predictive discovery

LIMITED

ABN 11 127 171 877

annual report 2012

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CHAIRMAN'S REPORT

The past year has been an exciting one for Predictive Discovery Limited ("PDI"). It has seen our portfolio in Burkina Faso demonstrate its true potential. Those of you who choose to read this annual operations report in detail will understand just what remarkable progress has been made.

At Laterite Hill on the Bonsiega project, PDI has discovered a new gold-field under shallow cover. So far it is around 20 kilometres long and contains a number of different prospects. The broad spaced drilling program carried out during the year demonstrated clear potential for large tonnages of moderate grade gold mineralisation at shallow depths. More importantly, a number of holes intersected significant widths of higher grades which have the potential to upgrade the tenor of the overall gold-field.

Towards the end of the field season a hole drilled beneath old workings at a prospect known as Bongou intersected **20m at 4.8g/t Au** from 70m including 2m at 24g/t Au. Bongou previously returned only modestly encouraging assays from surface sampling. The gold mineralisation is located on a strong structural contact between felsic volcanics and gabbro that is visible in the high resolution aeromagnetic map and clearly extends for several kilometres beneath younger cover, either side of the workings.

This is a high priority target and to my mind demonstrates the success of PDI's approach based on pragmatic exploration utilising the Predictore™ technology to highlight favourable areas and structures. Further detailed analysis should lead to a greater understanding of the structural controls on mineralisation elsewhere in the Laterite Hill Gold-field.

At Bangaba, 60 kilometres north of the Laterite Hill area, our drilling confirmed the high grade tenor of the Solna and Tambiri prospects with numerous additional high grade intersections such as 6m at 20g/t Au and 5.6m at 16g/t Au. We now have a greater understanding of the scale and distribution of gold mineralisation and have demonstrated clear potential to establish an initial high grade resource during the next field season and for further high grade discoveries along strike and at depth.

A recent analysis of the more advanced prospects in our portfolio has indicated the potential of PDI's discoveries. An exploration target[1] has been estimated of between 750,000 and 1.2 million ounces at an average grade of 1.9 to 2.3g/t Au in some of the areas drilled so far. The projects included are within a reasonable trucking distance of one another and could form the basis of an overall regional mining centre. Substantial upside exists in other projects such as Fouli, not included in this estimation.

Although this has been a successful year operationally, it has also been frustrating in that the news flow about our excellent results was severely hampered by extremely slow performance by the analytical laboratories. Most of the results were only available after the end of May when the news had virtually no impact.

Considering the May-June timing, our recent rights issue was reasonably well supported nevertheless more funding will be required if we are to capture the full value of our efforts. The board is working with our major shareholders and other potential investors to remedy this situation.

In this more constrained environment field activities will continue at a more modest rate. PDI's immediate intention is to prioritise our main prospects and to carry out focussed drilling programs with the clear aim of upgrading the status of the known gold mineralisation and our understanding of its potential to turn into mines.

I would like to thank Paul and his team in Australia and Burkina Faso for their dedication over the past year. I would also like to thank our major shareholders for their understanding and support.

Phillip Harman
CHAIRMAN

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[1] *This targeted tonnage and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

REVIEW OF OPERATIONS

HIGHLIGHTS

Predictive Discovery Limited (**PDI**) carried out a very large exploration program in 2011-12 which delivered many, highly encouraging drill results and has enabled a focus on a number of high grade prospects in Eastern Burkina Faso for 2012-2013.

Significant achievements included:

- Establishment of an Exploration Target[2] based on drilled areas in the Laterite Hill Gold Field and Bangaba Permit totalling:
    - **750,000 to 1.2 million ounces at an average grade of 1.9 to 2.3g/t Au[3]**
- Completion of a second large scale exploration program in Burkina Faso involving 28,000m of reverse circulation (**RC**), 3,000m of diamond drilling and 35,000m of geochemical drilling (power auger and air core), 4,300 line km of airborne magnetics and approximately 300 km^2 of geological mapping.
- RC drilling obtained widespread and strongly encouraging gold intercepts from nine separate mineralised Prospects in Burkina Faso, including:
    - Solna Prospect:
        - 6m at 20g/t Au from 40m including 1m at 111g/t Au
        - 2m at 20g/t Au from 70m
        - 5.6m at 16g/t Au from 205.4m including 1m at 81g/t Au
        - 4m at 8.0g/t Au from 194m including 1m at 29g/t Au
    - Tambiri Prospect:
        - 3m at 18g/t Au from 58m including 1m at 51g/t Au
        - 9.3m at 4.9g/t Au including 2.3m at 17g/t Au
        - 28.4m at 1.7g/t Au including 1m at 16g/t Au and 1m at 17g/t Au
        - 13.3m at 3.6g/t Au including 1.2m at 22g/t Au
    - Dave Prospect:
        - 26m at 5.0g/t Au from 26m including 2m at 31g/t Au
        - 6m at 10 g/t Au from 74m
        - 28m at 1.6g/t Au from 30m
        - 38m at 1.3 g/t Au from 0m
        - 24m at 1.9g/t Au from 4m
    - Bongou Prospect (new discovery):
        - 20m at 4.8g/t Au from 70m including 2m at 24g/t Au
    - Tamboana Zone (new discovery):
        - 5m at 5.1g/t Au from 36m including 1m at 22g/t Au

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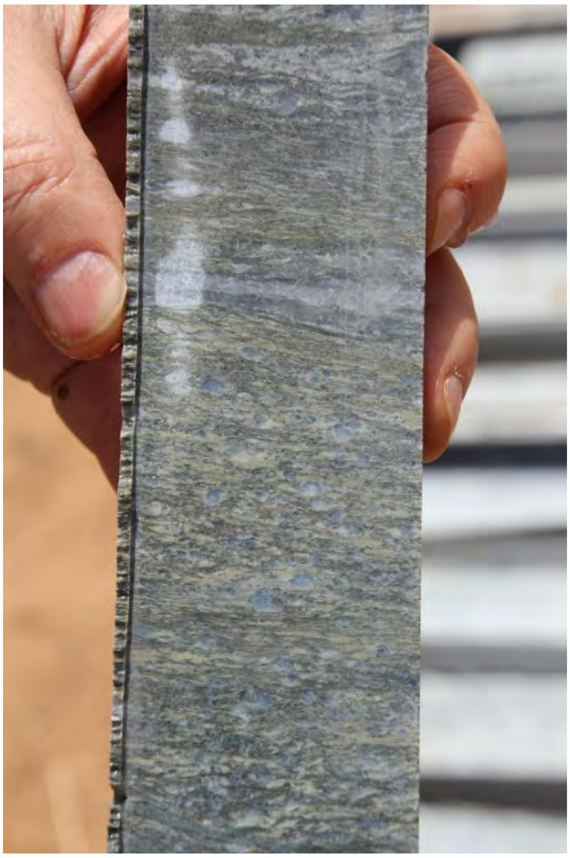
[2] *This targeted tonnage and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

[3] *The assumptions used in making this calculation are detailed in the Section below entitled "Eastern Burkina Faso - Exploration Target".*

- Koundi Zone (new discovery):
  - 4m at 5.7g/t Au from 76m (stopped in mineralisation)
- Laterite Hill Shear Zone (includes Laterite Hill artisanal mine site):
  - 26m at 1.2g/t Au from 71m including 14m at 1.8g/t Au
  - 22m at 1.4g/t Au from 48m
- Prospect 71 (2 separate zones – new discovery):
  - 4m at 7.1g/t Au from 20m
  - 32m at 1.7g/t Au from 26m including 24m at 2.1g/t Au
- Prospect 71 West:
  - 18m at 1.0g/t Au from 54m including 6m at 2.3g/t Au (stopped in mineralisation)

- Extension of strong power auger anomalies to more than 33km in aggregate strike length including 20km on the Laterite Hill Gold Field, 8km on the Bangaba permit and more than 5km on the Aoura and Tangagari permits.
- Acquisition of one additional property in Burkina Faso extending the coverage of greenstone strike length in the Bonsiega permit group from 90km to 100km.
- Agreement signed for acquisition of an exploration permit in Cote D'Ivoire (subject to grant).

RC drilling, Bangaba permit, Burkina Faso



Cut drill core – sheared granodiorite and quartz veins, Solna Prospect, Burkina Faso

INTRODUCTION

PDI is exploring for large, high value gold deposits in West Africa and Australia. The Company's project focus is on 11 gold exploration permits in Burkina Faso, West Africa, covering a total area of 1,544 km^2. Within those areas, PDI has concentrated its drilling programs in the east of the country on a series of prospects all of which are located within trucking distance of each other.

PDI's exploration strategy begins with identification of high priority regions within well mineralised terrains using analyses of country-scale geophysical, geological and mineral deposit data. Ground-based work then involves extensive geophysical surveys and geological mapping, followed by geochemistry and drilling. PDI's Predictore™ technology plays a critical role in identifying high priority targets at all scales - from country scale area selection to drill target prioritisation.

BURKINA FASO GOLD PROJECTS

BACKGROUND

PDI's Burkina Faso projects are all located within the Birimian gold belts in West Africa. These belts contain numerous gold ore deposits (Figure 1), many of which are in production.

Burkina Faso is a landlocked country, bounded to the south by Ghana, Cote D'Ivoire, Togo and Benin, to the west by Mali and to the east by Niger (Figure 1). Gold mining in the past was confined to artisanal mining and one substantial mining operation at Poura in the west of the country which closed in 1999. In the past eight years, however, there has been a strong resurgence in exploration and mine development, stimulated especially by the release of new mining regulations in 2003.

The Taparko, Mana, Kalsaka, Inata, Essakane and Youga gold mines are now in production. Of these, the largest known deposits are at Mana and Essakane. In addition, exploration results announced by Ampella Mining Limited (Batie West), Gryphon Minerals Ltd (Banfora), Volta Resources Inc. (Kiaka), Orezone Gold Corporation (Bombore) and Orbis Gold Limited (Nabanga) suggest that more gold mines will be developed in future years.

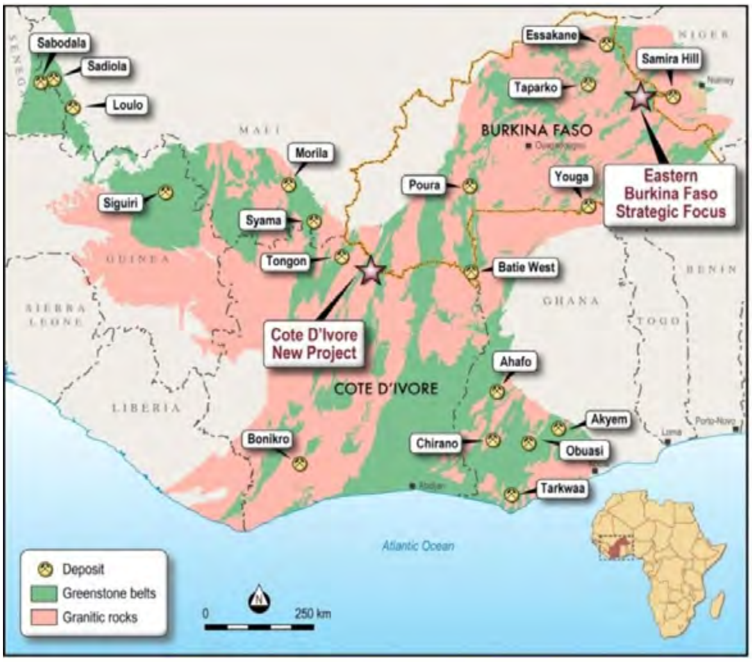


Figure 1: Map of the Birimian Gold Belt showing major mines and PDI project location areas

In common with other West African countries, the Government has the right to take a free carried interest of 10% in any ore deposit that is brought into production.

Gold mining royalties range from 3% to 5% depending on the gold price. The rate of corporate tax for mining companies is 20%.

In Burkina Faso, PDI holds rights to explore 11 granted exploration permits covering a total area of 1,544 square kilometres (Figure 2). Of these, all but one is located in the east of the country.

The bulk of the tenement area is contained in eight permits known as the Bonsiega permit group in the Samira Hill greenstone belt (Figures 2 and 3).

A second important focus for the Company is the Bangaba permit in the Sebba Belt nearby to the north (Figures 2 and 3).

EASTERN BURKINA FASO PROJECT

Ten of PDI's Burkina Faso permits are located in the east of the country (Figure 2). The Company's objective there is to discover a large resource/reserve inventory with an average grade exceeding 2g/t Au capable of supporting a major gold mining operation.

Highly encouraging gold results have been obtained from drilling at Bangaba and on the Bonsiega permit group. Based on the results so far, PDI expects higher average grades in the resource inventory from the Bangaba permit and somewhat lower average grades but with much larger tonnages on the Bonsiega permit group. This lends itself to construction of a central mill on one of the Bonsiega permits blending high grade ore from Bangaba with moderate grade ore from Bonsiega and maintaining a head grade above 2g/t Au. Figure 3 provides a conceptual layout of haul roads connecting the permit areas.

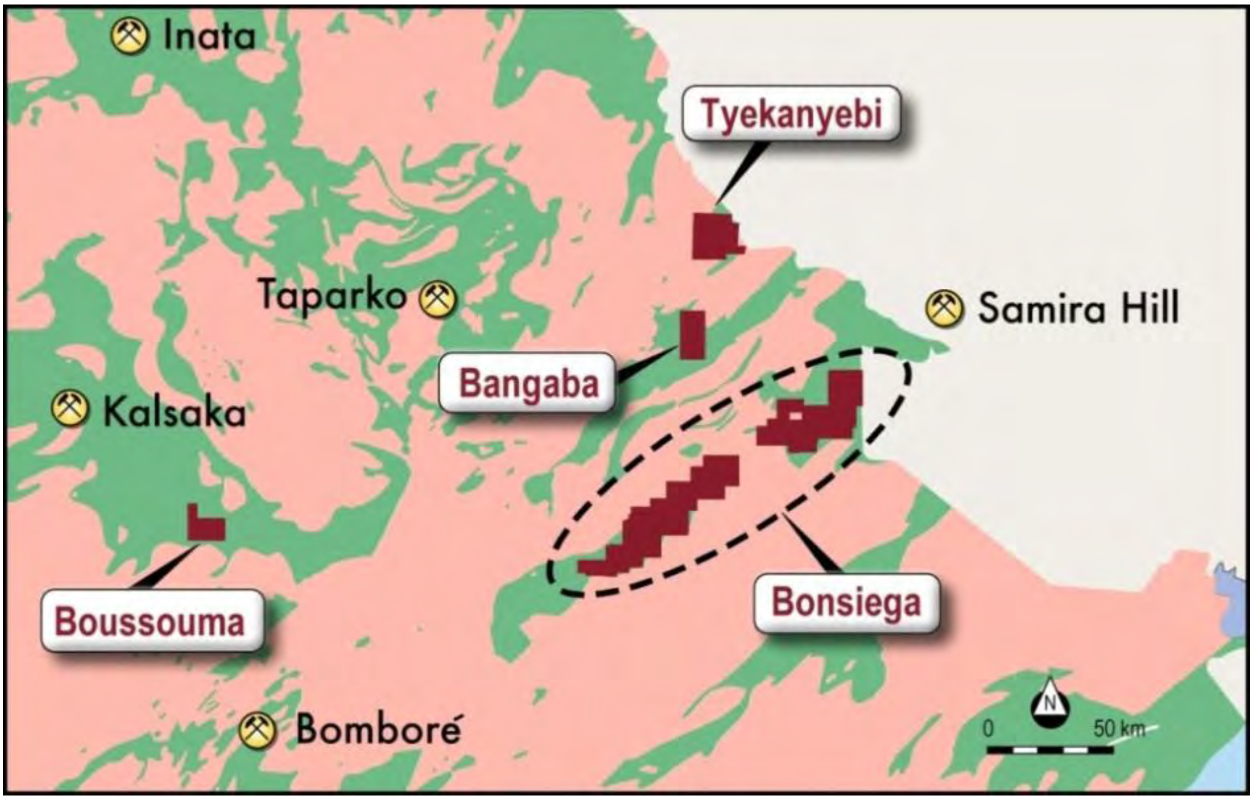


Figure 2: Location of PDI's Burkina Faso permits in Eastern Burkina Faso. Note that the nearby operating Samira Hill gold mine in Niger contains resources and reserves of 2.5 million ounces (source: www.semafo.com)

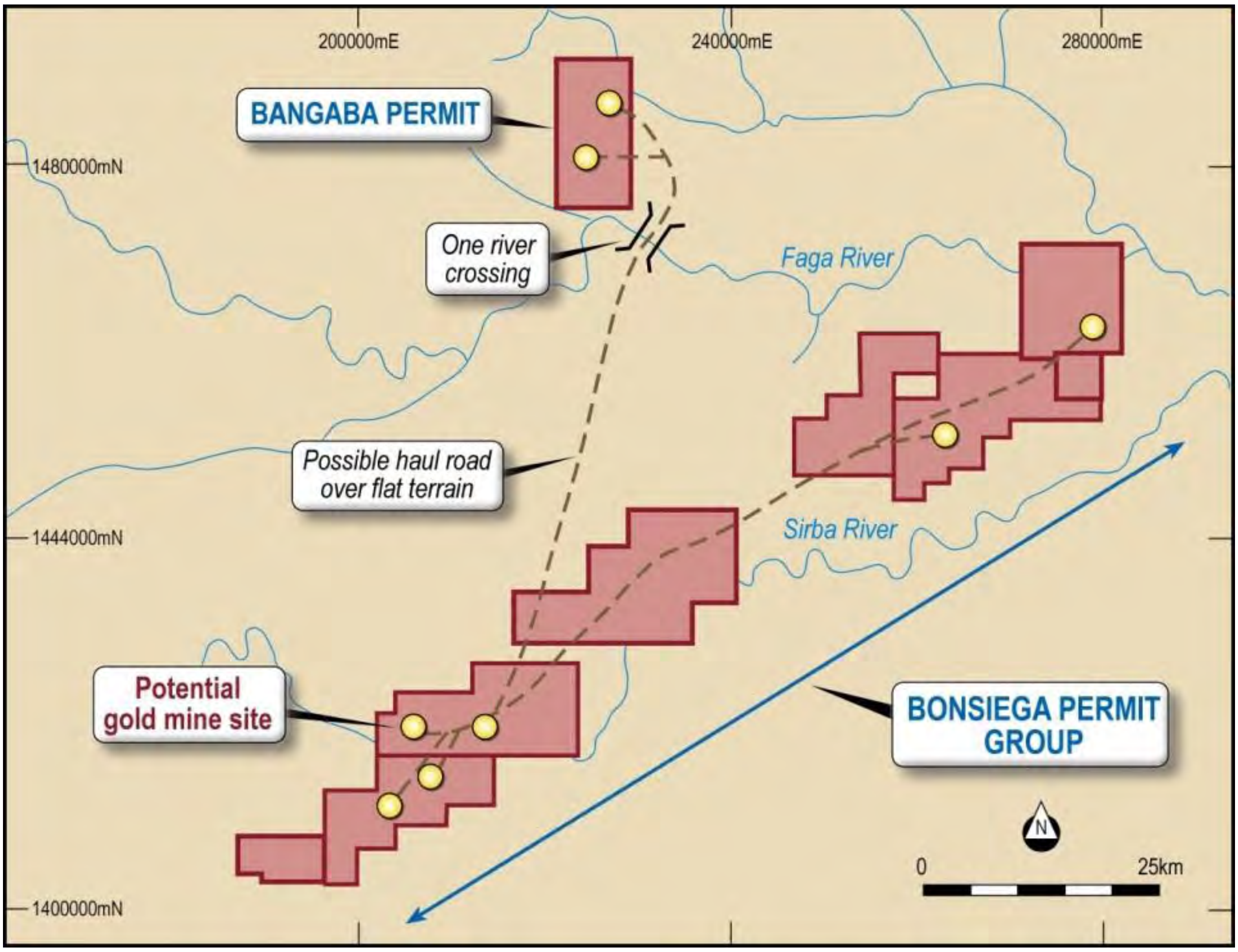


Figure 3: Concept haulage road plan for PDI's Eastern Burkina Faso project. The proposed road from Bangaba to Bonsiega crosses one significant river where a concrete causeway would have to be constructed to cross a sandy river bed; the remaining route is flat.

BANGABA PERMIT

BACKGROUND

This permit in Eastern Burkina Faso (Figures 2 and 4) covers areas of extensive artisanal mining. PDI is earning a 95% interest in the 128 km^2 Bangaba exploration permit by making a series of staged payments in cash and shares. PDI's equity now stands at 68%.

PDI estimates that artisanal miners have produced several tonnes of gold at Bangaba over the past 28 years. Artisanal workings are located on two complex structures on the north-west and south-east contacts of a granodiorite-diorite body (Figure 4). A large artisanal mining site is located at Solna with a population of approximately 4,000 people.

RC and diamond drilling programs at the two major sites of artisanal mining, Solna and Tambiri, have generated a series of high grade intercepts, including: 6m at 20g/t Au, 2m at 56g/t Au, 5m at 17g/t Au, 7m at 13g/t Au and 5.6m at 16g/t Au. All PDI's drill intercepts are in primary mineralisation. There is no evidence of supergene enrichment in the near surface so the high gold grades may persist to considerable depths.

In the 2011-12 year, PDI carried out a total of 8,186m of RC drilling, 2,055m of diamond drilling, 10,488m of power auger drilling and 1,474 line km of aerial magnetic and radiometric surveys at Bangaba.

The RC and diamond drilling programs were focused on two prospects, Tambiri and Solna. The drilling was aimed at drilling between and along strike from encouraging gold intercepts obtained in the 2011 program and developing a better geological understanding in both areas. The power auger drilling (Figure 4) was designed to explore for more gold mineralisation below shallow cover, mainly along the diorite-granodiorite contacts where Solna and Tambiri are located.

These programs have resulted in a much better understanding of the nature of the mineralisation at both prospects and a clearer picture of discovery potential elsewhere on the permit.

Core cutting, Bangaba permit, Burkina Faso

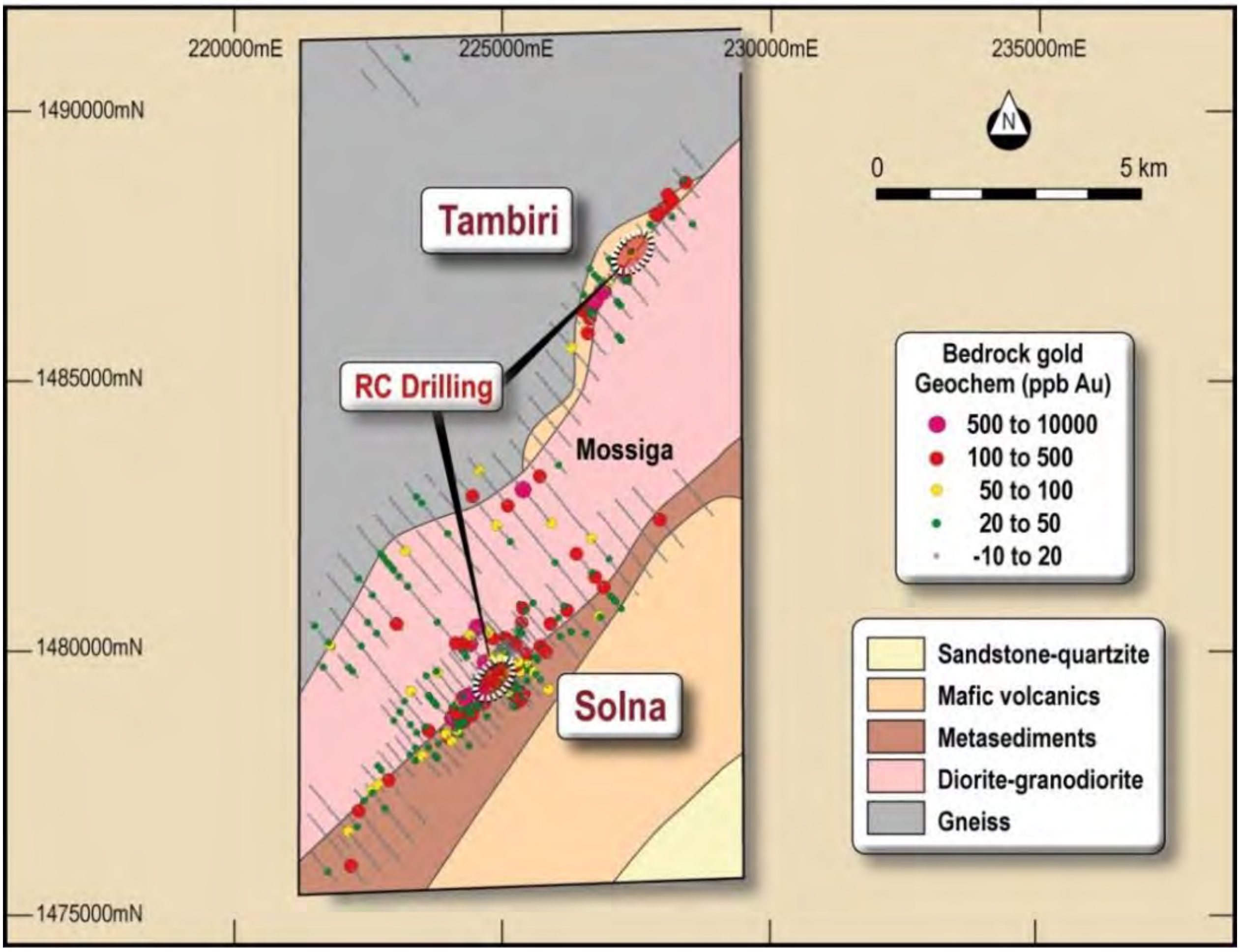


Figure 4: Geological map of Bangaba permit showing drill locations and bedrock gold geochemistry results. The fine grey lines indicate the locations of power auger drill holes.

RC AND DIAMOND DRILLING RESULTS

TAMBIRI

PDI's RC and diamond drilling at Tambiri has revealed a steeply dipping gold deposit hosted by mafic volcanics. The gold mineralisation is located in a quartz vein system.

High grades (typically more than 20g/t Au) in thin veins are associated with small quantities of zinc and lead sulphides; lower grades (typically 1 to 10g/t Au) are found in a broader set of veins surrounding and extending beyond the high grade sections.

Hole to hole continuity of the mineralised quartz vein set is good. The mineralised system is open to the north and south. Some shallow, high grade gold mineralisation has been removed by artisanal miners, however PDI believes that the bulk of the quartz vein system remains unmined, even at shallow depths.

A longitudinal projection of the mineralisation (Figure 5) suggests that higher grades are located in a shallow plunging shoot. Other such shoots may occur either at depth or along strike.

SOLNA

Gold mineralisation at Solna is hosted in quartz-veined shear zones within a granodiorite host. These zones dip to the south-east at approximately 45 degrees.

PDI's RC and diamond drilling has intersected a series of high grade intercepts in several lodes. The current interpretation is that the higher grades are located in a series of sub-parallel sub-horizontal shoots.

Figure 6 illustrates this interpretation for the B Lode, the largest known mineralised shear zone system drilled to date. High grade intercepts in the adjacent A Lode include 2m at 56g/t Au and 2m at 20g/t Au, both approximately 50m below surface (Figure 7), and indicate the potential for discovering more gold mineralised structures either at this prospect or nearby.

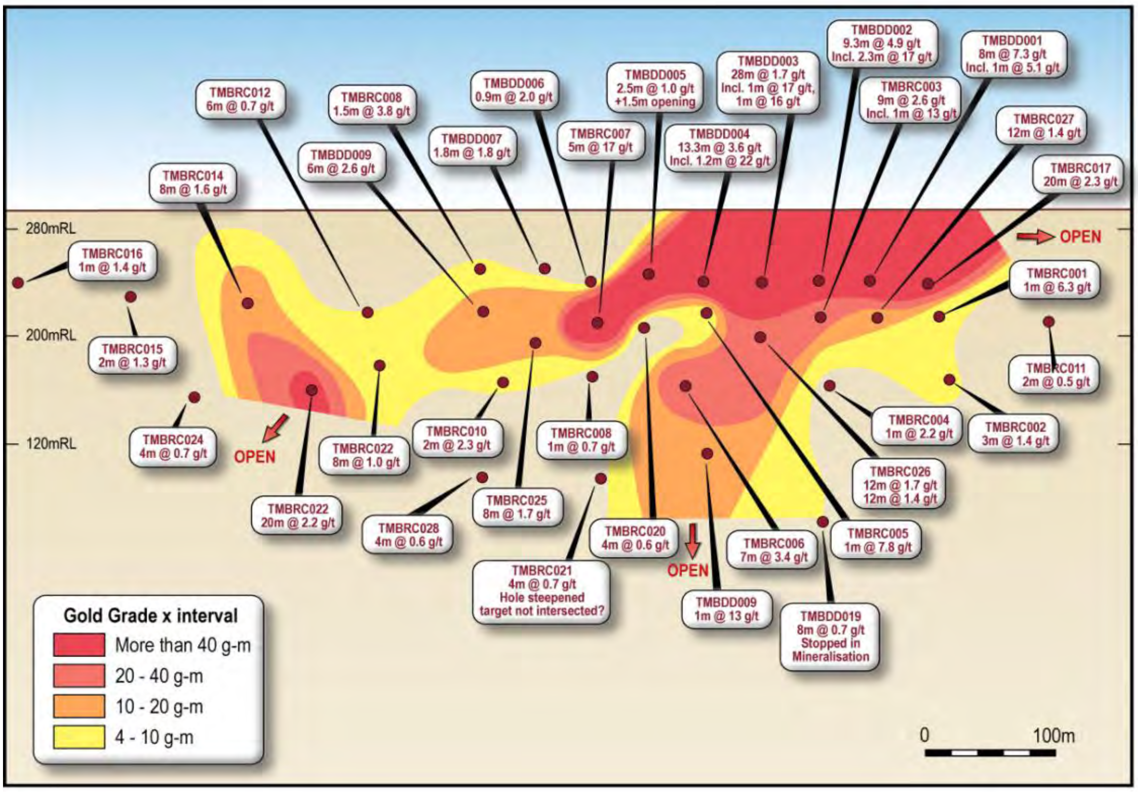


Figure 5: Tambiri Prospect – longitudinal projection of PDI's RC and diamond drill results.

If sufficient continuity can be demonstrated, it could be possible to drill out and develop a series of parallel sub-horizontal shoots, repeating to significant depths, and resulting in a substantial gold deposit.

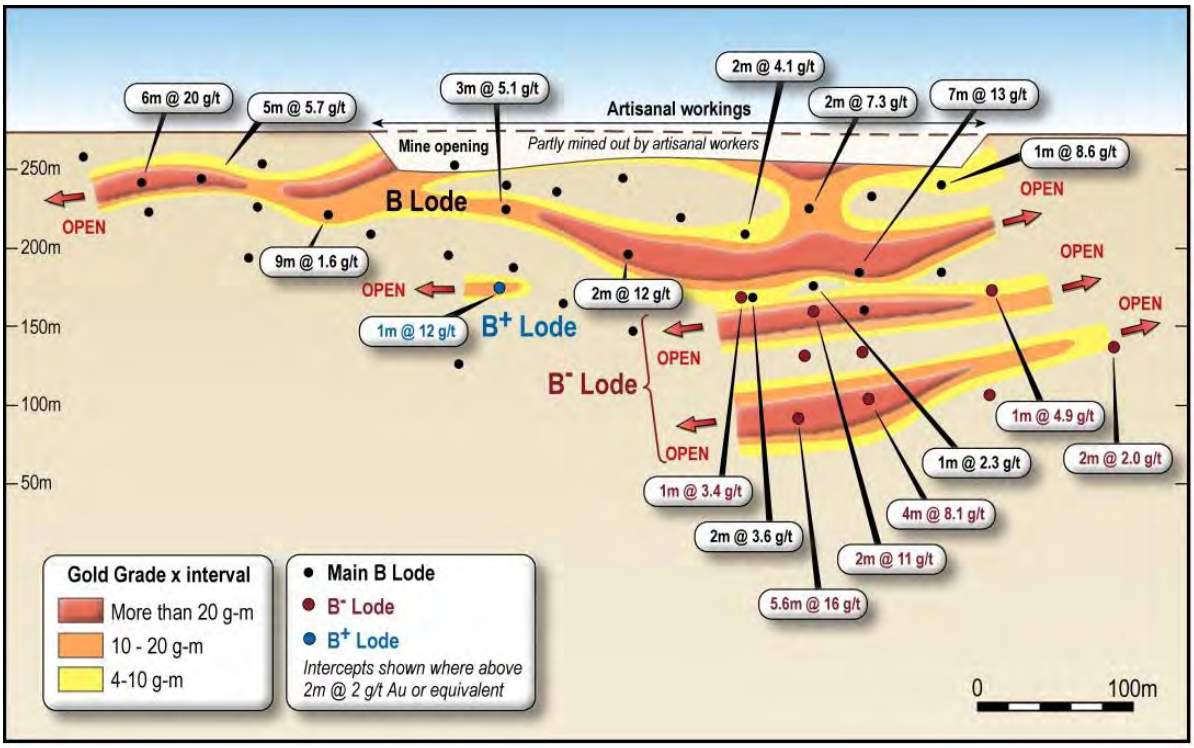


Figure 6: Solna Prospect – longitudinal projection of PDI's RC and diamond drill results.

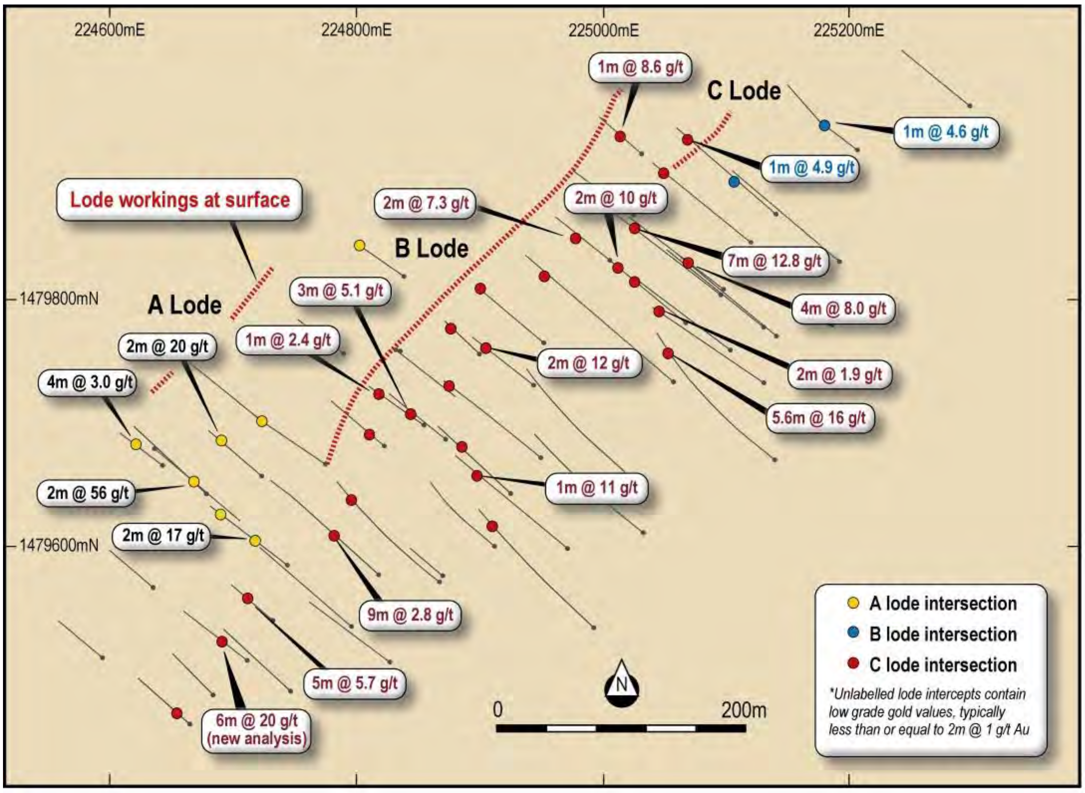


Figure 7: Solna Prospect – plan view of PDI's RC and diamond drill results, showing the three known gold mineralised lodes (A, B and C).

Bedrock Geochemistry Results

The power auger drilling at Bangaba revealed extensive bedrock gold geochemical anomalies, along strike from the Solna and Tambiri Prospects (Figure 4). At least 8km of strong bedrock gold anomalies were identified. These results open up significant potential for discovery of new mineralisation in both areas. The interpreted shallow plunge of ore shoots at Solna and Tambiri means that similar shoots may be present at shallow (open pittable) depths along strike from both prospects. The shallow depth of the B Lode high grade intersection at the southern end of Solna (6m at 20g/t Au; Figure 6) illustrates this potential; there are no surface workings above this intercept.

Aeromagnetic Survey

An aerial magnetic and radiometric survey at Bangaba in July 2011 revealed strong structures (highlighted in Figure 8), which were the focus of the power auger drilling campaign (Figure 4).

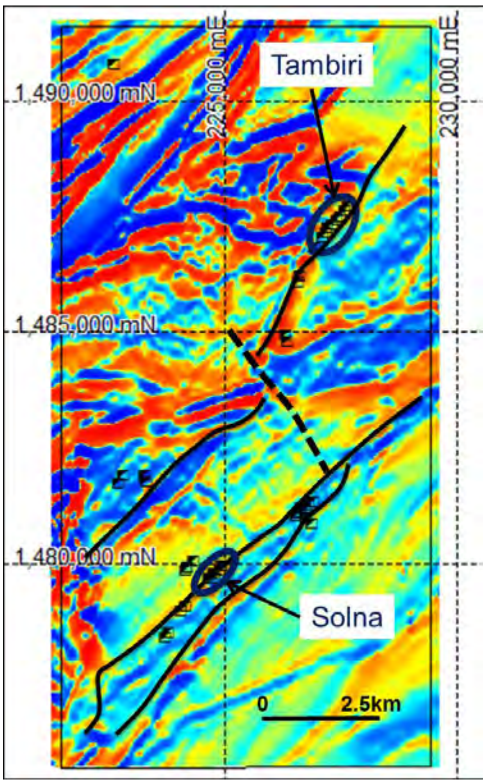


Figure 8: Bangaba permit – aeromagnetic image showing locations of Solna and Tambiri and interpreted structures (black lines) revealed by the aeromagnetics. The half filled black squares are artisanal mining locations.

BONSIEGA PERMIT GROUP

BACKGROUND

The Bonsiega Permit Group consists of eight permits covering a total area of 1,056 km^2 and approximately 100km of greenstone strike length. This is the same greenstone belt which hosts the Samira Hill Mine in Niger (Figure 2). Most of the permits contain artisanal workings and/or significant gold geochemical anomalies.

The eight permits were acquired both by direct application in PDI's name and through four separate agreements. Four of the permits were acquired through the ElDore Joint Venture; PDI first earned a 60% stake and then increased its percentage to 72% through additional exploration expenditure.

Since the end of the 2011-2012 year, PDI has signed an agreement with Stratos Resources Limited (ASX:SAT; formerly ElDore Mining Corporation Limited) to purchase the remaining 28% through a transaction in which SAT provides $300,000 in partial re-payment of cash calls and receives up to 13 million PDI shares.

The other three agreements are option deals with local businessmen in which PDI is earning either a 95% or 100% equity through a series of option payments.

Gold prill produced by artisanal miners, Solna Prospect, Burkina Faso

In the past 18 months, power auger drilling has identified a 20km long zone of strong bedrock gold anomalies which now constitutes the majority of the Laterite Hill Gold Field (Figures 9 and 10) located in the south-western part of the Bonsiega permit group. A major focus of the 2011-2012 drilling campaign was to test those anomalies in order to identify mineral resource potential and to infill drilling targets.

Exploration on the contiguous permit group at the north-east end of Bonsiega is less advanced than on the Laterite Hill Gold Field. Nonetheless, extensive power auger drilling and geological mapping programs were carried out during 2011-2012 together with a small RC drilling program. Significant new gold bedrock anomalies were identified by the power auger drilling.

LATERITE HILL GOLD FIELD DRILLING

PDI carried out a large RD, air core and diamond drilling campaign on the Laterite Hill Gold Field in 2011-2012. Of this, 19,402m was RC and air core drilling and 1,170m was diamond drilling (see Figure 11 for drill hole locations). This program was divided between reconnassance drilling testing some of the very large geochemical anomalies discovered on the Laterite Hill Gold Field and infill and extension drilling on the Dave Prospect.

This drilling yielded many significant gold mineralised intercepts in seven separate mineralised prospects, including:

- Dave Prospect (Figures 11-13)
  - 26m at 5.0g/t Au from 26m including 2m at 31g/t Au
  - 6m at 10 g/t Au from 74m
  - 13m at 4.7g/t Au from 67m including 1m at 33g/t Au (re-assay of earlier results)
  - 28m at 1.6g/t Au from 30m
  - 38m at 1.3 g/t Au from 0m
  - 24m at 1.9g/t Au from 4m
- Bongou Prospect (Figure 14):
  - 20m at 4.8g/t Au from 36m including 2m at 24g/t Au

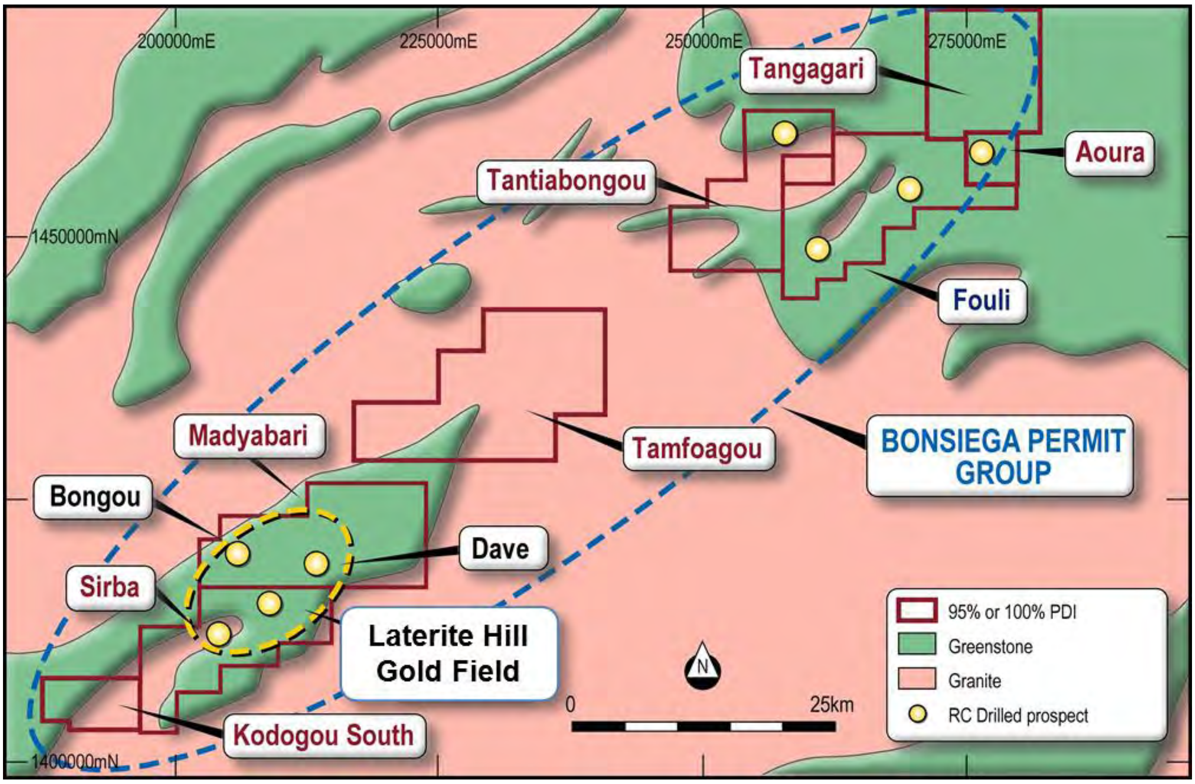


*Figure 9: Location of PDI's Bonsiega Permit Group and drilled prospects superimposed on a Government geological interpretation map of the area (**note:** PDI mapping has shown that the greenstone is more extensive in the Tamfoagou permit than shown in this map).*

- Tamboana Zone:
  - 5m at 5.1g/t Au from 36m including 1m at 22g/t Au
- Koundi Zone:
  - 4m at 5.7g/t Au from 76m (stopped in mineralisation)
- Laterite Hill Shear Zone (includes Laterite Hill artisanal mine site):
  - 26m at 1.2g/t Au from 71m including 14m at 1.8g/t Au
  - 22m at 1.4g/t Au from 48m
- Prospect 71 (2 separate zones):
  - 4m at 7.1g/t Au from 20m (Figure 15)
  - 32m at 1.7g/t Au from 26m including 24m at 2.1g/t Au
- Prospect 71 West:
  - 18m at 1.0g/t Au from 54m including 6m at 2.3g/t Au (stopped in mineralisation)

Drill core, Laterite Hill Gold Field, Burkina Faso

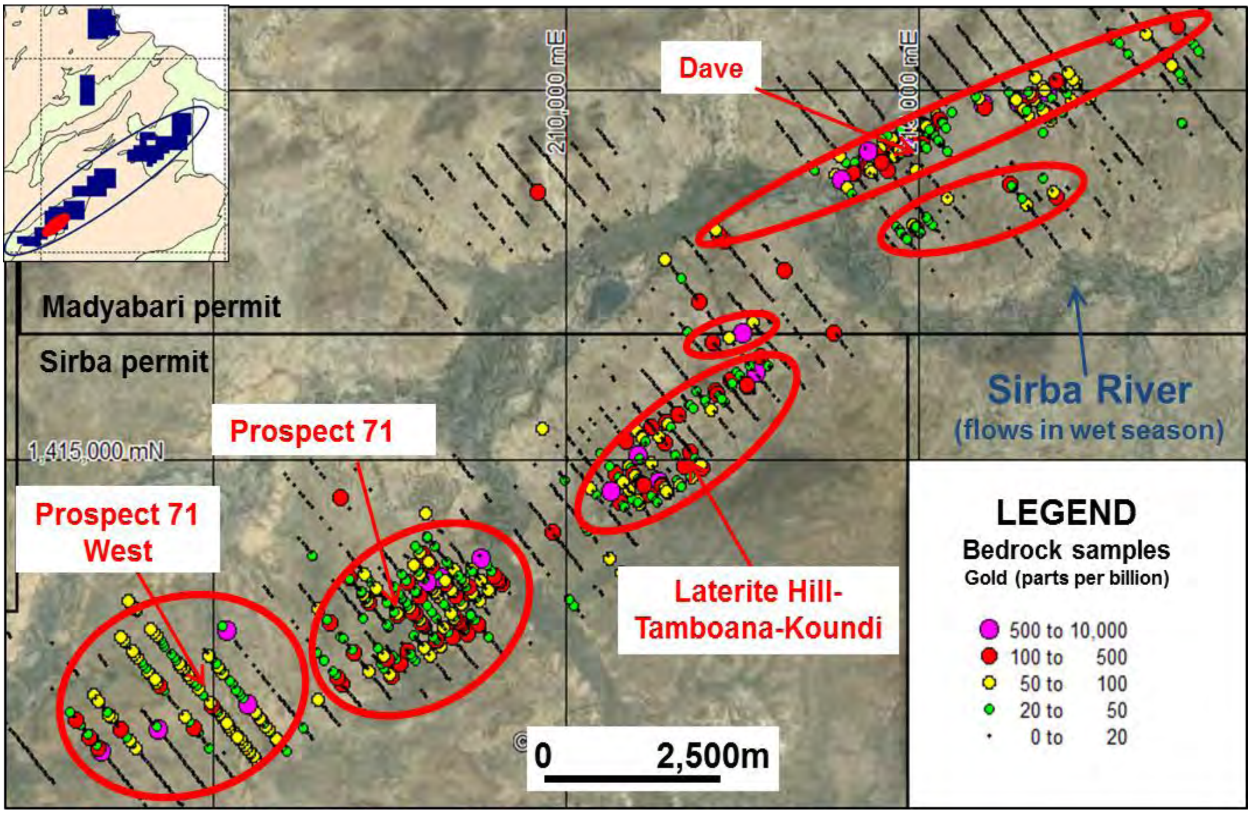


*Figure 10: Laterite Hill Grid bedrock geochemistry results superimposed on satellite imagery, showing prospect locations and the path of the Sirba River (**notes:** (1) Sirba River only flows during the rainy season and (2) Bongou Prospect not shown on this image)*

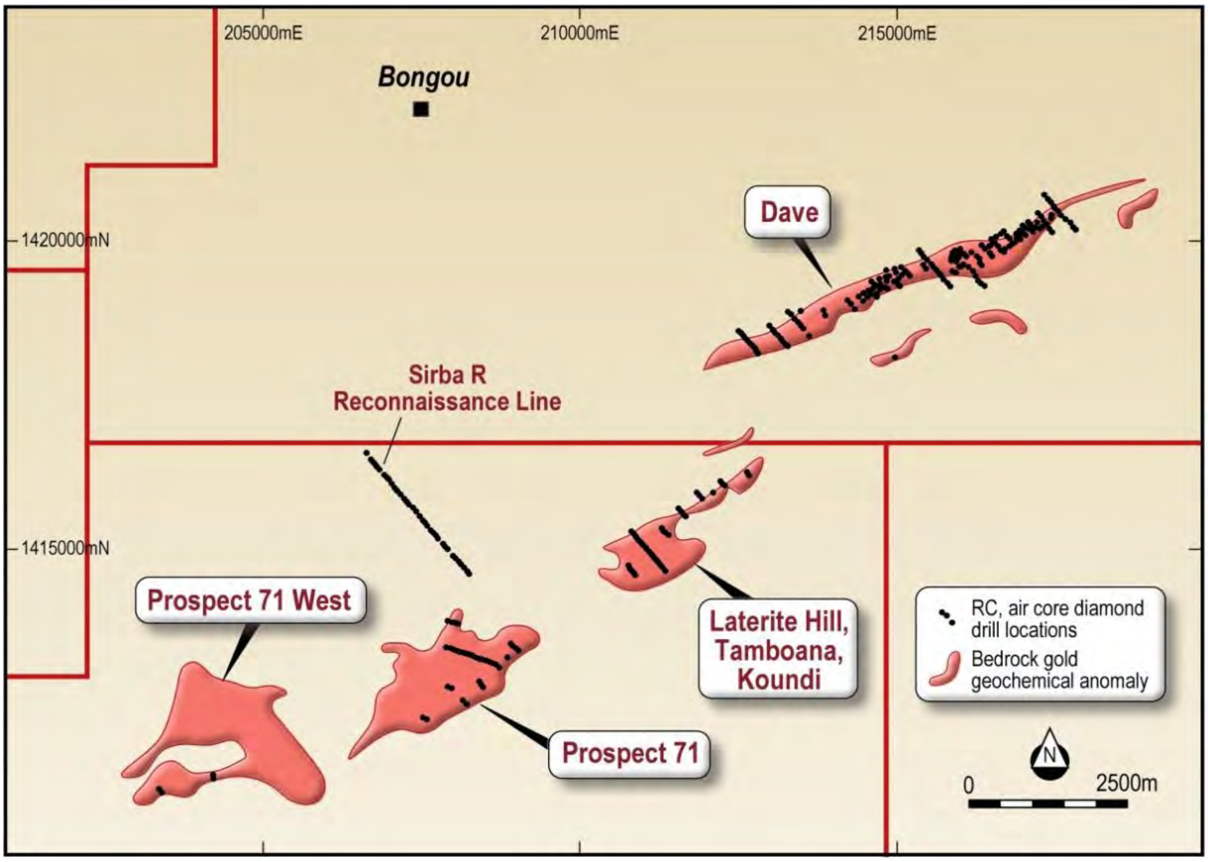


*Figure 11: Laterite Hill Gold Field showing locations of prospects, RC, diamond and air core drill holes and known bedrock gold geochemical anomalies above 25ppb Au (**note:** in places, the bedrock gold anomaly limits reflect the extent of effective bedrock drill coverage e.g. the area west-south-west of Dave and north-west of Prospect 71 and Laterite Hill is largely untested because the cover was too thick, hard or wet to penetrate with the power auger rig)*

More information on each of the prospects is as follows:

DAVE PROSPECT

The Dave Prospect is now known to consist of multiple gold mineralised zones extending for at least 5.5km along strike and several hundred metres across strike (Figure 12). The Prospect was named by an earlier explorer after artisanal workings which extend for approximately 600m. However, the gold mineralisation is much more extensive than defined by these workings and is buried under a thin ferricrete layer to the east and south, and under alluvium formed by the Sirba River west of the workings. The gold mineralised system may extend for up to 10km further to the west, (Figure 10) concealed beneath the Sirba River which bedrock power auger drilling is unable to penetrate.

Gold mineralisation is hosted in intermediate volcanics with lesser amounts of mafic intrusives and minor granite. PDI's analysis suggests that gold mineralisation has been deposited in a broad ENE oriented shear zone mostly within or on the margins of small mafic intrusive bodies. Weathering extends to an average depth of approximately 50m.

PDI's drilling in 2011-12 consisted mainly of RC with minor air core and diamond drilling. Most drilling extended to a vertical depth of 70m or less. Drill line spacing varied from 400m to 50m. Closer spaced drilling in several locations at Dave showed that the envelope of low grade material can be correlated from line to line (e.g. Figure 13). So far the entire width of the gold mineralised system is undefined as there are gold intercepts in drill holes at both edges of the drill coverage.

In general, gold grades at Dave are moderate, with many assays recorded in the 1 to 2g/t Au range, however significantly higher grade intercepts are also present (e.g. 26m at 5.0g/t Au). PDI is working to understand the geological controls on the higher grade intercepts, since it is clear that they have the potential to lift the average gold grade of the whole mineralised system.

The Dave Prospect and its extensions offer the potential for a large tonnage of moderate grade gold mineralisation. Most of the mineralisation drilled to date is oxidised, offering hope for relatively simple metallurgical treatment options, at least in the top 50m.

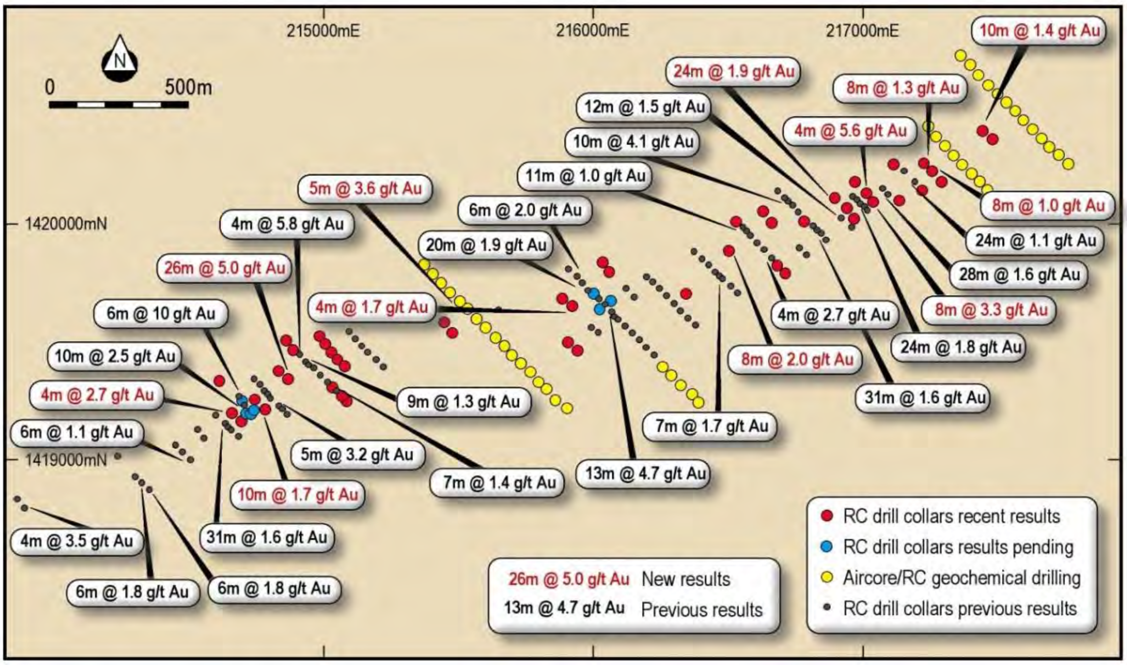


Figure 12: Dave Prospect – RC, air core and diamond drill result highlights over 3km of strike.

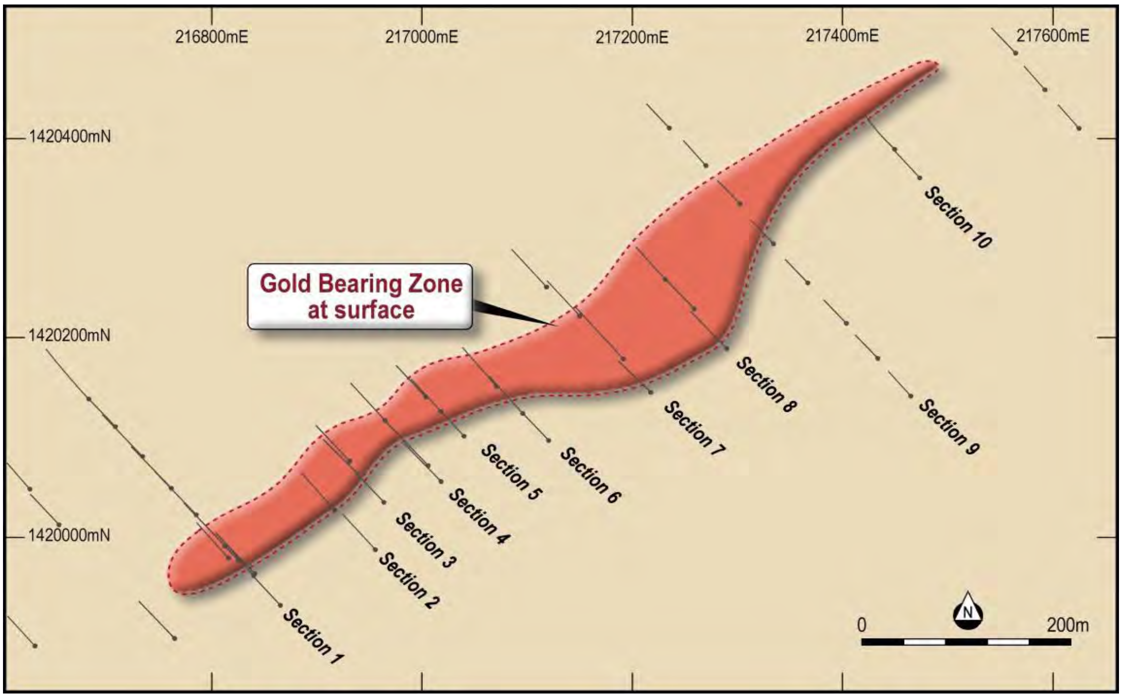


Figure 13: Dave Prospect – plan view of eastern mineralised zone showing surface projection of outline of low grade envelope within which higher grade gold intercepts have been recorded.

BONGOU PROSPECT

The Bongou Prospect is located 8km north of the Laterite Hill Gold Field (Figure 11). The workings are approximately 200m long and are located on the edge of a small hill of gabbro just to the north. Potential extensions to the mineralisation east and west of the workings lie under cover. The gold mineralisation is located on a strong structural contact between felsic volcanics and gabbro; based on aerial magnetic data, this contact appears to extend for several kilometres to the east and west.

Surface rock chip sampling and limited trenching were carried out in 2010 with the highest gold value obtained 4.5g/t Au from a rock chip sample.

One hole was drilled underneath the artisanal workings late in the 2011-12 field season and intersected 54m at 2.1g/t Au including 20m at 4.8g/t Au and 2m at 24g/t Au (Figure 14). Nearly all of the mineralisation was in unweathered rock, suggesting it may extend to depth. This significant new result indicates the untapped potential of PDI's ground holding.

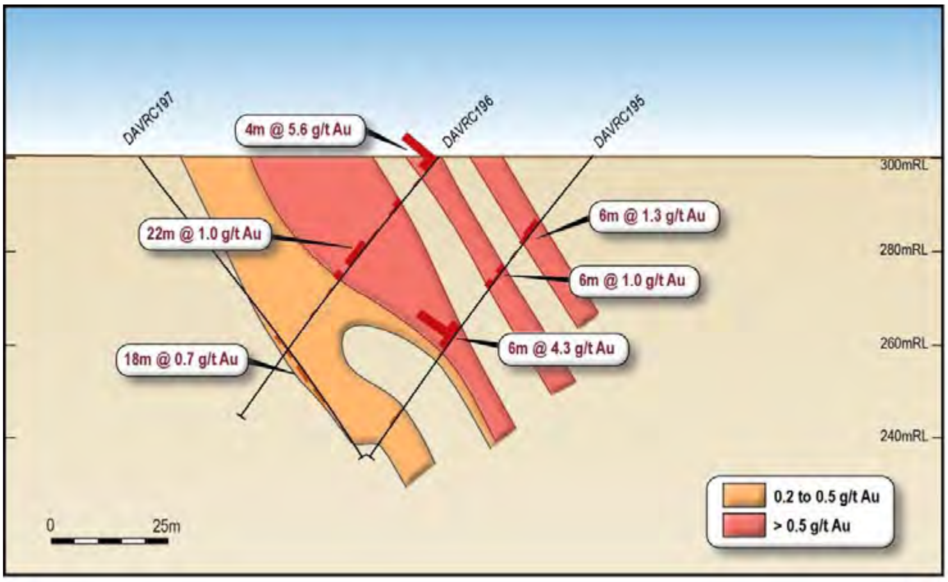


Figure 14: Dave Prospect (eastern area) – section number 5 (see Figure 13).

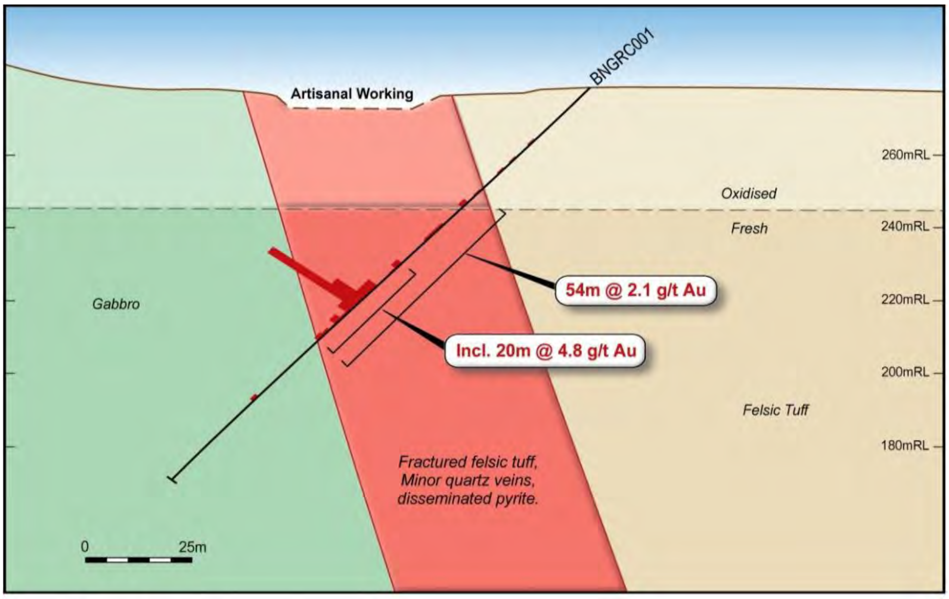


Figure 15: Bongou Prospect – cross section through the one hole drilled to date. The peak value shown on the histogram is 24g/t Au.

LATERITE HILL – TAMBOANA - KOUNDI

In this area, broad spaced reconnaissance drilling in 2011-12 identified a series of intercepts within a large contiguous geochemical anomaly (Figures 10-11). At the Laterite Hill artisanal mine site, bedrock is exposed over several hundred metres. A visible strong shear zone contains a broad zone of ENE oriented mineralisation (best drill result: 26m at 1.2 g/t Au), similar to some of the broad intercepts seen on the Dave Prospect. Mineralisation persists along the strike of this structure under thin cover for two kilometres. Elsewhere, other encouraging intercepts have been obtained, several of which appear to be in NE trending zones i.e. Tamboana and Koundi. Higher grades in the latter zones (5m at 5.1g/t Au and 4m at 5.7g/t Au, respectively) suggests that narrower but higher grade gold mineralised zones may be found in a NE orientation throughout the Gold Field. The results at Prospect 71 (see below) reinforce this possibility.

PROSPECT 71

Reconnaissance RC drilling on broad line spacing (lines up to 600m apart) was conducted over Prospect 71 in 2011-2012 along with four scout RC holes on the Prospect 71 West bedrock gold anomaly. As in the other areas, a number of gold-bearing intersections were obtained. Of particular interest, intercepts were obtained from beneath thin cover in areas with no artisanal workings nearby. These higher grade results may reflect additional narrow but higher grade NE-oriented zones (cf. Tamboana, Koundi):

- 4m at 7.1 g/t Au from 20m including 2m at 12.6g/t Au, and
- 24m at 2.1 g/t Au from 26m including 2m at 7.6g/t Au, 2m at 9.6g/t Au and 2m at 5.1g/t Au.

Previous RC drilling by a Canadian company, Emerging African Gold, in 1996-1997, is reported to have intersected 4m at 15g/t Au approximately 130m north-east of the first intercept and 2m at 7.5g/t Au about 100m south-west of it (Figure 16). This implies a NE strike orientation, similar to that at Tamboana. The orientation of the second mineralised zone is unknown, however given the inferred strike of the first mineralised zone and the fact that the known artisanal workings nearby are all oriented NNE, it is assumed to strike NE to NNE as well (Figure 16).

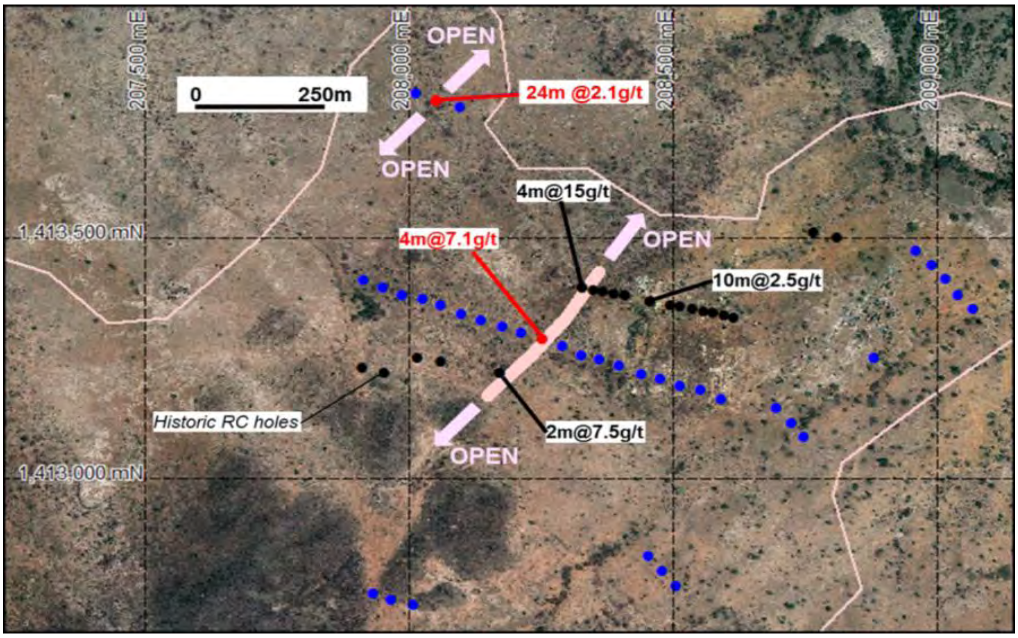


Figure 16: Prospect 71 – location RC drill holes and higher grade intercepts superimposed on satellite imagery. Locations of PDI RC holes are the blue dots and the approximate positions of the historic (1996-97) RC holes are the black dots. The outline of the known bedrock gold anomaly is shown as a pink line.

AOURA AND FOULI PERMITS - RC DRILLING

At the Aoura gold prospect (Figure 8), artisanal workings extend intermittently over a strike length of 2km. Historic drilling by Anmercosa there in the late 1990's obtained some encouraging intercepts including:

- 14m at 2.4g/t Au from 83m including 1m at 26g/t Au
- 7m at 1.7g/t Au from 33m
- 4m at 4.6g/t Au from 8m

The projected eastern extension of these workings was drill tested with a 480m RC drilling program. Anomalous gold values were intersected in five of the six holes drilled.

Significant gold mineralisation potential remains within the workings area and to the west. In addition, power auger drilling (see next section) also identified a strong bedrock gold anomaly in the north-west corner of the Aoura permit, which requires follow-up along strike to the east and west (Figure 17).

A manganese bearing horizon on the Fouli permit was also tested with two short holes but with relatively disappointing results.

BONSIEGA PERMIT GROUP – Power Auger Drilling

A total of 21,720m of power auger drilling was conducted on the Bonsiega Permits during 2011-2012, focussed on the Fouli, Tangagari, Aoura, Sirba and Kogodou South permits. Gold anomalous bedrock samples were obtained in many locations with stronger anomalies found at Prospect 71 West (Figure 10) and Aoura and Tangagari (Figure 17). Bedrock gold anomalies on Tangagari extend over at least 5km of strike length with a peak value of 15g/t Au.

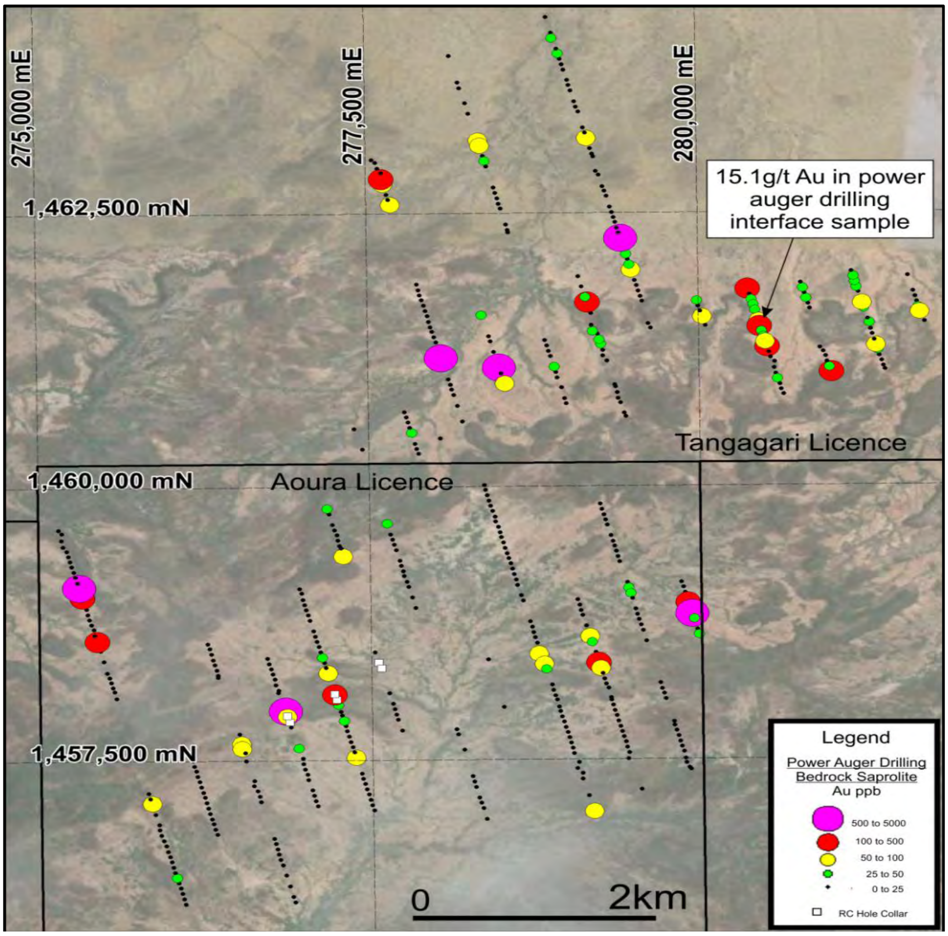


Figure 17: Bedrock gold geochemical results superimposed on satellite imagery – Aoura and Tangagari permits

SIRBA & MADYABARI PERMITS – Aerial Magnetic & Radiometric Survey

A detailed aerial magnetic and radiometric survey, covering 1,439 line km was carried out on the Sirba and Madyabari permits in July 2011 over the principal areas of gold geochemistry results at Laterite Hill.

Structural analysis of the magnetic data allowed the interpretation of significant structural patterns and helped to focus the follow up bedrock geochemical drilling.

BOUSSOUMA PERMIT

Boussouma is located in the very well mineralised Boromo Belt in central Burkina Faso (Figure 2). The permit contains a number of artisanal gold workings and large unexplored areas covered by thin cover. PDI is earning 95% of the Boussouma permit through a series of option payments.

Access into the permit is excellent as it is crossed by the bitumen road from Ouagadougou to the large regional centre of Dori in north-east Burkina Faso.

The 2011-2012 work program consisted of 1,360 line km of aerial magnetics and radiometrics, geological mapping and 2,819m of wide spaced power auger drilling. A series of bedrock gold anomalies were identified on the permit with a peak value of 1.8g/t Au.

TYEKANYEBI PERMIT

This wholly owned permit was granted to PDI in December 2010. It is located on the south-western extension of a greenstone belt which hosts the Koma Bangou artisanal working in Niger, reputedly the largest artisanal gold mining site in that country.

Work during the 2010-2011 financial year was confined to geological mapping. A planned power auger geochemistry survey has been postponed to the 2012-2013 field season.

Power augur drilling, Laterite Hill Gold Field, Burkina Faso

EASTERN BURKINA FASO – Exploration Target

The Company has calculated an Exploration Target[3] based on drilling completed on the Laterite Hill Gold Field and the Bangaba permit. This totals:

> **750,000 to 1.2 million ounces at an average grade of 1.9 to 2.3g/t Au[4]**

Locations of the areas from which the Exploration Target[1] was calculated are provided on Figure 18.

The Fouli gold mineralised system was excluded from these calculations because of uncertainties about the geological interpretation. However, given the very extensive artisanal workings at Fouli, it is clear that there is a significant amount of gold mineralisation also in this Prospect.

Assumptions made in the calculation were as follows:

- A polygonal method was employed – mineralised areas were measured from drill cross sections from the Laterite Hill Gold Field and Tambiri and off a longitudinal projection at Solna. Volumes at Laterite Hill and Tambiri were calculated by multiplying mineralised areas by the half distance to the adjacent section.

[4] *This targeted tonnage and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Volumes at Solna were calculated by multiplying measured areas on longitudinal projection by the estimated horizontal widths. Extrapolations from outermost drill sections were a maximum of 200m at Laterite Hill and 100m at Tambiri and Solna.

- The cut-off grade was 0.7g/t Au.
- An arbitrary top cut of 20g/t Au was applied to the Laterite Hill Gold Field assays. No top cut was applied to the Solna or Tambiri assays.
- The assumed average density was 2.0 at Laterite Hill, 2.7 at Solna and 2.8 at Tambiri (based on core measurements).
- A minimum down-hole width of 4m was used on the Laterite Hill Gold Field and Tambiri Prospect. A minimum 2m down-hole width was used at Solna (interpreted to be close to true width). The maximum internal waste was 4m down-hole.
- A steep dip to the south-east was assumed for all Dave and Laterite Hill cross sections.
- On the Laterite Hill Grid, mineralised sectional areas extended down to a maximum vertical depth of 70m and up to surface or half way to the adjacent hole (if un-mineralised). At Tambiri, the maximum vertical depth was 100m and at Solna, it was 180m (deeper blocks are assumed to be underground mineable).

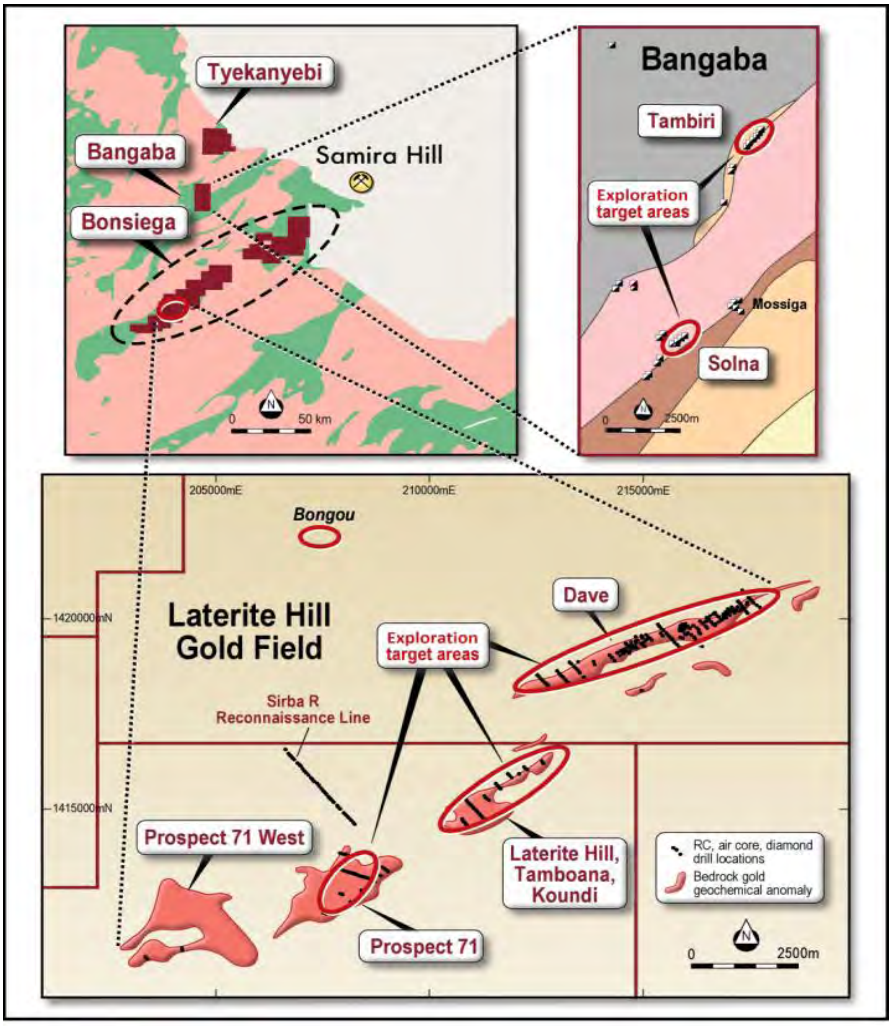


Figure 18: Locations of areas from which the Exploration Target[5] calculation was made.

[5] *This targeted tonnage and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Approximately 80% of the calculated total is derived from the Laterite Hill Gold Field and 20% from Bangaba, with lower average grades from Bonsiega and higher average grades from Bangaba.

The drilled areas cover approximately 10km of strike of bedrock gold anomalies on the PDI permits.

However at least 33 strike km of bedrock geochemical anomalies have been defined so far at Bonsiega and Bangaba (20km at Laterite Hill, 8km at Bangaba and 5km at Tangagari-Aoura), the majority of which has not yet been tested by RC drilling.

In addition, there is significant potential to define more bedrock geochemical anomalies e.g.:

- West-south-west of Dave on the Dave structure beneath the Sirba River;
- Along strike from Bongou to the east and west
- In the Tangagari and Fouli permits where large structures remain untested.

Given such large areas of untested potential, PDI believes that its objective of discovering a large resource inventory capable of supporting a major mining operation with an average grade of more than 2g/t Au is achievable on its permits in eastern Burkina Faso.

Fouli artisanal workings, Bonsiega permit group, Burkina Faso

COTE D'IVOIRE

BACKGROUND

PDI began investigating project generation opportunities in Cote D'Ivoire in 2009 however progress was delayed for several years by political unrest in the country.

Political stability returned to Cote D'Ivoire after the accession of President Ouattara in 2011, clearing the way for the Company to investigate ground acquisition opportunities in this highly prospective and underexplored country.

In 2011-2012, the Company negotiated an agreement on one permit, Komboro, and made application for several permits elsewhere in the country

GROUND SELECTION PROCESS

PDI's ground selection process in Cote D'Ivoire applied Predictore™ to identify high priority areas for investigation. As in Burkina Faso, the Company acquired all of the large scale geological and geophysical data sets in 2009 and 2010 in order to identify areas of high prospectivity within well mineralised belts.

As airborne magnetic data was available, a component of the Predictore™ system was employed to identify very deep, ore-controlling fault zones. High priority areas were then identified by the coincidence of these structures with known mineralised areas and other important geological features. PDI's permit application areas and the Komboro permit were prioritised by this method.

KOMBORO PROJECT

The Komboro project is located in the north of Cote D'Ivoire (Figure 19). It consists of an exploration permit application of 169 km^2. The application was made by BIPTFOP, an Ivoirian company and covers a portion of a Birimian greenstone belt containing abundant gold occurrences and active artisanal workings. PDI's agreement is subject to the permit being granted and allows the Company to earn between 70% and 90% of the permit.

The Komboro permit application has been recommended to the President of Cote D'Ivoire for grant by a Government committee, known as the COMINES, which was established to review exploration permit applications.

The mining legislation in Cote D'Ivoire is currently being reviewed and the future status of the COMINES is uncertain. Nevertheless, PDI believes that the Komboro permit is likely to be granted.

BIPTFOP has undertaken a regional soil and rock chip geochemical sampling program, totalling 579 samples, and some geological mapping. The geochemical program identified widespread gold anomalous values including a number of high grade values. 36 samples contained more than 1g/t Au, with peak values of 51 and 52g/t Au (Figure 19).

Higher grade values are from what is described as saccharoidal quartz. PDI sampling of this rock type obtained peak values of 14 and 18g/t Au, indicating that the BIPTFOP data are probably valid.

BIPTFOP's geological mapping indicates that much of the area is covered by lateritic material. PDI's geological inspection suggests that some of this material is transported, indicating that a bedrock sampling method may identify additional target areas.

While there is insufficient outcrop to determine the potential width of mineralisation, the examined prospects contain very attractive grades at shallow depths. Artisanal workings suggest the presence of multiple gold-bearing quartz veins.

Therefore, based on its field examination and the BIPTFOP data, the Company has concluded that the permit has potential for one or more large, open pittable gold deposits.

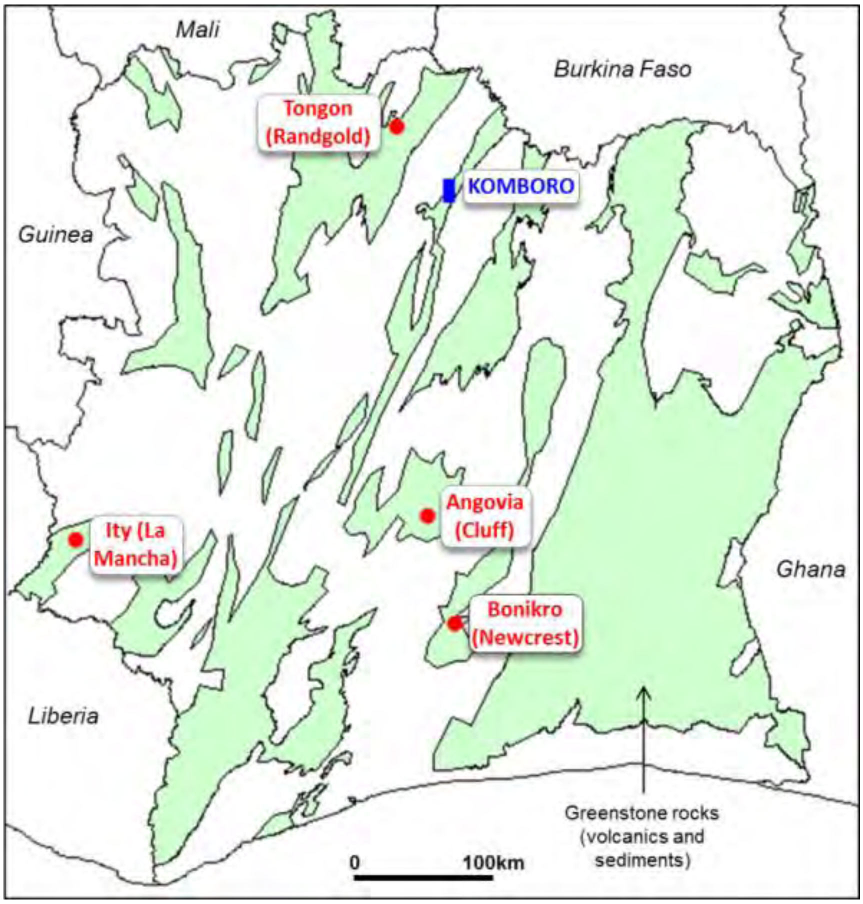


Figure 19: Komboro Project locality plan. Red circles denote gold mines. Greenstone areas, which host gold mineralisation, are coloured pale green.

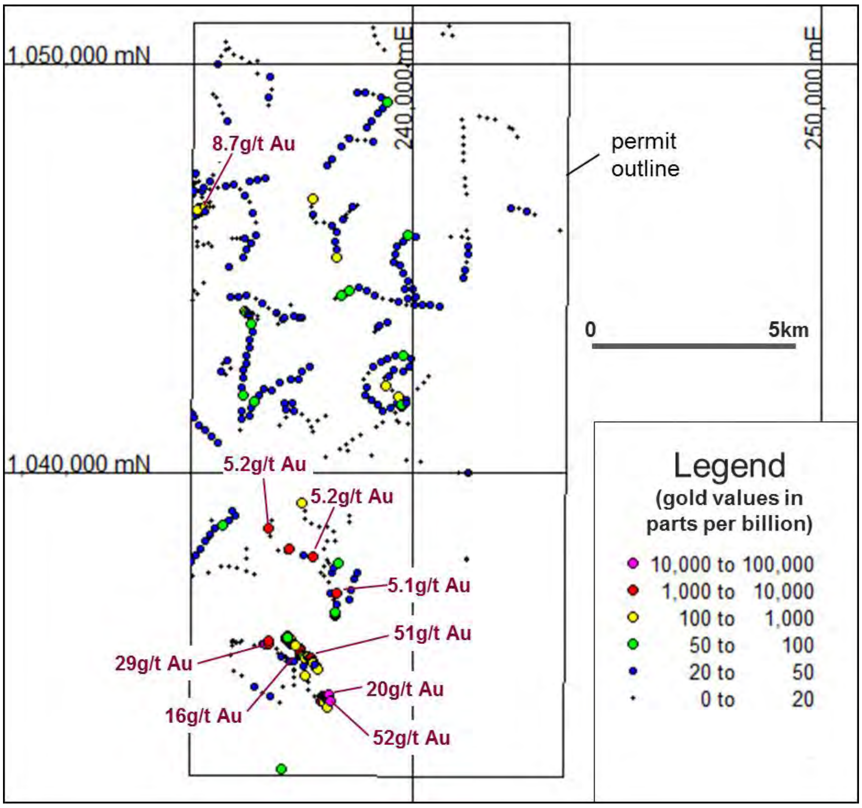


*Figure 20: BIPTFOP geochemical results, Komboro Project (**Note:** the presence of two gold-rich zones each extending over several kilometres in the southern part of the permit, both of which are open to the south-east.*

AUSTRALIAN PROJECTS

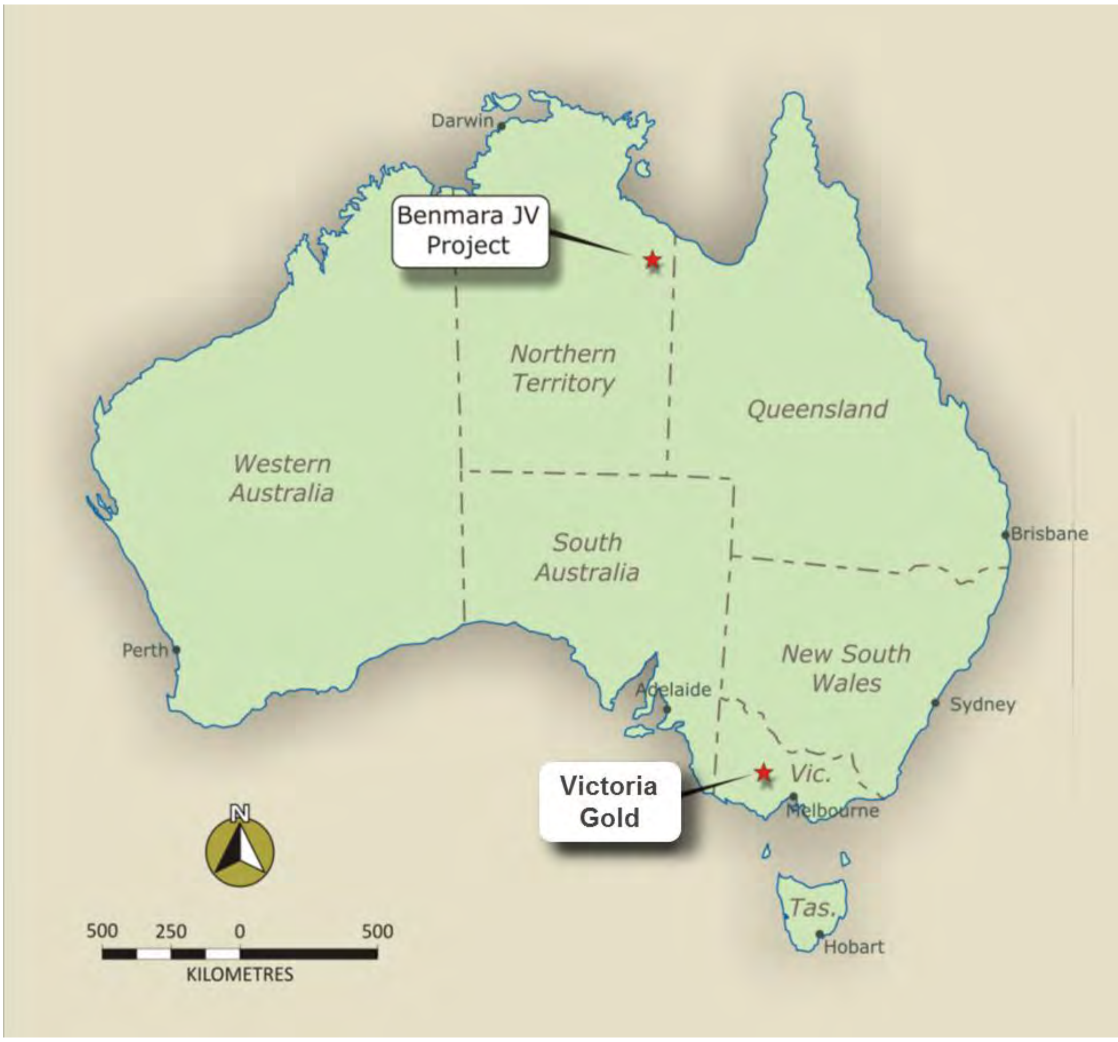


Figure 15: Location of PDI's Australian Projects in 2011-12.

BENMARA URANIUM, NORTHERN TERRITORY

This project consisted of two joint ventured Exploration Licences (**ELs**), a granted 100% owned EL and one EL application.

PDI completed a combined RC and diamond drilling campaign, totalling 11 holes and 1,768m, on the two joint venture ELs in October 2011. Four targets were tested. No ore grade uranium values were obtained. While the Company believes that the area retains potential for a Westmoreland-style ore deposit, these results, derived from wide spaced drilling, indicate that the size of ore deposit that PDI was seeking (>50 million lb U_3O_8) is unlikely to be present in the area.

The Company therefore withdrew from its two joint venture commitments and relinquished the granted EL and EL application. This decision allowed PDI to focus its activities in West Africa during the remainder of the 2011-2012 year.

VICTORIA GOLD

PDI's objective is the discovery of a large gold deposit on the margins of one of more concealed volcanic domes beneath basalt cover (cf. the 5 million ounce Stawell gold deposit in Western Victoria).

The target areas are located west of Ballarat. PDI currently holds two ELs there (Skipton and Woady Creek) covering 348km^2.

During 2011, the Company briefly entered into a small joint venture on the Cape Clear EL adjacent to Woady Creek but then withdrew when it became clear that the EL was not in good standing with the Victorian Government owing to past under-expenditure, in contravention of one of the conditions precedent in the joint venture agreement.

The Company conducted modest gravity survey programs on the Skipton and Woady Creek ELs during 2011-2012.

APPLICATION OF PREDICTORE™

Predictore™ is an Australian developed technology that resulted from over seven years of joint government/industry funded research at a cost of approximately $17 million. A number of case history studies carried out during that research program demonstrated the effectiveness of the approach. PDI has the exclusive right to apply the technology outside of Australia and non-exclusive rights to apply it within Australia. The technology has two components:

- the first is applied to regional data sets and is able to highlight subtle large and deep structures that potentially controlled large mineralised systems.
- The second utilises advanced computer simulation to map the movement of mineralising fluids through rocks and thereby predict where ore deposits are most likely to have formed.

This approach allows PDI's geologists to test a variety of predictions against what they actually observe in the field and make more rigorous conclusions about the location of priority targets. PDI believes that Predictore™ has the potential to increase the odds of discovery.

The Company's principal use of the first component in 2011-2012 was on the Cote D'Ivoire aeromagnetic data, and resulted in selection of a number of high priority target areas. The second component was applied to most of PDI's Burkina Faso permit areas. Application of the technology to the Bangaba permit has provided clear guidance on prospect prioritisation for the 2012-2013 drilling program.

CORPORATE

PDI listed on 1st December 2010, following a heavily oversubscribed IPO, having raised $8 million. The Company raised an additional $5.2 million in August 2011 via a placement and a rights issue. This raising resulted in a significant increase in the holdings of microcap investment funds in the company. Two well-known and respected funds, Acorn Capital and the African Lion 3 fund joined the Company's share register at this time.

The Company maintained a strong Burkina Faso team, including eight geologists, during the 2011-2012 year in order to carry out the very large work program that was then in progress. PDI is therefore well placed to prosecute an effective exploration program in the 2012-2013 financial year.

OUTLOOK

BURKINA FASO

In the next field season, PDI's plans to concentrate on its Eastern Burkina Faso project. A sequence of carefully targeted RC and air core/RAB drilling programs will be directed at higher grade (i.e. 2.5 to 10g/t Au) prospects in the Bonsiega and Bangaba permits (e.g. Bongou, Solna, Tambiri, Prospect 71, Tamboana etc). The goal will be to first expand the high grade resource potential at each prospect and then to drill out high grade resources, targeting average grades of more than 3g/t Au.

The Company's primary objective is to build an inventory of high grade resources as a nucleus for a future mining operation before testing the more moderate grade mineralisation which has already been identified in reconnaissance drilling in the Laterite Hill Gold Field.

COTE D'IVOIRE

At present, the Company maintains a very small administrative presence in Cote D'Ivoire.

On grant of the Komboro permit or any of its three permit applications, PDI will commence focused geochemical programs on the ground. Initial drilling programs will employ low cost methods such as power auger or RAB drilling.

VICTORIA

The Company plans to severely restrict its exploration activities in Victoria during the coming year.

Competent Persons Statement

The exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr Paul Roberts (Fellow of the Australian Institute of Geoscientists). Mr Roberts is a full time employee of the company and has sufficient experience relevant to the style of mineralisation and type of deposits being considered to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition). Mr Roberts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

Your directors present their report for the financial year ended 30 June 2012.

The names of the directors in office at any during, or since the end of the year are:

NAMES	POSITION
Mr Phillip Harman	Non-Executive Chairman
Mr Paul Roberts	Managing Director
Dr Thomas Whiting	Non-Executive Director
Dr Robert Danchin	Non-Executive Director
Mr Philip Henty	Non-Executive Director

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

COMPANY SECRETARY

Mr Ian Hobson holds a bachelor of business degree and is a Chartered Accountant and Chartered Secretary. Mr Hobson provides company secretarial and corporate, management and accounting advice to a number of listed public companies involved in the resource, mining services and oil and gas industries. He was appointed on 17 September 2010.

PRINCIPAL ACTIVITIES

During the financial year, the principal activity of The Group was mineral exploration with the objective of identifying and developing economic reserves in West Africa and Australia.

OPERATING RESULTS FOR THE PERIOD

The consolidated loss of The Group for the financial year after providing for income tax amounted to \$2,706,350 (2011: \$1,412,255). This was largely from the costs of administering The Group to 30 June 2012, foreign exchange losses and impairment of exploration.

REVIEW OF OPERATIONS

In the year to June 2012, Predictive Discovery Limited (PDI) acquired several new properties and undertook a very substantial work program. Capital raisings during the year totaled \$5.2 million via a placement and rights issue in August-September 2011. PDI's Burkina Faso team grew slightly to 27 staff in order in order to support the company's aggressive gold exploration program in Burkina Faso. An option agreement was concluded on one exploration permit in Burkina Faso, covering a total area of 45 km^2. The Company withdrew from all of its uranium exploration interests in the Northern Territory. In Victoria, PDI was granted a 2 km^2 Exploration Licence west of Ballarat and completed a compulsory area reduction of its Skipton Exploration Licence in Victoria. The Company also entered into an agreement on a 169 km^2 property in Northern Cote D'Ivoire which will come into effect once the permit is granted.

During the year, intense exploration was carried out in Burkina Faso, particularly on the Madyabari, Sirba, Bangaba, Fouli, Tangagari and Aoura exploration permits. 66,000m of drilling was completed, consisting of 3,000m of diamond drilling, 28,000m of reverse circulation and air core and 35,000m of power auger drilling. 273 km^2 of tenement area was geologically mapped and 4,300 line kilometres surveyed with airborne magnetics and radiometrics. The Predictore™ technology was applied to understanding known mineralisation in the Laterite Hill Gold Field and the Bangaba permits and applied to prioritise target areas throughout PD's Burkina tenement package. Highly promising drill results were obtained on the Bangaba exploration permit and the Laterite Hill Gold Field including 5.6m at 16g/t Au and 6m at 20g/t Au at Solna (Bangaba permit), 54m at 2.1 g/t Au at the Bongou Prospect (Madyabari permit) and 10m of 18/t Au and 26m at 5.0g/t Au at Dave (Madyabari permit). Gold mineralisation has now been revealed in RC drilling over a strike length of approximately 9 km on PDI's Burkina Faso permits. In addition, power auger sampling extended weathered bedrock gold anomalies for an additional 4 km of strike on the Laterite Hill Gold Field (Sirba and Madyabari permits), and revealed more than 8 km of bedrock gold anomalies on the Bangaba permit and over 5km of bedrock gold anomalies on the Tangagari and Aoura permits.

In Australia, PD undertook RC and diamond drilling on the Benmara Project in the Northern Territory, totaling 1768m, and ground geophysical surveys on the Skipton project in Victoria. Disappointing drilling results at Benmara resulted in withdrawal from all Exploration Licenses in the Northern Territory and cessation of uranium exploration, freeing up PDI to focus more heavily on its gold exploration projects in Burkina Faso.

Project generation activities continued during the year, focused on West Africa.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

FINANCIAL POSITION

The net assets of The Group have increased by $2,258,265 from 30 June 2011 to $11,130,953 at 30 June 2012. This increase is largely due to the following factors:

- $5,275,213 capital raising;
- Expenditure on exploring and evaluating the assets in Burkina Faso; and
- Purchase of plant and equipment to develop the West African operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in The Group's state of affairs occurred during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE

The Group undertook a pro rata non-renounceable rights issue to subscribe for one (1) new fully paid ordinary share for every five (5) ordinary shares held by Eligible Shareholders at $0.08 cents per share plus one free attaching option for every two shares to raise up to $2,088,886 before costs of the issue.

The issue closed on 20 July 2012 and the shortfall is to be placed within 3 months of the closing date. At the date of this report, 9,512,108 have been issued pursuant to the rights issue and the shortfall placement.

The Group signed an agreement with Stratos Resources Limited (SAT), enabling The Group to move to 100% ownership of Birrimian Pty Ltd (BPL). The Group owns 72.1% of BPL as at 30 June 2012. Subject to approval by an Extraordinary General Meeting of SAT shareholders, the Group will purchase SAT's entire shareholding in BPL for the consideration of 13 million shares in the Company. At the same time, SAT will make a cash payment to PDI of $140,000 in partial repayment of outstanding cash calls from the Joint Venture. Also, as part of this transaction, SAT and its Directors are contributing $160,000 to the shortfall in the Group's recent entitlement issue which closed on 20 July 2012.

FUTURE DEVELOPMENTS

Likely developments in the operations of The Group and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to The Group.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The Board believes that The Group has adequate systems in place for the management of its environmental regulations and is not aware of a breach of those environmental requirements as they apply to The Group.

INFORMATION ON DIRECTORS

Mr Phillip Harman	Non-Executive Chairman
Qualifications	BSc (Hons), MAusIMM, MAICD
Experience	Mr Harman is a professional geophysicist who spent more than 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.
Interest in Shares and Options	Shareholding: 2,345,626 Optionholding: 1,095,469
Directorships held in other listed entities during the three years prior to the current year	Callabonna Uranium Limited and Stellar Resources Limited.

Mr Paul Roberts	Managing Director
Qualifications	BSc, MSc, FAIG, MGSA
Experience	Mr Roberts has a long and successful history in mineral

Mr Paul Roberts Experience (continued)	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.
Interest in Shares and Options	Shareholding: 3,570,500 Optionholding: 1,825,000
Directorships held in other listed entities during the three years prior to the current year	None
Dr Thomas Whiting	Non-Executive Director
Qualifications	BSc (Hons), PhD, MAppFin, MASEG, MAICD
Experience	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.
Interest in Shares and Options	Shareholding: 1,265,626 Optionholding: 705,469
Directorships held in other listed entities during the three years prior to the current year	Stellar Resources, EXCO Resources Ltd, Mineral Deposits Limited.

Dr Robert Danchin	Non-Executive Director
Qualifications	BSc, BSc (Hons), MSc, PhD, FAusIMM
Experience	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.
Interest in Shares and Options	Shareholding: Nil Optionholding: 600,000
Directorships held in other listed entities during the three years prior to the current year	Mineral Deposits Limited

Mr Philip Henty	Non-Executive Director
Qualifications	BA Acc, Dip SIA, F Fin
Experience	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.
Interest in Shares and Options	Shareholding: 8,429,688 Optionholding: 1,226,563
Directorships held in other listed entities during the three years prior to the current year	None

MEETINGS OF DIRECTORS

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Phillip Harman	6	6	-	-
Mr Paul Roberts	6	6	-	-
Dr Thomas Whiting	6	6	1	1
Dr Robert Danchin	6	6	1	1
Mr Philip Henty	6	6	1	1

INDEMNIFYING OFFICERS OR AUDITORS

The Group has paid premiums to insure directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of The Group, other than conduct involving a wilful breach of duty in relation to The Group. The terms and conditions of the insurance are confidential and cannot be disclosed.

OPTIONS

At the date of this report, the unissued ordinary shares of Predictive Discovery Limited under option, including those options issued during the year and since 30 June 2012 to the date of this report are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
20 August 2010	20 August 2015	0.25	6,000,000
21 July 2011	21 July 2015	0.31	500,000
			6,500,000

During the year ended 30 June 2012, no ordinary shares of Predictive Discovery Limited were issued on the exercise of options granted.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceeding on behalf of The Group or intervene in any proceedings to which The Group is a party for the purpose of taking responsibility on behalf of The Group for all or any part of those proceedings.

The Group was not a party to any such proceeding during the year.

NON AUDIT SERVICES

The Board of Directors in accordance with the advice from the audit committee is satisfied that no provision of non-audit services was provided by the auditors during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2012 has been received and can be found on page 42 of the financial report.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

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.

REMUNERATION REPORT (continued)

REMUNERATION POLICY …..

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.

PERFORMANCE-BASED REMUNERATION

Performance based remuneration for key management personnel is limited to granting of options.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The issue of options to the majority of directors and executives is to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth.

PERFORMANCE CONDITIONS LINKED TO REMUNERATION

The Group's remuneration of key management personnel does not include any performance conditions.

EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES

The following table provides employment details of persons who were, during the financial year, members of key management personnel of The Group, and to the extent different, among the five Group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance-based and the proportion of remuneration received in the form of options.

Key Management Personnel	Position held as at 30 June 2012	Non-salary cash-based incentives %	Options/ Rights %	Fixed Salary/Fees %	Total %
Mr Phillip Harman	Non-Executive Chairman	-	-	100	100
Mr Paul Roberts	Managing Director	-	-	100	100
Dr Thomas Whiting	Non-Executive Director	-	-	100	100
Dr Robert Danchin	Non-Executive Director	-	-	100	100
Mr Philip Henty	Non-Executive Director	-	-	100	100
Mr Ian Hobson	Company Secretary	100	-	-	100
Mr David Pascoe	Head Geologist	-	19	81	100

REMUNERATION REPORT (continued)

EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES…..

The employment terms and conditions of key management personnel and group executives are formalised upon each Director's appointment. All non-executive directors are remunerated on a monthly basis with no fixed term or termination benefits.

Paul Roberts, Managing Director, has entered into a contract of employment that requires 12 months' notice of voluntary termination of employment that entitles Mr Roberts to $250,000 as a termination benefit.

REMUNERATION DETAILS FOR THE PERIOD ENDED 30 JUNE 2012

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of The Group and, to the extent different, the five Group executives and five company executives receiving the highest remuneration:

Table of Benefits and Payments for the Period Ended 30 June 2012

KEY MANAGEMENT PERSONNEL		SALARY, FEES AND LEAVE $	OTHER $	PENSION AND SUPER-ANNUATION $	OTHER $	SHARES/ UNITS $	OPTIONS/ RIGHTS $	TOTAL $
Mr Phillip Harman	2012	45,873		4,128	-	-	-	50,001
	2011	45,873	-	4,128	-	-	-	50,001
Mr Paul Roberts	2012	203,928		44,918	-	-	-	248,846
	2011	162,856	-	32,397	-	-	-	195,253
Dr Thomas Whiting	2012	750	-	34,250	-	-	-	35,000
	2011	-	-	35,000	-	-	-	35,000
Dr Robert Danchin	2012	32,110	-	2,890	-	-	-	35,000
	2011	32,110	-	2,890	-	-	-	35,000
Mr Philip Henty	2012	-	-	35,000	-	-	-	35,000
	2011	-	-	35,000	-	-	-	35,000
Mr Ian Hobson	2012	165,016	-	-	-	-	-	165,016
	2011	108,586	-	-	-	-	-	108,586
Mrs Lisa Norden	2012	-	-	-	-	-	-	-
	2011	34,375	-	-	-	-	-	34,375
Mr Mel Drummond	2012	-	-	-	-	-	-	-
	2011	33,868	-	-	-	-	-	33,868
Mr David Pascoe	2012	194,072	-	17,466	-	-	50,253	261,791
	2011	-	-	-	-	-	-	-
Total Key Management Personnel	2012	641,749	-	138,652	-	-	50,253	830,654
	2011	417,668	-	109,415	-	-	-	527,083

REMUNERATION REPORT (continued)

SECURITIES RECEIVED THAT ARE NOT PERFORMANCE-BASED

No members of key management personnel received securities during the period which were not dependent upon the performance of The Group's share price as part of their remuneration package

CASH BONUSES, PERFORMANCE-RELATED BONUSES AND SHARE-BASED PAYMENTS

The terms and conditions relating to options and bonuses granted as remuneration during the year to key management personnel and other executives during the year are as follows:

KEY MANAGEMENT PERSONNEL	REMUNERATION TYPE	GRANT DATE	GRANT VALUE	PERCENTAGE VESTED/PAID DURING THE PERIOD	PERCENTAGE FORFEITED DURING PERIOD	PERCENTAGE REMAINING AS UNVESTED
			$	%	%	%
Mr David Pascoe	Options	21/07/2011	50,253	100	-	-

All options were issued by Predictive Discovery Limited and entitle the holder to 1 ordinary share in Predictive Discovery Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

Details of the options granted as remuneration to those key management personnel and executives listed in the previous table are as follows:

GRANT DATE	ISSUER	ENTITLEMENT ON EXERCISE	DATES EXERCISABLE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	AMOUNT PAID/PAYABLE BY RECIPIENT
				$	$	$
21 July 2011	Predictive Discovery Limited	1 Ordinary Share in Predictive Discovery Limited	On or before 21/07/2015	0.31	0.10	-

Option values at grant date were determined using the Black-Scholes method.

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Board of Directors:

Paul Roberts

Managing Director
24 September 2012

BOARD COMPOSITION

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

The independent directors of the Company are Phil Harman, Phil Henty, Tom Whiting and Bobby Danchin.

When determining the independent status of a director, the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Recommendation		Current Practice
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established. The Board Charter is available at www.predictivediscovery.com.au in the Corporate Governance policy.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Formal evaluation process has been adopted. The Performance Evaluation Policy is available at www.predictivediscovery.com.au in the Corporate Governance policy.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1.	Satisfied. The Board Charter is available at www.predictivediscovery.com.au in the Corporate Governance policy. No formal appraisal of management was conducted.
2.1	A majority of the board should be independent directors.	Satisfied. Phil Harman, Phil Henty, Tom Whiting and Bobby Danchin are Non Executive independent directors as defined in ASX guidelines.

Recommendation		**Current Practice**
2.2	The chair should be an independent director.	Satisfied. Mr Phil Harman is an independent director.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.
2.4	The board should establish a nomination committee.	Not Satisfied. The Board consider that given the current size of the Board (5) and the recent listing of the company, this function is efficiently achieved with full Board participation.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.predictivediscovery.com.au in the Corporate Governance policy.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied. No formal board appraisal was conducted as the company only listed on ASX on 1 December 2010.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: - The practices necessary to maintain confidence in the company's integrity - The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of Conduct is available at www.predictivediscovery.com.au in the Corporate Governance policy.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied. The Trading Policy is available at www.predictivediscovery.com.au in the Corporate Governance policy.

Recommendation		Current Practice
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Satisfied.
4.1	The board should establish an audit committee.	Satisfied.
4.2	The audit committee should be structured so that it: - Consists only of non-executive directors - Consists of a majority of independent directors - Is chaired by an independent chair, who is not chair of the board - Has at least three members	Satisfied.
4.3	The audit committee should have a formal charter.	Satisfied.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Satisfied. The audit committee charter is available at www.predictivediscovery.com.au in the Corporate Governance policy.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at www.predictivediscovery.com.au in the Corporate Governance policy.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Satisfied.
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.predictivediscovery.com.au in the Corporate Governance policy.

Recommendation		Current Practice
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Satisfied.
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. The company has established policies for the oversight and management of material business risks. Risk management program is available at www.predictivediscovery.com.au in the Corporate Governance policy.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. Management consist of the managing director, who has designed and implemented a risk management and internal control system to manage material business risks. Management have reported to the Board that those risks are being managed effectively.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2011 financial period.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Satisfied. The board has received the reports and assurances in 7.2 and 7.3. The policies are available on the company's website.

Recommendation		Current Practice
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board considers that given the current size of the Board (5) and the fact that the company only listed at ASX on 1 December 2010 that this function is efficiently achieved with full Board participation and consequently no meetings have been held.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	The remuneration committee charter is available at www.predictivediscovery.com.au in the Corporate Governance policy.

Further information about the Company's corporate governance practices is set out on the Company's website at www.predictivediscovery.com.au.

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PREDICTIVE DISCOVERY LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

NEXIA MELBOURNE
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne

24 September 2012

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Finance income		191,196	206,112
Share based payments		(50,253)	(261,742)
Administrative expenses		(1,366,305)	(1,256,483)
Foreign exchange expense		(602,487)	-
Impairment of exploration		(731,847)	-
Exploration expenditure pre-right to tenure		(146,654)	(100,142)
Profit (loss) before income taxes		**(2,706,350)**	**(1,412,255)**
Income tax expense	2	-	-
Profit (loss) from continuing operations		(2,706,350)	(1,412,255)
Other comprehensive income		(198)	(93,025)
Total comprehensive income for the year		**(2,706,548)**	**(1,505,280)**
Profit attibutable to:			
Members of the parent entity		(2,706,548)	(1,505,280)
		(2,706,548)	**(1,505,280)**
Basic (loss) per share (cents per share)	12	(0.023)	(0.018)
Diluted (loss) per share (cents per share)	12	(0.023)	(0.018)

These financial statements should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Note	Consolidated 2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,063,472	5,208,418
Trade and other receivables	4	179,608	325,339
TOTAL CURRENT ASSETS		**1,243,080**	**5,533,757**
NON-CURRENT ASSETS			
Property, plant and equipment	5	526,742	287,593
Exploration expenditure	6	10,235,139	3,925,307
TOTAL NON-CURRENT ASSETS		**10,761,881**	**4,212,900**
TOTAL ASSETS		**12,004,961**	**9,746,657**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	734,901	792,662
Provisions	9	139,107	81,307
TOTAL CURRENT LIABILITIES		**874,008**	**873,969**
TOTAL LIABILITIES		**874,008**	**873,969**
NET ASSETS		**11,130,953**	**8,872,688**
EQUITY			
Issued capital	10	15,264,189	10,349,630
Reserves	11	218,772	168,717
Accumulated losses		(4,352,008)	(1,645,659)
TOTAL EQUITY		**11,130,953**	**8,872,688**

These financial statements should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

2012

	ORDINARY SHARES $	ACCUMULATED LOSSES $	SHARE BASED PAYMENT RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL $
Balance at 1 July 2011	10,349,630	(1,645,659)	261,742	(93,025)	8,872,688
Profit/(loss) attributable to members of the parent entity		(2,706,348)			(2,706,348)
Other comprehensive income				(198)	(198)
Total comprehensive income for the year		(2,706,348)		(198)	(2,706,546)
Shares issued during the year	5,275,213				5,275,213
Transaction costs	(360,655)				(360,655)
Share-based payments			50,253		50,253
Sub-total	4,914,558	(2,706,348)	50,253	(198)	2,258,265
Balance at 30 June 2012	15,264,188	(4,352,007)	311,995	(93,223)	11,130,953

2011

	ORDINARY SHARES $	ACCUMULATED LOSSES $	SHARE BASED PAYMENT RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL $
Balance at 1 July 2010	1,915,000	(233,404)	-	-	1,681,596
Profit/(loss) attributable to members of the parent entity	-	(1,412,255)	-	-	(1,412,255)
Other comprehensive income	-	-	-	(93,025)	(93,025)
Total comprehensive income for the year	-	(1,412,255)	-	(93,025)	(1,505,280)
Shares issued during the year	9,178,400	-	-	-	9,178,400
Transaction costs	(743,770)	-	-	-	(743,770)
Share-based payments	-	-	261,742	-	261,742
Sub-total	8,434,630	(1,412,255)	261,742	(93,025)	7,191,092
Balance at 30 June 2011	10,349,630	(1,645,659)	261,742	(93,025)	8,872,688

These financial statements should be read in conjuction w ith the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2012

	Note	2012 $	2011 $
CASH FROM OPERATING ACTIVITIES:			
GST receipts		10,066	55,622
Payments to suppliers and employees		(1,731,254)	(1,028,150)
Net cash provided by (used in) operating activities	21	**(1,721,188)**	**(972,528)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		191,196	205,362
Purchase of property, plant and equipment		(546,851)	(291,906)
Payments for exploration expenditure		(6,973,426)	(3,118,899)
Net cash provided by (used in) investing activities		**(7,329,081)**	**(3,205,443)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		5,275,213	9,050,000
Payment of share issue costs		(360,655)	(829,894)
Net cash from financing activities		**4,914,558**	**8,220,106**
OTHER ACTIVITIES:			
Foreign exchange differences		(9,041)	(8,661)
Net cash used by other activities		(9,041)	(8,661)
Net increase (decrease) in cash held		(4,135,711)	4,033,474
Cash and cash equivalents at beginning of period		5,208,224	1,174,944
Cash and cash equivalents at end of financial period	3	**1,063,472**	**5,208,418**

These financial statements should be read in conjunction w ith the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

This financial report includes the consolidated financial statements and notes of Predictive Discovery Limited and controlled entities (The Group).

1 SUMMARY OF SINGIFICANT ACCOUNTING POLICIES

Predictive Discovery Limited is a company limited by shares, incorporated and domiciled in Australia.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

These financial statements are presented in Australian dollars, rounded to the nearest dollar.

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Predictive Discovery Limited at the end of the reporting period. A controlled entity is any entity over which Predictive Discovery Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left The Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 18 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) The Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in The Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(A) PRINCIPLES OF CONSOLIDATION (continued)

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and consolidated statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Subsidiaries are accounted for in the parent entity at cost.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the dale that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(A) PRINCIPLES OF CONSOLIDATION (continued)

Business Combinations (continued)

through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(B) REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method. The effective interest rate method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial assets.

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

(C) BOROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(D) INCOME TAX

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…..

(D) INCOME TAX (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(E) EMPLOYEE BENEFITS

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(E) EMPLOYEE BENEFITS (continued)

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at 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.

(F) PROVISIONS

Provisions are recognised when The Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(G) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The functional currency of each of The Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. All other companies within The Group have Australian dollars as their functional currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the consolidated statement of comprehensive income.

The financial results and position of foreign operations whose functional currency is different from The Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(G) FOREIGN CURRENCY TRANSACTIONS AND BALANCES (continued)

Exchange differences arising on translation of foreign operations are transferred directly to The Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of comprehensive income in the period in which the operation is disposed.

(H) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

(I) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that The Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method;* and

(d) less any reduction for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(I) FINANCIAL INSTRUMENTS (continued)

Classification and subsequent measurement ……

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is The Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months are the end of the reporting period. (All other investments are classified as current assets).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(I) FINANCIAL INSTRUMENTS (continued)

Classification and subsequent measurement ……

If during the period The Group sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available for sale.

(iv) *Available for sale financial assets*

Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available for sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(J) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to The Group commencing from the time the asset is held ready for use.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(J) PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation …..

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

CLASS OF FIXED ASSET	USEFUL LIFE
Camp under construction	7 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of comprehensive income.

Property, plant and equipment is derecognised and removed from the consolidated statement of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss.

Subsequent costs are included in the property, plant and equipment's carrying value or recognised as a separate asset when it is probable that future economic benefits associated with the item will be realised and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss.

(K) EXPLORATION AND DEVELOPMENT EXPENDITURE

Costs Carried Forward

Costs arising from exploration and evaluation activities are carried forward where the rights to tenure for the area of interest are current and 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(L) IMPAIRMENT OF ASSETS

At each reporting date, The Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Non-financial assets, other than inventories, deferred tax assets, assets from employee benefits, investment properties and deferred acquisition costs, are assessed for any indication of impairment at the end of each reporting period. Any indication of impairment requires formal testing of impairment by comparing the carrying amount of the asset to an estimate of the recoverable amount of the asset. An impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. The asset's value in use is calculated as the estimated future cash flows discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset. Assets that cannot be tested individually for impairment are grouped together into the smallest group of assets that generates cash inflows (the asset's cash generating unit).

Impairment losses are recognised in profit or loss. Impairment losses are allocated first, to reduce the carrying amount of any goodwill allocated to cash generating units, and then to other assets of the group on a pro rata basis.

Assets other than goodwill are assessed at the end of each reporting period to determine whether previously recognised impairment losses may no longer exist or may have decreased. Impairment losses recognised in prior periods for assets other than goodwill are reversed up to the carrying amounts that would have been determined had no impairment loss been recognised in prior periods.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(M) TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by The Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(N) GOODS AND SERVICES TAX (GST)

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

(O) LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in The Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(P) EARNINGS PER SHARE

Basic loss per share is calculated as net loss attributable to members of The Group divided by the weighted average number of ordinary shares. Diluted loss per share is calculated by adjusting the net loss attributable to members of The Group and the number of shares outstanding for the effects of all dilutive potential ordinary shares, which include shares options.

(Q) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

(R) SHARE-BASED PAYMENT TRANSACTIONS

Employees of The Group receive remuneration in the form of share based payment transactions, whereby employees render services in exchange for equity instruments ("equity settled transactions").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(R) SHARE-BASED PAYMENT TRANSACTIONS (continued)

When the goods or services acquired in a share based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of equity settled transactions and the corresponding increase in equity is measured at the fair value of the goods or services acquired. Where the fair value of the goods or services received cannot be reliably estimated, the fair value is determined indirectly by the fair value of the equity instruments using the Black Scholes option valuation technique.

Equity-settled transactions that vest after employees complete a specified period of service are recognised as services are received during the vesting period with a corresponding increase in equity.

(S) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within The Group.

Key estimates – Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to The Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost to sell or value-in-use calculations which incorporate various key assumptions.

Key judgements – Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. $10,235,139 has been capitalised as at 30 June 2012 (see not 6). While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded and there are no facts of circumstances that suggest the carrying amounts of the exploration and evaluation assets recognised exceed their recoverable amount.

Key Judgements – Share-based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes method. The related assumptions are detailed in note 22. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(S) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key Judgements - Going Concern

The financial report has been prepared using the going concern basis. The Directors have determined that as with similar companies, future capital raisings will be required in order to continue the exploration and development of the company's mining tenements (some subject to an option payment) to achieve a position where they can prove exploration reserves. The ability of the company to continue as a going concern is dependent upon the company raising additional capital sufficient to meet the company's exploration commitments. Should there be no funding available, exploration of the areas of interest may be put on hold. The recoverability of the exploration asset is dependent upon the continued exploration of each area of interest.

The Directors have prepared a cash flow forecast for the foreseeable future reflecting this expectation and their effect upon the company. The achievement of the forecast is dependent upon the future capital raising, the outcome of which is uncertain.

Key Judgements - Recoverability of Intercompany Loan

Within Non-current assets of the parent entity (see note 24) there is a loan due from the 100% subsidiary of $9,427,546 which is considered fully recoverable. The recoverability of this loan is dependent upon the successful development or sale of exploration assets in Burkina Faso.

(T) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year the Group 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 124 (Revised)
Application Date of the standard 1 January 2011
Application Date for the Group 1 July 2011

The revised AASB 124 Related Party Disclosures (December 2009) simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other
(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other
(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(T) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

AASB 124 (Revised)…..

A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

AASB 2009-12
Application Date of the standard 1 January 2011
Application Date for the Group 1 July 2011

Amendments to Australian Accounting Standards
[AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.
In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement 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. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.

AASB 2010-4
Application Date of the standard 1 January 2011
Application Date for the Group 1 July 2011

Amendments to Australian Accounting Standards arising from the Annual Improvements Project
[AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]
Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.
Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.
Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

AASB 2010-5
Application Date of the standard 1 January 2011
Application Date for the Group 1 July 2011

Amendments to Australian Accounting Standards
[AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(T) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

AASB 2010-5

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.
These amendments have no major impact on the requirements of the amended pronouncements.

AASB 1054
Application Date of the standard 1 July 2011
Application Date for the Group 1 July 2011

Australian Additional Disclosures
This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.
This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:
(a) Compliance with Australian Accounting Standards
(b) The statutory basis or reporting framework for financial statements
(c) Whether the entity is a for-profit or not-for-profit entity
(d) Whether the financial statements are general purpose or special purpose
(e) Audit fees
(f) Imputation credits

AASB 2010-6
Application Date of the standard 1 July 2011
Application Date for the Group 1 July 2011

Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]
The amendments increase the disclosure requirements for transactions involving transfers of financial assets but which are not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.

AASB 2010-9
Application Date of the standard 1 July 2011
Application Date for the Group 1 July 2011

Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time adopters [AASB 1]
In respect of the removal of fixed dates, the amendments provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(T) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

AASB 2010-9

The amendments in respect of severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian Accounting Standards financial statements or to present Australian Accounting Standards financial statements for the first time.

AASB 2011-5
Application Date of the standard 1 July 2011 Application Date for the Group 1 July 2011

Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation
[AASB 127, AASB 128 & AASB 131]
This Standard makes amendments to:
(a) AASB 127 Consolidated and Separate Financial Statements
(b) AASB 128 Investments in Associates
(c) AASB 131 Interests in Joint Ventures

to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation, and relates primarily to those applying the reduced disclosure regime or not-for-profit entities.

(U) 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. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9 - Financial Instruments
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).
These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.
(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(U) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (continued)

AASB 9 – Financial Instruments…..

(b) AASB 9 allows 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 profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

AASB 10 - Consolidated Financial Statements
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.

AASB 11 - Joint Arrangements
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

AASB 11 replaces AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(U) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (continued)

AASB 12 - Disclosure of Interests in Other Entities
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities.

New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

AASB 13 – Fair Value Measurement
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

AASB 13 establishes a single source of guidance under Australian Accounting Standards for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under Australian Accounting Standards when fair value is required or permitted by Australian Accounting Standards. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

AASB 119 - Employee Benefits
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

The main changes to accounting for defined benefit plans are:
- to eliminate the option to defer the recognition of gains and losses (the 'corridor method');
- requiring remeasurements to be presented in other comprehensive income; and
- enhancing the disclosure requirements relating to defined benefit plans for Tier 1 entities. The AASB has provided relief from certain disclosure requirements for entities that adopt Tier 2 Reduced Disclosure Requirements.

Interpretation 20 - Stripping the Costs in the Production Phase of a Surface Mine
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

This interpretation applies to stripping costs incurred during the production phase of a surface mine.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(U) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (continued)

AASB 119 - Employee Benefits…..

Interpretation 20 - Stripping the Costs in the Production Phase of a Surface Mine (continued)

Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.
Consequential amendments were also made to other standards via AASB 2011-12.

Annual Improvements 2009-2011 Cycle
Application Date of the standard 1 January 2013
Application Date for the Group 1 July 2013

This standard sets out amendments to International Financial Reporting
Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

IFRS 1 First-time Adoption of International Financial Reporting Standards
- Repeated application of IFRS 1
- Borrowing costs

IAS 1 Presentation of Financial Statements
- Clarification of the requirements for comparative information

IAS 16 Property, Plant and Equipment
- Classification of servicing equipment

IAS 32 Financial Instruments: Presentation
- Tax effect of distribution to holders of equity instruments

IAS 34 Interim Financial Reporting
- Interim financial reporting and segment information for total assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …..

(U) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (continued)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements
Application Date of the standard 1 July 2013
Application Date for the Group 1 July 2013

This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.

AASB 1053 Application of Tiers of Australian Accounting Standards
Application Date of the standard 1 July 2013
Application Date for the Group 1 July 2013

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

(a) Tier 1: Australian Accounting Standards

(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

(a) For-profit entities in the private sector that have public accountability (as defined in this Standard)

(b) The Australian Government and State, Territory and Local Governments

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

(a) For-profit private sector entities that do not have public accountability

(b) All not-for-profit private sector entities

Public sector entities other than the Australian Government and State, Territory and Local Governments

The Group does not anticipate early adoption of any of the above accounting standards.

2 INCOME TAX EXPENSE

(A) *THE COMPONENTS OF TAX EXPENSE COMPRISE:*

	2012 $	2011 $
Current tax	-	-
Deferred tax	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 INCOME TAX EXPENSE (continued)

(a) Income tax recognised in profit or loss

Tax expense / (revenue) comprises:	**2012** **$**	**2011** **$**
Current tax expense / (revenue)	(2,670,783)	(1,358,977)
Deferred tax expense / (revenue) relating to the origination and reversal of temporary differences	1,892,950	979,673
Tax Losses Not Recognised	777,833	379,304
Total tax expense / (revenue)	-	-

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:

Profit / (loss) from operations	(2,706,548)	(1,505,280)
Income tax expense (revenue) calculated at 30% (2010: 30%)	(811,964)	(451,584)
Tax Effect of Employee Options	15,076	72,280
Non-deductable expenses	18,996	-
Tax Losses Not Recognised	777,892	379,304
	-	-

Income tax rate

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

3 CASH AND CASH EQUIVALENTS

	2012 **$**	**2011** **$**
Cash at bank	1,063,472	5,208,418
	1,063,472	5,208,418

Of the cash at bank amount, $10,000 is provided as security to the ANZ Bank for a bank guarantee.

4 TRADE AND OTHER RECEIVABLES

	2012 **$**	**2011** **$**
Trade receivables	90,152	20,903
Other receivables	89,456	304,436
	179,608	325,339

5 PROPERTY, PLANT AND EQUIPMENT

	2012 $	2011 $
PLANT AND EQUIPMENT		
At cost	529,159	287,951
Accumulated depreciation	(103,115)	(358)
Total plant and equipment	426,044	287,593

(A) MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment $	Total $
Balance at 30 June 2012		
Balance at the beginning of year	287,593	287,593
Additions	282,107	282,107
Depreciation expense	(103,115)	(103,115)
Movement in exchange rates	(40,541)	(40,541)
Balance at 30 June 2012	426,044	426,044
Balance at 30 June 2011		
Balance at the beginning of year	7,593	7,593
Additions	280,358	280,358
Depreciation expense	(358)	(358)
Balance at 30 June 2011	287,593	287,593

6 EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	2012 $	2011 $
Exploration and evaluation expenditure	10,235,139	3,925,307
	10,235,139	3,925,307

	Exploration and evaluation $
2012	
Balance at beginning of the year	3,925,307
Expenditure incurred	7,041,679
Impairment	(731,847)
Balance at end of the year	10,235,139
2011	
Balance at beginning of the year	598,939
Expenditure incurred	3,326,368
Balance at end of the year	3,925,307

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is the Board's view that PD's exploration and evaluation assets satisfy AASB6 7.2(b)(ii) because PD only commenced exploration activities over the past year and those activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Active and significant operations have occurred on all permits until the beginning of the wet season (July) and PD's budget shows we will be expending some $3m+ on exploration activities in the dry season (November to June). The budget is split by geographical area and not by area of interest as the allocation of resources will depend upon findings. However, it is acknowledged that the budget allows for spending on all areas of interest without exclusion. It is anticipated that all expenditure required by agreement or permit will be met.

In assessing the recoverability of the carrying amounts, reference is made to Note 1 (S) - Key Judgements - Exploration and Evaluation Expenditure and Going Concern. The Directors have determined that as with similar companies, future capital raisings will be required in order to continue the exploration and development of the company's mining tenements (some subject to an option payment) to achieve a position where they can prove exploration reserves. Should there be no funding available, exploration of the areas of interest may be put on hold. The recoverability of the exploration asset is dependent upon the continued exploration of each area of interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

7 TRADE AND OTHER PAYABLES

	2012 $	2011 $
CURRENT		
Trade payables	532,723	307,905
Other payables	101,480	484,757
	634,203	792,662

8 TAX ASSETS AND LIABILITES

	2012 $	2011 $
(a) Assets		
Current		
Income tax refundable	-	-
	-	-
Non-current		
Deferred tax asset comprises:		
Employee Entitlements	41,732	24,392
Accruals and payables	-	8,550
ASX Listing Costs	-	2,729
Tax Losses	4,267,723	1,596,940
Amount Not Recognised	(4,309,455)	(1,632,611)
	-	-
(b) Liabilities		
Current		
Income tax liabilities	-	-
Less: PAYG instalments paid	-	-
Income tax payable	-	-
Non-current		
Deferred tax liability comprises:		
Exploration Expenditure	(3,070,542)	(1,177,592)
Amount Not Recognised	3,070,542	1,177,592
Net DTA/DTL	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 $	2011 $
8 TAX ASSETS AND LIABILITES (continued)		
(c) Reconciliations		
***(i)* Gross Movements**		
The overall movement in the deferred tax balances is as follows:		
Opening balance	455,019	72,985
Underprovision in prior year	-	2,729
Credited / (charge) to the income statement	777,833	379,305
Amount Not Recognised	(1,232,852)	(455,019)
Closing balance	-	-
***(ii)* Deferred tax assets**		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Employee Entitlements		
Opening balance	24,392	3,847
Credited / (charge) to the income statement	-	20,545
Amount Not Recognised	(24,392)	(24,392)
Closing balance	-	-
Provisions		
Opening balance	-	-
Credited / (charge) to the income statement	-	-
Amount Not Recognised	-	-
Closing balance	-	-
Accruals and payables		
Opening balance	8,550	9,948
Credited / (charge) to the income statement	-	(1,398)
Amount Not Recognised	(8,550)	(8,550)
Closing balance	-	-
Tax Losses		
Opening balance	1,596,940	237,962
Credited / (charge) to the income statement	2,670,783	1,358,978
Amount Not Recognised	(4,267,723)	(1,596,940)
Closing balance	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

8 TAX ASSETS AND LIABILITES (continued)

	2012 $	2011 $
ASX Listing Costs		
Opening balance	2,729	910
Under provision in prior year	-	2,729
Credited / (charge) to the income statement	(910)	(910)
Amount Not Recognised	(1,819)	(2,729)
Closing balance	-	-

***(iii)* Deferred tax liability**

	2012 $	2011 $
Exploration Expenditure		
Opening balance	(1,177,592)	(179,682)
Credit / (charge) to the income statement	-	(997,910)
Amount Not Recognised	1,177,592	1,177,592
Closing balance	-	-

The DTL is not recognised as a liability as the future tax benefits are assumed to be available if and when the deferred tax liability crystalises.

9 PROVISIONS

	2012 $	2011 $
CURRENT		
Employee entitlements	139,107	81,307
	139,107	81,307

10 ISSUED CAPITAL

	2012 $	2011 $
125,555,405 (2011: 97,056,681) Ordinary shares	16,368,613	11,093,400
Share issue costs written off against issued capital	(1,104,424)	(743,770)
	15,264,189	10,349,630

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

10 ISSUED CAPITAL (continued)

ORDINARY SHARES

	2012 No.	2012 $	2011 No.	2011 $
At the beginning of the reporting period	97,056,681	11,093,400	92,000,000	1,915,000
Shares issued during the period	-	-	-	-
Consolidation of shares (1 for 2 basis)	-	-	(46,000,000)	-
Investor shares issue	-	-	10,500,000	1,050,000
Tenement Purchase	524,590	100,000	436,681	110,000
Employee share issue	-	-	80,000	8,000
IPO share issue	-	-	40,000,000	8,000,000
Employee allotment	-	-	40,000	10,400
Rights Issues	27,974,134	5,192,968	-	-
	125,555,405	$16,386,368	97,056,681	$11,093,400

OPTIONS

(i) For information relating to Predictive Discovery Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 22.

11 RESERVES

FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

OPTION RESERVE

The option reserve records items recognised as expenses on valuation of employee share options.

12 EARNINGS PER SHARE

	2012 $	2011 $
Earnings used to calculate basic EPS	(2,706,348)	(1,412,255)

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

12 EARNINGS PER SHARE (continued)

	2012 No.	2011 No.
Weighted average number of ordinary shares outstanding during the period- Number used in calculating basic EPS	118,702,116	79,737,036
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	118,702,116	79,737,036

Diluted earnings per share is the same as basic earnings per share as The Group incurred a loss for the period and therefore is not considered dilutive.

13 CAPITAL AND LEASING COMMITMENTS

(A) LEASE COMMITMENTS

	2012 $	2011 $
Payable - minimum lease payments:		
- not later than 12 months	220,486	236,315
- between 12 months and 5 years	427,873	427,873
	648,359	664,188

(B) OPTIONS FEE COMMITMENTS

	2012 $	2011 $
Payable - minimum lease payments:		
- not later than 12 months	430,000	250,000
- between 12 months and 5 years	100,000	460,000
	530,000	710,000

(C) CAPITAL EXPENDITURE COMMITMENTS

	2012 $	2011 $
Payable:		
- not later than 12 months	72,352	1,578,616
- between 12 months and 5 years	289,410	6,624,871
	361,762	8,203,487

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

13 CAPITAL AND LEASING COMMITMENTS (continued)

(D) LICENCE FEE COMMITMENTS

	2012 $	2011 $
Payable:		
- not later than 12 months	300,000	300,000
- between 12 months and 5 years	1,200,000	1,200,000
	1,500,000	1,500,000

14 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	3	1,063,261	5,208,418
Trade and other receivables	4	179,819	325,339
Total Financial Assets		1,243,080	5,533,757
Financial Liabilities			
Trade and other payables	7	634,203	792,662
Total Financial Liabilities		634,203	792,662

The carrying amounts of these financial instruments approximate their fair values.

FINANCIAL RISK MANAGEMENT POLICIES

Exposure to key financial risks is managed in accordance with the Group’s risk management policy with the objective to ensure that the financial risks inherent in exploration activities are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business are market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for exploration expenditure.

14 FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK MANAGEMENT POLICIES…..

Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raise in advance of shortages. Interest rate risk is managed by limiting the amount interest bearing loans entered into by The Group. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit expose to price risk.

Primary responsibility for identification and control of financial risks rests with the Company Secretary, under the authority of the Board. The Board is apprised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 1 to the financial statements. The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

(A) CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to The Group.

The Group trades only with recognised, creditworthy third parties.

The Group has no customers and consequently no significant exposure to bad debts or other credit risks.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. At balance date cash and deposits were held with National Australia Bank.

(B) LIQUIDITY RISK

Liquidity risk arises from the possibility that The Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Group’s policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Group monitors its ongoing exploration cash requirements and raises equity funding as and when appropriate to meet such planned requirements. The Group has no undrawn financing facilities. Trade and other payables, the only financial liability of the Group, are due within 3 months.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

14 FINANCIAL RISK MANAGEMENT (continued)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT….

(B) LIQUIDITY RISK (continued)

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Total Contractual Cash Flow	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment						
Trade and other payables	634,203	792,662	-	-	634,203	792,662
Total contractual outflows	634,203	792,662	-	-	634,203	792,662
Financial assets - cash flows realisable						
Trade and other receivables	179,819	325,339	-	-	179,819	325,339
Total anticipated inflows	179,819	325,339	-	-	179,819	325,339

The financial assets and liabilities noted above are interest free.

(C) MARKET RISK

i. Interest rate risk

The Group's cash flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. At balance date, the Group does not have any borrowings. The Group does not enter into hedges. An increase/ (decrease) in interest rates by 1% during the whole of the respective periods would have led to an increase/(decrease) in both equity and losses of less than $10,000. 1% was thought to be appropriate because it represents four 0.25 basis point rate rises/falls, which is appropriate in the recent economic climate. The majority of cash held in a cash management account earns interest income at a rate of 4.5% p.a.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14 FINANCIAL RISK MANAGEMENT (continued)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT …..

(C) MARKET RISK (continued)

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which The Group holds financial instruments which are other than the AUD functional currency of The Group.

Through the purchase of put options, The Group has secured the right to purchase EURO's and US Dollars at a pre-agreed upon price. At year end, there were no put options over EURO's and US Dollar outstanding. The options to purchase the foreign currencies expired at various times between 17 October 2011 and 15 June 2012.

15 OPERATING SEGMENTS

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The accounting policies applied for internal purposes are consistent with those applied in the preparation of these financial statements.

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

2012	**Corporate**	**Gold Aust**	**Uranium Aust**	**Gold Burkina Faso**	**Other West Africa**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Revenue						
Interest income	191,196	-	-	-	-	191,196
Expenses						
Share based payments	(50,253)	-	-	-	-	(50,253)
Administration expenses	(1,121,190)	-	-	(245,115)	-	(1,366,305)
FX Expense	(602,487)	-	-	-	-	(602,487)
Exploration expenditure written off	-	(67,911)	-	(20,497)	(58,246)	(146,654)
Impairment of Exploration	-	-	(731,847)	-	-	(731,847)
Loss before tax	(1,582,734)	(67,911)	(731,847)	(265,612)	(58,246)	(2,706,350)
Current assets	1,014,634	-	-	228,446	-	1,243,080
Exploration expenditure	-	317,732	-	9,917,408	-	10,235,140
Plant and Equipment	5,644	-	-	420,400	-	426,044
Current liabilities	(222,868)	-	-	(550,443)	-	(773,311)
Net assets	797,410	317,732	-	10,015,811	-	11,130,953

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

15 OPERATING SEGMENTS (continued)

Identification of Reportable Segments …..

2011	Corporate	Gold Aust	Uranium Aust	Gold Burkina Faso	Other West Africa	Total
	$	$	$	$	$	$
Revenue						
Interest income	206,112	-	-	-	-	206,112
Expenses						
Share based payments	(261,742)	-	-	-	-	(261,742)
Administration expenses	(1,256,484)	-	-	-	-	(1,256,484)
Exploration expenditure written off	-	(26,516)	-	(40,628)	(32,998)	(100,142)
Loss before tax	(1,312,144)	(26,516)	-	(40,628)	(32,998)	(1,412,256)
Current assets	5,468,105	-	-	65,652	-	5,533,757
Exploration expenditure	-	254,106	154,072	3,508,812	8,318	3,925,308
Other non-current assets	5,734	-	-	281,859	-	287,593
Current liabilities	(303,609)	-	-	(570,360)	-	(873,969)
Net assets	5,170,230	254,106	154,072	3,285,963	8,318	8,872,689

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

16 INTERESTS OF KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of The Group's key management personnel for the year ended 30 June 2012.

The totals of remuneration paid to key management personnel of the company and The Group during the year are as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16 INTERESTS OF KEY MANAGEMENT PERSONNEL (continued)

KEY MANAGEMENT PERSONNEL OPTIONS AND RIGHTS HOLDINGS

The number of options over ordinary shares held by each key management person of The Group during the financial year is as follows:

30 June 2012	Balance at beginning of period	Granted as remunerat-ion during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercis-able
Mr Phillip Harman	900,000	-	-	-	900,000	-	900,000	-
Mr Paul Roberts	1,700,000	-	-	-	1,700,000	-	1,700,000	-
Dr Thomas Whiting	600,000	-	-	-	600,000	-	600,000	-
Dr Robert Danchin	600,000	-	-	-	600,000	-	600,000	-
Mr Philip Henty	600,000	-	-	-	600,000	-	600,000	-
Mr Ian Hobson	-	-	-	-	-	-	-	-
David Pascoe	-	500,000	-	-	500,000	500,000	500,000	-
	4,400,000	500,000	-	-	4,900,000	500,000	4,900,000	-

30 June 2011	Balance at beginning of period	Granted as remunerat-ion during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercis-able
Mr Phillip Harman	-	900,000	-	-	900,000	900,000	900,000	-
Mr Paul Roberts	-	1,700,000	-	-	1,700,000	1,700,000	1,700,000	-
Dr Thomas Whiting	-	600,000	-	-	600,000	600,000	600,000	-
Dr Robert Danchin	-	600,000	-	-	600,000	600,000	600,000	-
Mr Philip Henty	-	600,000	-	-	600,000	600,000	600,000	-
Mr Ian Hobson	-	-	-	-	-	-	-	-
Mel Drummond	-	200,000	-	-	200,000	200,000	200,000	-
Mrs Lisa Norden	-	-	-	-	-	-	-	-
	-	4,600,000	-	-	4,600,000	4,600,000	4,600,000	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16 INTERESTS OF KEY MANAGEMENT PERSONNEL (continued)

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The number of ordinary shares in Predictive Discovery Limited held by each key management person of the Group during the financial year is as follows:

	Balance at beginning of period	Granted as remuneration during the period	Issued on exercise of options during the period	Other changes during the period	Balance at end of period
30 June 2012					
Mr Phillip Harman	1,737,500	-	-	217,188	1,954,688
Mr Paul Roberts	3,187,500	-	-	133,000	3,320,500
Dr Thomas Whiting	937,500	-	-	117,188	1,054,688
Dr Robert Danchin	-	-	-	-	-
Mr Philip Henty	5,312,500	-	-	664,063	5,976,563
Mr Ian Hobson	50,000	-	-	-	50,000
Mr David Pascoe	-	-	-	-	-
	11,225,000	-	-	1,130,501	12,355,501

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2011					
Mr Phillip Harman	3,375,000	-	-	(1,637,500)	1,737,500
Mr Paul Roberts	6,375,000	-	-	(3,187,500)	3,187,500
Dr Thomas Whiting	1,875,000	-	-	(937,500)	937,500
Dr Robert Danchin	-	-	-	-	-
Mr Philip Henty	10,625,000	-	-	(5,312,500)	5,312,500
Mr I Hobson	-	-	-	50,000	50,000
Mrs Lisa Norden	1,875,000	-	-	(1,352,500)	522,500
	24,125,000	-	-	(12,377,500)	11,747,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16 INTERESTS OF KEY MANAGEMENT PERSONNEL (continued)

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to Note 20: Related Party Transactions.

17 AUDITORS' REMUNERATION

	2012 $	2011 $
Remuneration of the auditor of the parent entity for:		
- Audit services	41,000	40,000
	41,000	40,000

18 CONTROLLED ENTITIES

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 2012	PERCENTAGE OWNED (%)* 2011
Parent Entity:			
Predictive Discovery Limited	Australia		
Subsidiaries of legal parent entity:			
Predictive Discovery SARL	Burkina Faso	100	100
Predictive Discovery Niger SARL	Niger	100	-
Predictive Discovery Cote D'Ivoire SARL	Cote D'Ivoire	100	-
Birrimian Pty Ltd	British Virgin Islands	72.1	-

* Percentage of voting power is in proportion to ownership

Acquisitions of controlled entities

During the year, 72.1% of Birrimian Pty Limited was acquired by Predictive Discovery Limited as the result of the Group meeting its expenditure commitments on exploration on the project owned by Birrimian Pty Limited. Predictive Discovery Cote d'Ivoire and Predictive Discovery Niger SARL, both 100% controlled subsidiaries were established in Cote d'Ivoire and Niger respectively but did not undertake any activities in the year.

19 CONTINGENT LIABILITIES

There are no material contingent liabilities or contingent assets of The Group at balance date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

20 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Intercompany Loans

Predictive Discovery Limited has made loans to its subsidiary in the amount of $9,427,546. The loan is interest free and payable on demand.

Directors' Remuneration

For information relating to related party transactions with key management personnel during the financial year, refer to Note 16.

Other Related Party Transactions

Churchill Services Pty Ltd, an entity associated with Ian Hobson, was paid $165,016 for company secretarial services during the year.

21 CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	2012 $	2011 $
Profit (loss) for the year	(2,706,350)	(1,412,255)
Non-operating items in profit		
Exploration expenditure	146,654	-
Interest income	(191,195)	(206,112)
Non-cash flows in profit		
Non-cash based share issues	-	128,400
Share based payments	50,253	261,742
Depreciation	2,417	11,906
Foreign exchange (gains)/losses	-	8,857
Write off of exploration expenditure	731,847	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	167,193	(506,868)
Increase/(decrease) in payables	66,807	766,348
Increase/(decrease) in provisions	11,186	68,483
Increase/(decrease) in FX Reserve	-	(93,029)
	(1,721,188)	(972,528)

22 SHARE BASED PAYMENTS

The Group made a share based payment of options to key management personnel. The options were valued under the Black Scholes option valuation model using the following inputs.

Number of options:	500,000	Risk free interest rate:	4.25%
Exercise price:	$0.31	Share price at date of issue:	$0.20
Expected exercise price:	*11 July 2015*	*Expected volatility*	*77.6%*
Each option was valued at	$0.10		

A summary of the movements of all company options issued is as follows:

	Number	Weighted Average Exercised Price
Options outstanding as at 30 June 2011	6,000,000	$0.25
Granted	500,000	$0.31
Options outstanding as at 30 June 2012	6,500,000	$0.26

The weighted average remaining contractual life of options outstanding at year end was 3.14 years.

23 EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group undertook a pro rata non-renounceable rights issue to subscribe for one (1) new fully paid ordinary share for every five (5) ordinary shares held by Eligible Shareholders at $0.08 cents per share plus one free attaching option for every two shares to raise up to $2,088,886 before costs of the issue.

The issue closed on 20 July 2012 and the shortfall is to be placed within 3 months of the closing date. At the date of this report, 9,512,108 have been issued pursuant to the rights issue and the shortfall placement.

The Group signed an agreement with Stratos Resources Limited (SAT), enabling The Group to move to 100% ownership of Birrimian Pty Ltd (BPL). The Group owns 72.1% of BPL as at 30 June 2012. Subject to approval by an Extraordinary General Meeting of SAT shareholders, the Group will purchase SAT's entire shareholding in BPL for the consideration of 13 million shares in the Company. At the same time, SAT will make a cash payment to PDI of $140,000 in partial repayment of outstanding cash calls from the Joint Venture. Also, as part of this transaction, SAT and its Directors are contributing $160,000 to the shortfall in the Group's recent entitlement issue which closed on 20 July 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

24 PARENT ENTITY

The following information has been extracted from the books and records of the parent, Predictive Discovery Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Predictive Discovery Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

	2012 $	2011 $
Assets		
Current assets	989,698	5,468,105
Non-current assets	10,686,185	3,845,248
Total Assets	11,675,883	9,313,353
Liabilities		
Current liabilities	189,408	303,609
Non-current liabilities	-	-
Total Liabilities	189,408	303,609
Equity		
Issued capital	15,264,189	10,349,630
Accumulated losses	(3,997,464)	(1,509,382)
Reserve	219,750	169,497
Total Equity	11,486,475	9,009,745
Total loss for the period	(2,488,096)	(1,275,979)
Total comprehensive income	(2,488,096)	(1,275,979)

CONTINGENT LIABILITIES

The parent entity has no material contingent liabilities as at 30 June 2012.

CONTRACTUAL COMMITMENTS

The parent entity has commitments as at 30 June 2012 that are disclosed in Note 13.

RECOVERABILITY OF INTERCOMPANY LOAN

Within Non-current assets is a loan due from the 100% subsidiary of $9,427,546 which is considered fully recoverable. The recoverability of this loan is dependent upon the successful development or sale of exploration assets in Burkina Faso.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

25 COMPANY DETAILS

The registered office and principal place of business of the company is:

Predictive Discovery Limited
Level 2, 9 Colin Street
WEST PERTH WA 6005

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 56, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards; and
   (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated group;

2. The Chief Executive Officer and Chief Financial Officer have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.

   Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. 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.

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

Paul Roberts

Managing Director
24 September 2012

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREDICTIVE DISCOVERY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Predictive Discovery Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those 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 judgment, 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 company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Predictive Discovery Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

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 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent Uncertainty

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "*Key Judgements - Going Concern*" in Note 1 (S) to the financial statements for the period ended 30 June 2012, the ability to continue the exploration and development of the company's mining tenements is dependent upon future capital raisings.

Recoverability of Intercompany Loan

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "*Key Judgements – Recoverability of Intercompany Loan*" in Note 1 (S) to the financial statements for the period ended 30 June 2012, the ability to recover the intercompany loan dependent upon the successful development or sale of exploration assets in Burkina Faso.

Report on the Remuneration Report

We have audited the remuneration report included in pages 7 to 11 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

nexia australia

Auditor's Opinion

In our opinion the remuneration report of Predictive Discovery Limited for the year ended 30 June 2012 complies with s 300A of the *Corporations Act 2001*.

NEXIA MELBOURNE
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne

24 September 2012

ADDITIONAL SHAREHOLDER INFORMATION
IN COMPLIANCE WITH ASX REQUIREMENTS

The additional ASX information is current as at 17 September 2012.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as defined by Section 671B of Australian Corporations Law are:

Shareholder name	Number Held	Percentage
NATIONAL NOMINEES LIMITED	8,468,528	6.27%

PARTICULARS OF TWENTY LARGEST SHAREHOLDERS

Rank	Name	Units Held	%IC
1	NATIONAL NOMINEES LIMITED	8,468,528	6.27%
2	EQUITY TRUSTEES LIMITED	4,900,000	3.63%
3	CITICORP NOMINEES PTY LIMITED	4,510,107	3.34%
4	BLACK FIRE MINERALS LTD	4,350,000	3.22%
5	PRIVATE EQUITY CAPITAL PTY LTD	4,218,750	3.12%
6	DYSPO PTY LTD	4,210,938	3.12%
7	EQUITY TRUSTEES LIMITED	4,104,500	3.04%
8	PAUL ROBERTS	3,570,500	2.64%
9	AFRICAN LION 3 LIMITED	3,375,000	2.50%
10	MR SEAGER REX HARBOUR	3,108,955	2.30%
11	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,890,414	2.14%
12	AGGREGATED CAPITAL PTY LTD	2,654,375	1.97%
13	PHILLIP HARMAN	2,278,126	1.69%
14	THE HARBOUR FOUNDATION	2,140,000	1.58%
15	AFRICAN LION 3 LIMITED	1,756,467	1.30%
16	STRATOS RESOURCES LTD	1,500,000	1.11%
17	HYDRONOMEES PTY LTD	1,406,250	1.04%
18	MR WILLIAM HENRY HERNSTADT	1,327,239	0.98%
19	WALOON SECURITIES PTY LTD	1,250,000	0.93%
20	FINBARR MURPHY	1,125,000	0.83%
	TOTAL	**63,145,149**	**46.75%**
	Balance of Register	**71,922,364**	**52.25%**
	Grand TOTAL	**135,067,513**	**100.00%**

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

Range of Holding – Ordinary Shares	Holders	Shares
1-1,000	14	1,821
1,001-5,000	44	160,700
5,001-10,000	68	530,585
10,001 - 100,000	395	17,798,298
100,001 – 9,999,999,999	188	116,576,109
	709	135,067,513

ADDITIONAL SHAREHOLDER INFORMATION
IN COMPLIANCE WITH ASX REQUIREMENTS ……

DISTRIBUTION OF EQUITY SECURITIES (continued)

Unmarketable Parcels

There are 66 holders holding less than a marketable parcel of $500 of ordinary shares at a price of 6.5 cents per share.

RESTRICTED SECURITIES

There are 20,196,875 ordinary shares subject to escrow until 1 December 2012.

UNQUOTED EQUITY SECURITIES

There are 8 holders of 6,000,000 unlisted options expiring 20 August 2015 and exercisable at 25 cents.

Holders of more than 20%

Holder name	Number	%
PAUL ROBERTS	1,700,000	28.3%

There is 1 holder of 500,000 unlisted options expiring 11 July 2015, exercisable at $0.31

Holders of more than 20%

Holder name	Number	%
DAVID PASCOE	500,000	100%

There are 162 holders of 4,756,075 unlisted options with an exercise price of 10 cents to 30 June 2013, 15 cents from 1 July 2013 to 30 June 2014 and 20 cents from 1 July 2014 to the expiry date on 30 June 2015.

Holders of more than 20%

Holder name	Number	%
N/A		

USE OF FUNDS

The Company has used the cash and assets in a form readily convertible to cash at the time of re-admission in a way consistent with its business objectives.

VOTING RIGHTS

Each fully paid ordinary share carries voting rights of one vote per share.

INTERESTS IN MINING TENEMENTS

AUSTRALIAN TENEMENTS

Name	Number	Percentage Interest	Location
Woady Creek	EL5314	100%	Victoria, Australia
Skipton	EL5172	100%	Victoria, Australia

BURKINA FASO TENEMENTS

Name	Number	Percentage Interest	Location
Fouli	Arrêté 2005-11-351/MCE/SG/DGMGC	72%	Burkina Faso
Tantiabongou	Arrêté 2007-019/MCE/SG/DGMGC	72%	Burkina Faso
Sirba	Arrêté 2005-11-353/MCE/SG/DGMGC	72%	Burkina Faso
Madyabari	Arrêté 2011-11-352/MCE/SG/DGMGC	72%	Burkina Faso
Tyekanyebi	Arrêté 2010-202/MCE/SG/DGMGC	100%	Burkina Faso
Tamfoagou	353 (arrêté 2005-061/MCE/SG/DGMGC)	100%	Burkina Faso
Tangagari	Arrêté 2009-068/MCE/SG/DGMGC	Option to acquire 95%	Burkina Faso
Aoura	Arrêté 2008-023/MCE/SG/DGMGC	Option to acquire 95%	Burkina Faso
Kogodou	Arrêté 2011-11-299/MCE/SG/DGMGC	Option to acquire 95%	Burkina Faso
Boussouma	Arrêté 2011-059/MCE/SG/DGMGC	Option to acquire 95%	Burkina Faso
Bangaba	Arrêté 2009-100/MCE/SG/DGMGC	Option to acquire 95%	Burkina Faso