as the Group).

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report comprise the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS").

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Groups accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgement areas primarily relate to the carrying values in respect of exploration costs. Refer note 1(g) for details.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or used tax losses and tax offsets can be utilised.

PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

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

(c) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any 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.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Property, Plant and Equipment

Plant and equipment are stated at cost less depreciation and impairment losses. The cost of fixed assets constructed within the Group includes the cost of materials and direct labour where appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, Plant and Equipment (cont'd)

The asset's residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	Depreciation Period
Camp under construction	7 to 20 years

(g) Exploration, Evaluation and Development Expenditure

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

Contributions received from third parties in exchange for participating interests in exploration and evaluation tenements (e.g. as part of farm-out arrangements) are netted off against the costs carried forward in respect of those tenements in which the third party acquires a participating interest.

(h) Foreign Currency Transactions and Balances

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

(i) Payables

Liabilities for trade payables and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(j) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Goods and Services Tax (GST)

Revenues, expenses and assets (except receivables) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(l) Adoption of New and Revised Accounting Standards

During the current year, the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Predictive Discovery Limited.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement — the statement of comprehensive income, or two statements — a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Adoption of New and Revised Accounting Standards (cont'd)

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - simplifying the requirements for embedded derivatives;
 - removing the tainting rules associated with held-to-maturity assets;
 - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
 - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in the statement of comprehensive income and there is no impairment or recycling on disposal of the instrument; and
 - requiring financial assets and to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009–5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These Standards 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 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

This Standard clarifies the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Adoption of New and Revised Accounting Standards (cont'd)

- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

This Standard specifies requirements for entities using the full-cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4, when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

This Standard clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably, in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate early adoption of any of the above Australian Accounting Standards.

PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
2. REVENUE		
Operating activities		
Interest received – bank deposits	10,205	3,068
Other revenue	-	169,126
Total revenue	10,205	172,194

3. LOSS FOR THE YEAR
Loss for the year includes the following significant items of expenses:-

Exploration expenditure written off	(17,817)	-
Consultants	(6,000)	(77,475)
Net foreign exchange loss	(3,282)	-
Legal fees	(18,732)	-
Rental expense	(38,788)	-
Salaries and wages	(21,424)	(58,227)
Travel – local and overseas	(30,524)	(41,691)

4. SEGMENT INFORMATION

a) The following is an analysis of the Group's revenue and results from operations by reportable segment.

2010	Corporate	Gold Aust	Uranium Aust	Gold Burkina Faso	Other Aust	Other West Africa	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Interest income	10,205	-	-	-	-	-	10,205
Expenses							
Administration expenses	(136,205)	-	-	(38,788)	-	-	(174,993)
Exploration expenditure written off	-	-	-	(17,817)	-	-	(17,817)
Loss before tax	(126,000)	-	-	(56,605)	-	-	(182,605)

b) The Group operates in three principal geographical areas – Australia (country of domicile), Burkina Faso and other West African countries.

Current assets	1,198,758	-	-	-	-	-	1,198,758
Exploration expenditure	-	64,094	7,629	474,148	7,434	45,634	598,939
Other non-current assets	-	-	-	7,593	-	-	7,593
Current liabilities	(65,238)	-	-	(58,455)	-	-	(123,693)
Net assets	1,133,520	64,094	7,629	423,286	7,434	45,634	1,681,597

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

4. SEGMENT INFORMATION (cont'd)

2009

There was no exploration expenditure in the previous financial year.

The Group operates in the mineral exploration sector where it is actively pursuing opportunities for a number of mineral targets through various tenements all of which are currently at exploration stage and require further funding to proceed to revenue generation stages. As such the Group is required to prioritise its funding allocation and does so based on the assessment of the market sentiment and the potential of finding a viable mineral resource. Each exploration licence may be identified as a separate business activity that has revenue earning potential. However, licences of the same mineral exploration targets have been aggregated into the same segment based on similar economic characteristic. Various corporate and investing activities have been allocated to a corporate operating segment of the Group.

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
5. INCOME TAX		
(a) Income Tax Recognised in the Statement of Comprehensive Income		
Tax expense/(income) comprises:		
Current tax expense/(benefit)	-	-
Deferred tax expense relating to origination and reversal of temporary differences	-	-
Total tax expense/(benefit)	-	-
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from operations	(182,605)	(54,617)
Income tax expense/(benefit) calculated at 30%	(54,782)	(16,385)
Non-deductible expenses		-
Unused tax losses and tax offsets not recognised as deferred tax assets	54,782	16,385
Total tax expense/(benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Unrecognised Deferred Tax Balances

The following deferred tax assets have not been brought to account as assets:

Tax losses – revenue	237,962	-
Tax losses – capital	-	-
Total tax benefit	237,962	-

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
6. CASH AND CASH EQUIVALENTS		
Cash at bank	1,174,944	262,397
	<hr/>	<hr/>
Reconciliation of cash		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalent	1,174,944	262,397
	<hr/>	<hr/>
7. TRADE AND OTHER RECEIVABLES		
Debtors	-	22,200
GST/VAT receivable	10,566	-
Other receivables	10,951	-
Other	2,297	-
	<hr/>	<hr/>
	23,814	22,200
	<hr/>	<hr/>
Other receivables comprise advances to contractors. The average credit period on other receivables is 30 days. No interest is charged on outstanding amounts.		
8. PROPERTY, PLANT AND EQUIPMENT		
		Camp under construction \$
Gross carrying amount		
Balance at 1 July 2009		-
Additions		7,593
Disposals		-
Balance at 30 June 2010		<hr/> 7,593 <hr/>
Accumulated depreciation		
Balance at 1 July 2009		-
Depreciation expense		-
Disposals		-
Balance at 30 June 2010		<hr/> - <hr/>
Net book value		
As at 30 June 2009		-
As at 30 June 2010		<hr/> 7,593 <hr/>

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
9. EXPLORATION EXPENDITURE		
Carrying Values		
Balance at the beginning of the period	-	-
Expenditure incurred during the period	616,756	-
Expenditure written off during the period	(17,817)	-
Expenditure recoupment during the period	-	-
Exploration expenditure at the end of the period	598,939	-
<p>Ultimate recovery of capitalised exploration expenditure is dependent upon success in exploration and development, sale, and farm-in or farm-out of the exploration interests.</p>		
10. TRADE AND OTHER PAYABLES		
Other creditors and accruals	110,869	20,395
<p>The average credit period on purchases is 30 days. No interest is charged on trade payables.</p>		
11. PROVISIONS		
Employee benefits – annual leave	12,824	-
	Annual leave	
Balance at 1 July 2009	-	
Additional provisions recognised	19,124	
Payments made	(6,300)	
Balance at 30 June 2010	12,824	
	Year to 30 June 2010 \$	Year to 30 June 2009 \$
– Aggregate employee benefits liability	12,824	-
– Number of employees at year-end	1	1

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
12. SHAREHOLDER FUNDS		
Seed Investors		
92,000,000 fully paid capital:-		
a) October 2009, 25,000,000 fully paid at \$0.02c = \$500,000		
b) March 2010, 27,500,000 fully paid at \$0.04c = \$1,100,000		
(2009: 39,500,000 fully paid capital)	1,915,000	315,000

Seed investors participate in dividends and the proceeds on winding up of the Company 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.

13. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and Positions Held of Key Management Personnel in Office at any time during the Financial Period were:

Phillip Harman	–	Non-executive Chairman
Paul Roberts	–	Managing Director
Thomas Whiting	–	Non-executive Director
Robert Danchin	–	Non-executive Director
Philip Henty	–	Non-executive Director
Lisa Norden	–	Company Secretary

(b) Directors' and Executives' Compensation

The aggregate compensation made to key management personnel of the Group is set out below:

Short-term employees benefits	85,056	61,939
Post-employment benefits	9,189	5,240
Other long-term benefits	-	-
	94,245	67,179

(c) Number of Options Held by Key Management Personnel

2010

No options were issued to Directors or executives during the financial year.

2009

No options were issued to Directors or executives during the prior financial year.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

13. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

(d) Loans to Key Management Personnel

There were no loans to key management personnel at anytime during the current or prior financial year.

(e) Number of Shares Held by Key Management Personnel

2010	Balance 1/07/09	Received as compensation	Net change other	Balance 30/06/10
Directors				
Phillip Harman	2,875,000	-	500,000	3,375,000
Paul Roberts	5,875,000	-	500,000	6,375,000
Thomas Whiting	1,875,000	-	-	1,875,000
Robert Danchin	-	-	-	-
Philip Henty	7,500,000	-	3,125,000	10,625,000
Executives				
Lisa Norden	1,875,000	-	-	1,875,000
	<u>20,000,000</u>	<u>-</u>	<u>4,125,000</u>	<u>24,125,000</u>

2009	Balance 1/07/08	Received as compensation	Net change other	Balance 30/06/09
Directors				
Phillip Harman	-	-	2,875,000	2,875,000
Paul Roberts	-	-	5,875,000	5,875,000
Thomas Whiting	-	-	1,875,000	1,875,000
Robert Danchin	-	-	-	-
Philip Henty	-	-	7,500,000	7,500,000
Executives				
Lisa Norden	-	-	1,875,000	1,875,000
	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>20,000,000</u>

	Year to 30 June 2010	Year to 30 June 2009
	\$	\$

14. REMUNERATION OF AUDITORS

Remuneration for audit or review of the financial reports of the Company	18,000	-
Other services	-	-
	<u>18,000</u>	<u>-</u>

15. COMMITMENTS FOR EXPENDITURE

Exploration Commitments	4,959,700	-
--------------------------------	-----------	---

In order to maintain current rights of tenure to exploration tenements, the Group has minimum exploration expenditure requirements up until the expiry of leases. These obligations, which are subject to renegotiation upon expiry of leases, are not provided for in the financial statements and are payable:

Not later than one year	1,373,300	-
Later than one year and not longer than five years	3,586,400	-

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

15. COMMITMENTS FOR EXPENDITURE (cont'd)

Commitments for the Group's exploration portfolio later than one year are dependent on the Board and management's assessment of the prospectivity of individual projects. This assessment will be based on exploration results achieved in the next review period.

The current view of the Board is that the Group has sufficient funds to meet its immediate exploration commitments. During the past year, the Company raised funds to enable it to maintain its current suite of projects and keep them in good standing. Future funding needs are dependent on the results of the proposed initial public offering (IPO) planned for the latter half of 2010. The IPO is targeting a capital raising between \$6 to \$8 million. Based on current evidence there is no indication that this will not succeed, and the Group's financial requirements will be achieved in the foreseeable future.

16. RELATED PARTIES

Remuneration Benefits

Information on remuneration benefits of Directors and executives is disclosed in the Directors' Report and Note 13 to the Financial Statements.

Other Transactions with Directors, Executives and their Related Entities

There were no related party transactions with Directors or executives at anytime during the current or prior financial year.

17. SUBSIDIARIES

Details of the Company's subsidiary at 30 June 2010 is as follows:-

	Country of incorporation	Percent owned (%)	
		2010	2009
Company:			
Predictive Discovery Limited	Australia	-	-
Subsidiaries of Predictive Discovery Limited:			
Predictive Discovery SARL	Burkina Faso	100%	-

On 3 August 2009, Predictive Discovery SARL was established in Burkina Faso for the purpose of mining research and exploration activities.

18. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax:

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
Loss for the year	(182,605)	(54,617)
Exploration expenditure written off	17,817	-
Net foreign exchange loss	3,282	-
Interest income received and receivable	(10,205)	(3,716)
Changes in working capital		
(Increase)/decrease in receivables	4,524	(25,351)
Increase/(decrease) in payables	79,479	20,395
Increase/(decrease) in employee entitlements	12,824	-
Net cash from operating activities	<u>(74,884)</u>	<u>(63,289)</u>

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

19. FINANCIAL INSTRUMENTS

(a) Off-balance Sheet Derivative Instruments

The Group does not utilise any off-balance sheet derivative instruments.

(b) Commodity Contracts

As at 30 June 2010, the Group does not have in place any commodity contracts.

(c) Credit Risk Exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure to credit risks are continuously monitored and controlled by counterparty limits that are reviewed and approved by the management on a regular basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

(d) Categories of Financial Instruments

	Year to 30 June 2010	Year to 30 June 2009
	\$	\$
Financial assets:		
Receivables	23,814	22,200
Cash and cash equivalents	1,174,944	262,397
Financial liabilities:		
Other payables and accruals	110,869	20,395

(e) Capital Risk Management

The Group is not subject to any externally imposed capital requirements.

(f) Market Risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(g) Interest Rate Risk Management

The Group is exposed to interest rate risk on cash and cash equivalents.

The Group's exposure to interest rates on financial assets are detailed in the liquidity risk management section of this note.

(h) Interest Rate Sensitivity Analysis

The Group's sensitivity to interest rates has increased during the current period mainly due to an increase in the level of cash and cash equivalents at balance date.

(i) Other Price Risks

The Group does not actively trade in equity investments.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

19. FINANCIAL INSTRUMENTS (cont'd)

(j) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the Group is exploring for minerals rather than producing and the counterparties are banks with high credit ratings assigned by international credit rating agencies.

(k) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient cash balances.

(l) Liquidity and Interest Rate Risk Exposure

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the earliest date on which the Group can be required to pay and receive.

	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
		\$	\$	\$	\$	\$
2010						
Financial assets						
Non-interest bearing	-	23,814	-	-	-	-
Financial liabilities						
Non-interest bearing	-	110,869	-	-	-	-
2009						
Financial assets						
Non-interest bearing	-	22,200	-	-	-	-
Financial liabilities						
Non-interest bearing	-	20,395	-	-	-	-

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Year to 30 June 2010 \$	Year to 30 June 2009 \$
20. PARENT ENTITY DISCLOSURES		
(a) Financial Position		
Assets		
Current assets	1,136,080	284,597
Non-current assets	669,210	-
Total assets	1,805,290	284,597
Liabilities		
Current liabilities	123,693	20,395
Non-current liabilities	-	-
Total liabilities	123,693	20,395
Equity		
Issued capital	1,915,000	315,000
Accumulated losses	(233,403)	(50,798)
Total equity	1,681,597	264,202
(b) Financial Performance		
Loss for the year	(182,605)	(54,617)
Other comprehensive income	-	-
Total comprehensive income	(182,605)	(54,617)
(c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantee provided under the deed of cross guarantee	-	-
<p>As at 30 June 2010, the parent entity had not entered into a deed of cross guarantee, as the parent entity is responsible for all debts.</p>		
(d) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity		
Plant and equipment		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	-	-

21. EVENTS SUBSEQUENT TO REPORTING DATE

In June 2010, Predictive Discovery's Board of Directors approved plans for the Company to seek a listing on the Australian Stock Exchange (ASX) during this calendar year. Independent experts and consultants were engaged in preparing Predictive Discovery Limited for an initial public offering, targeting a capital raising between \$6 to \$8 million.

On 12 July 2010, at a general meeting of shareholders of Predictive Discovery Limited passed an ordinary resolution that the ordinary shares in the capital of the Company be converted into a smaller number of shares on a 2:1 basis. A consolidation of the Company's shares will facilitate the proposed listing of the Company's entire issued share capital on ASX. All of the Company's shares were consolidated in the same proportion, and the proportional interest of each shareholder in the Company did not change as a result of the consolidation.

On 12 July 2010, a further ordinary resolution was passed that the Company change its legal status to a public company limited by shares, in order to enable it to expand its shareholder base and to provide the Company with flexibility in its capital raising options and is in anticipation of listing on ASX.

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

21. EVENTS SUBSEQUENT TO REPORTING DATE (cont'd)

On 20 August 2010, the Board proposed to issue 1,700,000 options to the Managing Director, 2,700,000 to Non-executive Directors and 700,000 to other employees under the Employee Option Plan, subject to shareholders approving the issue of options at an Annual General Meeting. The purpose of the options issue is to assist in further aligning the interests of employees with those of shareholders and will also serve as a retention mechanism. If the optionholder is still employed by the Company at the time the options are exercised, the exercise price for the options will be 25 cents per share. If the optionholder is not employed by the Company at the time of exercise, the exercise price for the options will be the higher of 25 cents or the 5 day volume weighted average price (VWAP) of the Company's shares on the ASX once listed prior to exercise. The exercise period of proposed options is between 24 and 60 months post grant date, and carry no rights to dividends and no voting rights. The total estimated value of proposed options is \$222,352, which will vest immediately, subject to shareholders approval.

On 27 August 2010, the Company was converted to a public company limited by shares, the Company's name changed to "Predictive Discovery Limited".

On 10 September 2010, the Company was raising up to \$1 million in capital, at the date of this report it had raised \$900,000, which represents 9 million shares at 10 cents per share.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PREDICTIVE DISCOVERY LIMITED ACN 127 171 877**

Report on the Financial Report

We have audited the accompanying financial report of Predictive Discovery Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of Predictive Discovery Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Nexia ASR

Nexia ASR
Chartered Accountants



SIMON HOURIGAN
Partner
Audit & Assurance Services

13 September 2010

Melbourne

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

SCHEDULE OF TENEMENTS

Name	Number	Owner	Grant date	Next renewal date	Location	Farm-in partner (if applic)	Area (sq. km)
Fouli	352 (arrêté 2005-060/MCE/SG/DGMGC)	Birrimian (BVI) Ltd	4/7/2005	4/7/2011	Burkina Faso	EIDore Mining Corporation Ltd.	248
Tantiabongou	arrêté 2007-019/MCE/SG/DGMGC	Birrimian (BVI) Ltd	19/2/2007	19/2/2013	Burkina Faso	EIDore Mining Corporation Ltd	126
Sirba	351 (arrêté 2005-059/MCE/SG/DGMGC)	Birrimian (BVI) Ltd	4/7/2005	4/7/2011	Burkina Faso	EIDore Mining Corporation Ltd	189
Madyabari	353 (arrêté 2005-061/MCE/SG/DGMGC)	Birrimian (BVI) Ltd	4/7/2005	4/7/2011	Burkina Faso	EIDore Mining Corporation Ltd	232
Tyekanyebi	Tenement application	Predictive Discovery SARL	Not yet granted	n/a	Burkina Faso	None	242
Tamfoagou	Tenement application	Predictive Discovery SARL	Not yet granted	n/a	Burkina Faso	None	238
Tangagari	arrêté 2009-068/MCE/SG/DGMGC	Sebi, Bourougou	2/3/2009	2/3/2012	Burkina Faso	Sebi, Bourougou and SOMIKA	128
Aoura	arrêté 2008-023/MCE/SG/DGMGC	Nabaloum, Patrice	21/1/2008	21/1/2011	Burkina Faso	Nabaloum, Patrice and SOMIKA	25
Skipton	EL 5172	Predictive Discovery Limited	9/9/2009	9/9/2014	Victoria, Australia	None	462
Benmara north	EL24645	Lagoon Creek Resources Pty Ltd	16/3/2006	16/3/2012	Northern Territory, Australia	Lagoon Creek Resources Pty Ltd	445
Benmara south	EL24666	Lagoon Creek Resources Pty Ltd	16/3/2006	16/3/2012	Northern Territory, Australia	Lagoon Creek Resources Pty Ltd	470

**PREDICTIVE DISCOVERY LIMITED
ACN 127 171 877
AND CONTROLLED ENTITIES**

CORPORATE DIRECTORY

DIRECTORS

Phillip Harman (Non-executive Chairman)
Paul Roberts (Managing Director)
Thomas Whiting (Non-executive)
Robert Danchin (Non-executive)
Philip Henty (Non-executive)

COMPANY SECRETARY

Melvyn J Drummond

REGISTERED OFFICE

Level 7, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
Australia

Telephone: (03) 9909-7990
Facsimile: (03) 9621-1460
E-Mail: mel.drummond@predictivediscovery.com
Website: www.predictivediscovery.com

PERTH OFFICE

Suite 1, 11
South Perth Professional Office Suites
68 South Terrace
South Perth WA 6151
Australia

BURKINA FASO OFFICE

612 Street Zag-Bako
Secteur 13
Ouagadougou 01
Burkina Faso

SOLICITORS

Baker & McKenzie
Level 19, CBW
181 William Street
Melbourne VIC 3000
Australia

TAX AGENTS AND ADVISERS

Nexia ASR Pty Ltd
Level 14
440 Collins Street
Melbourne VIC 3000
Australia

AUDITOR

Nexia ASR
Level 14
440 Collins Street
Melbourne VIC 3000
Australia

BANKERS

ANZ
280 Lygon Street
Carlton VIC 3053
Australia

Bicia du Burkina
Avenue Du Dr Kwame NKrumah
01 BP 8
Ouagadougou 01
Burkina Faso