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30 JUNE 2013

CHAIRMAN'S REPORT

Dear Fellow Shareholder,

Predictive Discovery Limited ('PDI') has had a very successful year. Our work in Burkina Faso is bearing fruit with the exciting new discovery at the Bongou prospect in our Bonsiega tenements. Following the early discovery holes in 2012, further drilling has given us some of the highest grades and widths seen anywhere in Eastern Burkina Faso with intersections such as:

- 48m at 4.3g/t from 34m including 16m at 9.7g/t,
- 26m at 6.9g/t including 16m at 8.9 g/t and
- 10m at 7.4 g/t.

Bongou was highlighted as a high priority target by the company's unique structural analysis technology, even though sampling of the artisanal workings returned low grades. The mineralisation at Bongou is hosted in an altered microgranite, a different setting to most other orogenic gold systems. The controls and limits on the system are yet to be defined and will form the basis of the next drilling campaign. In addition several new targets have been discovered under shallow cover within a few hundred metres of Bongou.

The Bongou discovery has additional significance for PDI. It occurs on a major north east trending structure that persists along the length of our Bonsiega tenements. Further similar settings along this structure provide a focus for future exploration, in my view considerably upgrading the potential of the whole package.

Other highlights for the year have included further encouraging results from the Bangaba permit, both at Tambiri and Solna, and the acquisition of the Bira prospect in the north of the Bonsiega tenements where past exploration has defined coherent gold mineralisation over more than 500m. I have also been encouraged by the results we received from preliminary metallurgical test work on samples from a number of prospects which showed that in all likelihood none of our high grade prospects contain refractory gold.

More recently the exploration team has acquired new tenements in Cote D'Ivoire. Over the past few years PDI has identified a number of high priority prospects and targets. These applications are in response to the considerable improvement in the political and working environment in Cote D'Ivoire following years of unrest.

During the year PDI has taken steps to curtail its costs in response to the current market environment. Our exploration program has become more focused and the number of staff in Burkina Faso and Australia has been reduced. Two of our founding directors, Dr Bobby Danchin and Dr Tom Whiting have retired from the board. Their involvement with PDI goes back to before the very beginning of the company and I thank them for their contribution over a long period of time. Both Bobby and Tom remain keenly interested in PDI's progress.

On behalf of all of the shareholders thank you to Paul and the exploration team in Burkina Faso and Australia for a great year in the face of challenging market conditions. To me their success demonstrates the substance of our programs and our approach.

Finally a big thank you to you, the shareholders, for your support over the last year. PDI has an excellent portfolio of projects led by Bongou and I look forward to an exciting year ahead.



Phillip Harman
CHAIRMAN

REVIEW OF OPERATIONS

HIGHLIGHTS

Predictive Discovery Limited (PDI) carried out a substantial and successful exploration program in 2012-2013.

Significant achievements included:

- High grade drill intercepts from the Bongou, Solna, Tambiri and Madyabari Prospects in Burkina Faso, including:
 - **Bongou:**
 - **48m at 4.3g/t Au** from 34m including **16m at 9.7g/t Au**
 - **26m at 6.9g/t Au** from 111m including **16m at 8.9g/t Au**
 - **10m at 7.4g/t Au** from 47m
 - Solna:
 - **2m at 26g/t Au** from 70m
 - **2m at 12g/t Au** from 12m
 - Tambiri:
 - **4m at 6.1g/t Au** from 83m
 - Madyabari:
 - **3m at 8.3g/t Au** from 23m including **1m at 23g/t Au**
- Completion of a large exploration program in Burkina Faso involving 4,700m of reverse circulation (RC) and 4,400m of power auger drilling, 242 line km of ground magnetics and induced polarization geophysical surveys and 129 km² of geological mapping.
- Excellent gold recoveries from preliminary metallurgical testwork on four prospects in Burkina Faso, including Bongou.
- Grant of the Bira exploration permit within the Bonsiega Project, including a prospect drilled by Anglo American in the late 1990's with excellent drill results.
- Grant of two exploration permits in Cote D'Ivoire with three permit applications pending. These include the well mineralised Kokumbo permit, near the Bonikro Gold Mine. If PDI obtains all three of the applications, it will hold 1,700km² of highly prospective exploration ground in Cote D'Ivoire.

INTRODUCTION

PDI is exploring for large, high value gold deposits in West Africa. The Company's project focus is on 12 gold exploration permits in Burkina Faso, West Africa, covering a total area of 1,533km². Within those areas, PDI has concentrated its drilling programs in the east of the country on a series of prospects.

The Company also has a growing ground position in Cote D'Ivoire; at present 790 km² is held in granted exploration permits and a further 920 km² is under application.

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.

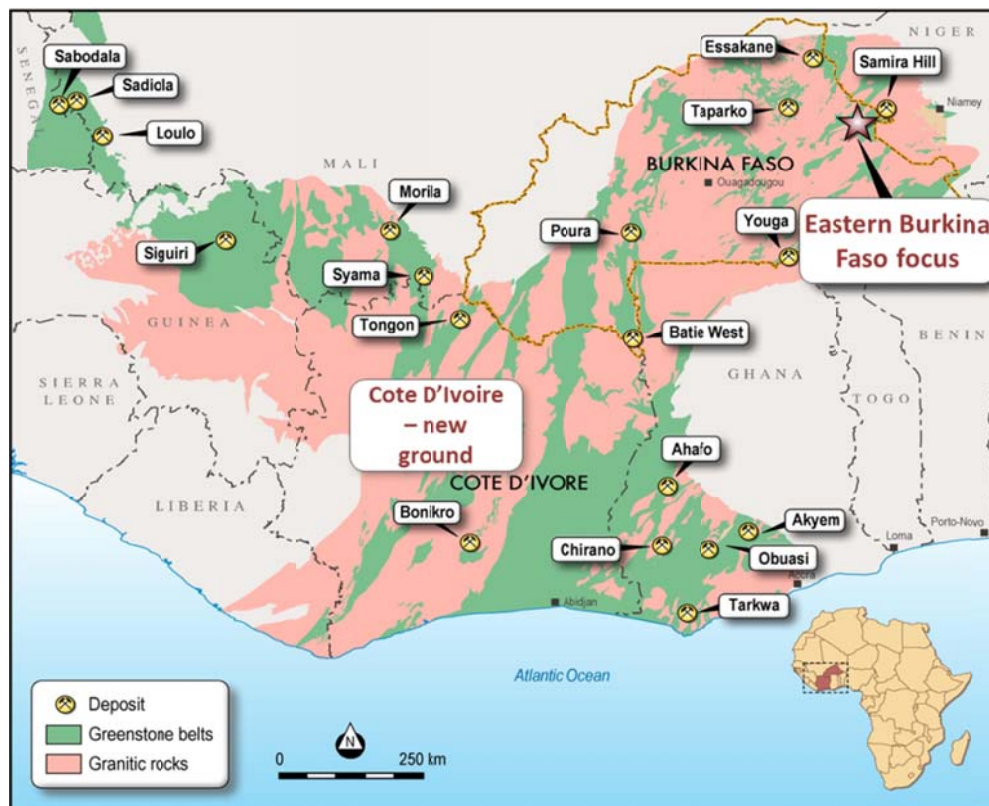


Figure 1: Map of the Birimian Gold Belt showing major mines and PDI project location areas.

In the past nine 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, Bissa 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 Orbis Gold Limited (Natougou and Nabanga), Ampella Mining Limited (Batie West), Gryphon Minerals Ltd (Banfora), Roxgold Resources (Yaramoko), Golden Rim Resources (Netiana), Volta Resources Inc. (Kiaka), True Gold Mining (Karma) and Orezone Gold Corporation (Bombore) suggest that more gold mines will be developed in future years.

Some of these prospects have gold grades well above the West African average, notably Yaramoko, Nabanga, Natougou and Netiana, indicating that Burkina Faso has significant potential for high grade, low cost ounces which supports PDI's own sharp focus on high grade

gold targets.

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 17.5%. Discussions between the Government and the mining industry about possible changes to the Mining Act and the taxation code have been ongoing for the past year but no decisions have yet been made.

In Burkina Faso, PDI holds rights to explore 12 granted exploration permits covering a total area of 1,533 km². A thirteenth permit, Bassieri, covering an additional 74km², is close to grant. The bulk of the tenement area is contained in nine permits known as the Bonsiega permit group in the Samira Hill greenstone belt (Figure 2). A second important focus for the Company is the Bangaba permit in the Sebba Belt nearby to the north (Figure 2).

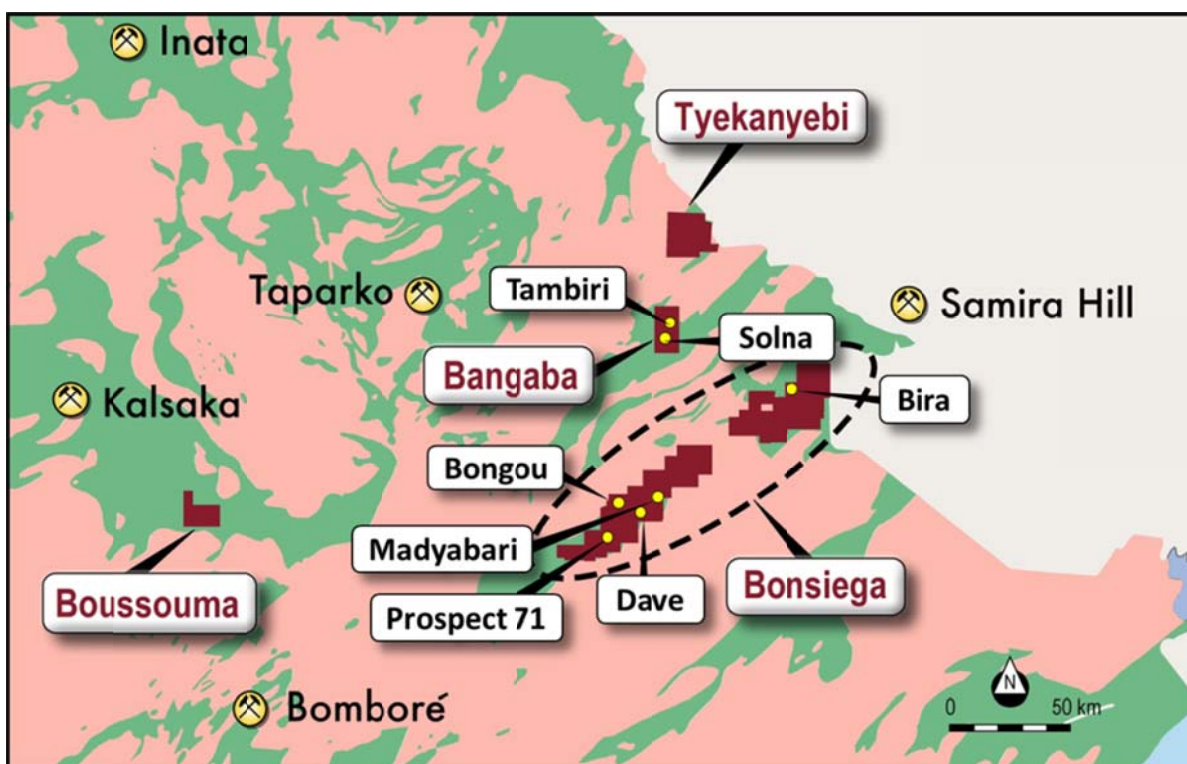


Figure 2: Location of PDI's Burkina Faso permits, highlighting prospects tested in 2012-13. Note that the nearby operating Samira Hill gold mine in Niger contains resources, reserves and past production of 2.5 million ounces (source: www.semafo.com).

The Company’s objective in Burkina Faso is to discover a large resource/reserve inventory with an average grade exceeding 2g/t Au capable of supporting a major gold mining operation.

High grade gold results have been obtained from drilling on a number of prospects, including Bongou, Solna and Tambiri (Figure 2). The Company’s immediate focus is on these higher grade prospects , in particular Bongou.

BONSIEGA PERMIT GROUP

BACKGROUND

The Bonsiega Permit Group covers nine exploration permits totalling 1,045 km² in area with approximately 100km of strike length in the same greenstone belt which hosts the Samira Hill Mine in Niger (Figure 2). A tenth permit, Bassieri, which covers an additional 74km², is close to being granted. Most of the permits contain artisanal workings and/or significant gold geochemical anomalies.

The Bonsiega permits were acquired either by direct application in PDI’s name or through four separate agreements with third parties. Four of the permits were acquired through the

EIDore Joint Venture by which PDI first earned a 60% stake and then increased its percentage to 72% through additional exploration expenditure. In 2012-13, PDI signed an agreement with Stratos Resources Limited (ASX: SAT; formerly EIDore Mining Corporation Limited) to purchase the remaining 28% through a transaction in which SAT provided \$300,000 in partial re-payment of cash calls and received 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.

In earlier exploration, PDI discovered a series of laterally extensive power auger gold geochemical anomalies, some of which were tested with large reverse circulation (RC) drilling programs. A series of prospects were discovered containing ore grade and width gold intercepts. These include Bongou, Dave, Fouli, Laterite Hill, Tamboana and Prospect 71. In 2012-13, PDI focused most of its attention on the higher grade prospects, especially Bongou. Several other areas were also tested during the year with RC drilling, bedrock sampling and/or ground geophysics in order to enlarge the prospect pipeline.

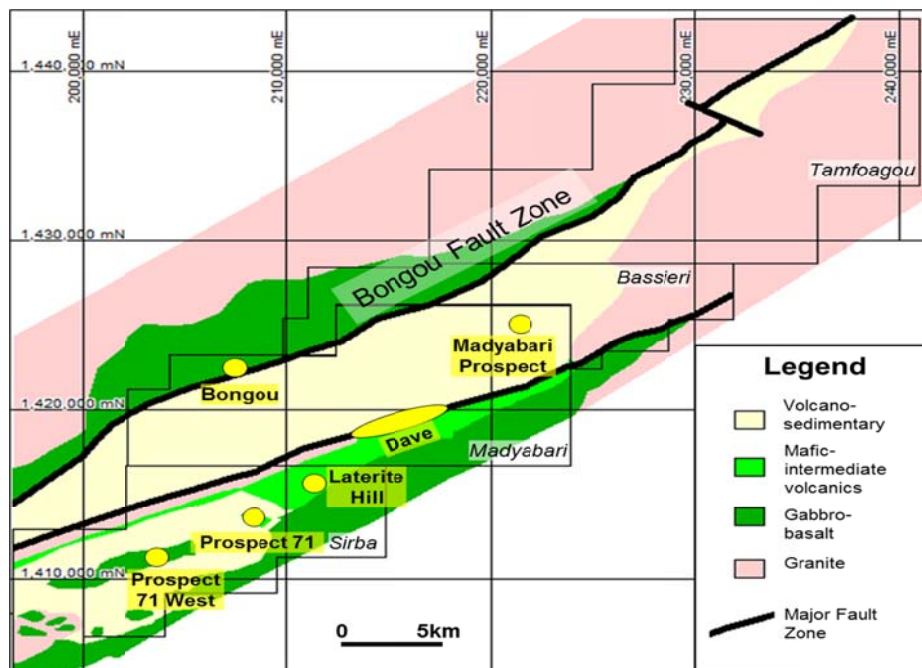


Figure 3: Prospect locations and geology of the Laterite Hill Gold Field, South-West Bonsiega project

BONGOU PROSPECT (PDI 100%)

The Bongou Prospect is located within the Laterite Hill Gold Field in Eastern Burkina Faso (Figure 3). It covers artisanal workings in the form of an irregular open pit approximately 150m long and 50m wide. Past exploration by PDI included rock chip sampling, trenching and one RC drill hole in 2011-12 which intersected 54m at 2.1g/t Au from 36m including 20m at 4.8g/t Au. A large program of exploration commenced on the Bongou Prospect in November 2012.

Work programs at Bongou itself and along the Bongou structural trend (Figure 3) during 2012-13 consisted of 3,149m of RC drilling, 528 power auger geochemical drill holes totalling 2,477m, 81 line km of ground geophysical surveys (magnetics and induced polarisation), 224 soil samples and 182m of trenches.

Geological mapping, rock chip sampling, trenching and re-logging of the initial drill hole led to a revised geological interpretation showing that gold mineralisation is contained within an intensely silicified, quartz veined and pyritic microgranite intrusion (Figure 4).

Bongou RC Drilling

RC drilling at Bongou in 2011-12 produced a series of excellent gold intercepts including:

- **BNGRC010: 48m at 4.3g/t Au** from 34m
- **BNGRC014: 26m at 6.9g/t Au** from 111m
- **BNGRC004: 10m at 7.4g/t Au** from 47m
- **BNGRC003: 102m at 1.1g/t Au** from 4m
- **BNGRC002: 70m at 1.2g/t Au** from 62m (stopped in mineralisation)

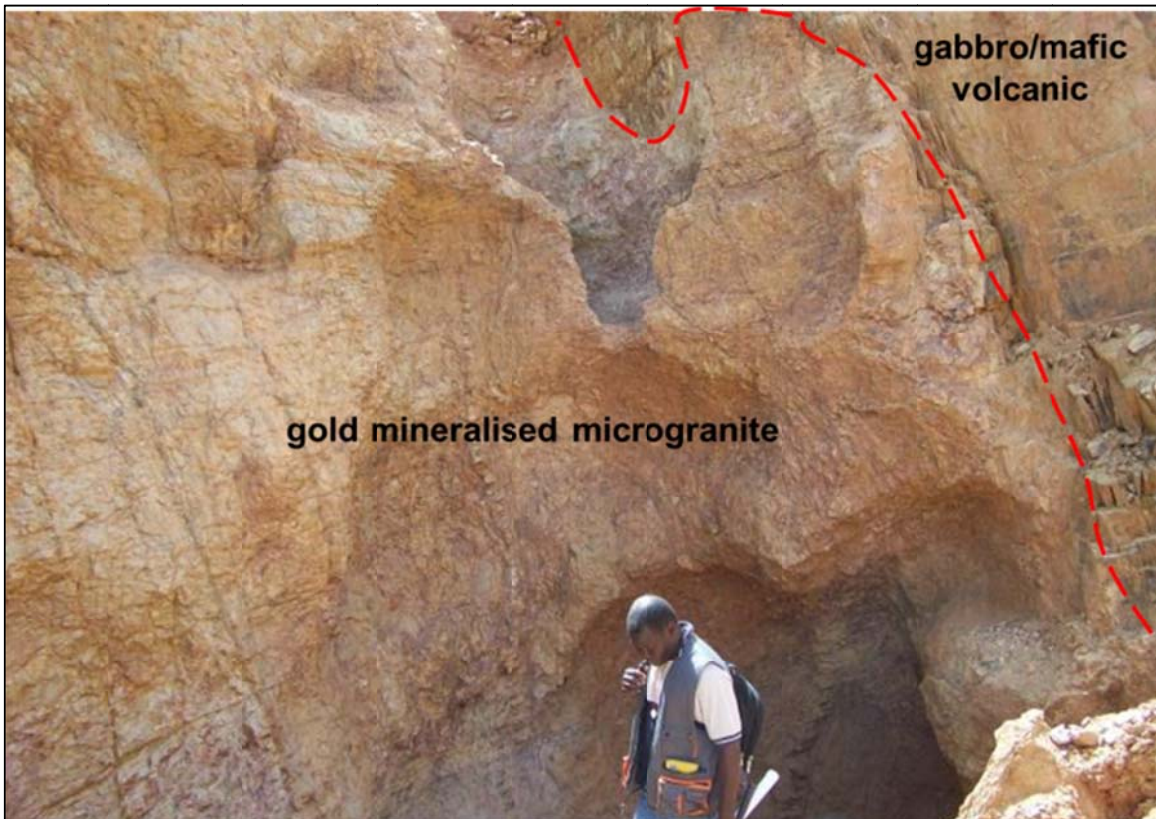


Figure 4: Silicified, quartz-veined, gold-mineralised microgranite in contact with foliated gabbro or mafic volcanics in Bongou open pit. Mr Seye Kote, PDI's Chief Geologist in Burkina Faso, in the foreground.

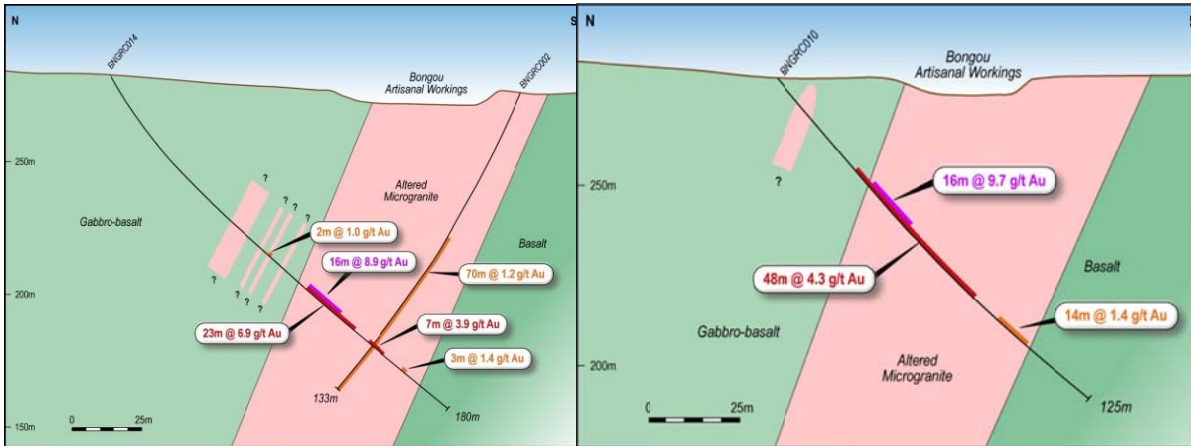


Figure 5a and 5b: Bongou Cross Sections (a) Left - through RC drill holes BNGRC002 and BNGRC014, (b) Right - through RC drill hole BNGRC010. No vertical exaggeration. See Figure 6 for drill hole locations.

Nearly all of the gold mineralisation consists of altered microgranite, with higher grades located close its northern contact with gabbro (Figure 5a and 5b).

At a 3g/t Au cut-off, there are now four, high grade intercepts, all located in this near-contact position, and apparently correlating with each other:

- **BNGRC010: 16m at 9.7g/t Au**

- **BNGRC014: 16m at 8.9 g/t Au**
- **BNGRC004: 7m at 10.1g/t Au**
- **BNGRC001: 6m at 11.8g/t Au**

Lower grade gold mineralisation with an average grade of approximately 1g/t Au is located adjacent to and to the south of the high grade zone (Figures 5a and 5b). The total true width of the gold mineralised zone is up to 50m.

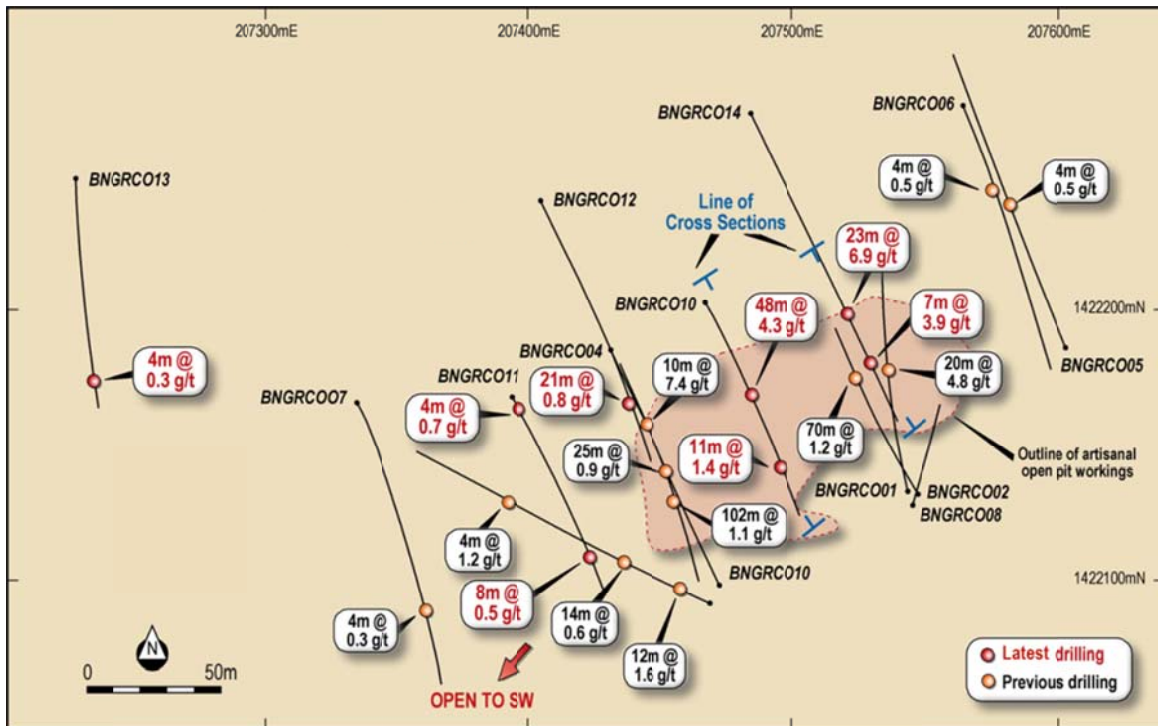


Figure 6: Plan view of drilling, Bongou Prospect.

Bongou Regional Exploration

PDI's program of geological mapping, ground geophysics and power auger geochemical sampling generated a new target, approximately 400m north-west of the Bongou artisanal workings, with a peak value of 4.8g/t Au. The anomaly covers a larger area than the

Bongou mineralised zone and remains untested by drilling (Figure 7). Testing of two other targets along strike along the major Bongou Fault Zone (Figure 8) is largely incomplete because of the presence of thick, wet alluvium and/or rugged terrain. RAB testing of these targets will be required in the next field season.

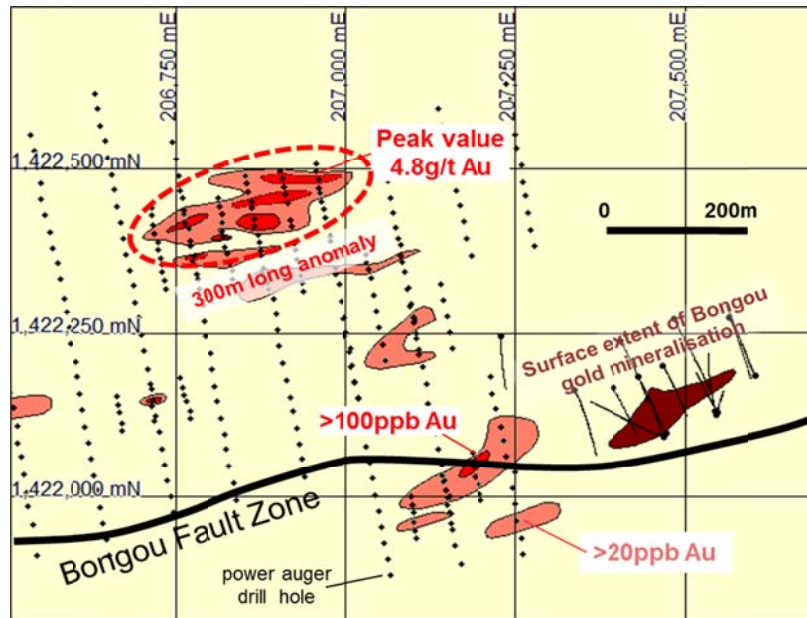


Figure 7: Power auger gold geochemistry contour plan. Note size of Bongou gold mineralised zone for comparison with size of the discovered gold anomalies. Power auger samples were collected at the interface between the overlying cover and the weathered bedrock and analysed by for gold by AAS at SGS in Ouagadougou.

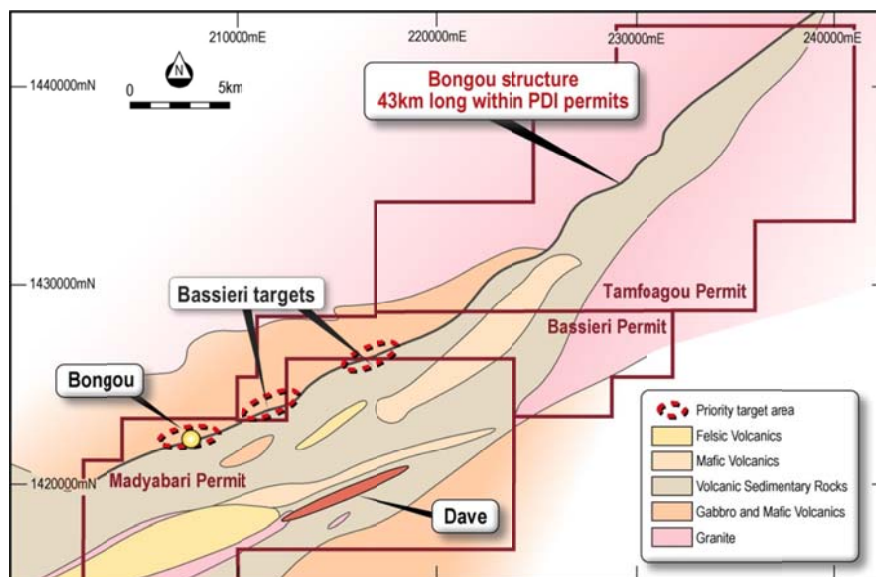


Figure 8: Regional geological map of the area near Bongou showing location of two target zones (red dashed line ellipses) 4km and 10km north-east of the Bongou artisanal workings.

Bongou Metallurgical Test Work

A program of preliminary metallurgical test work was carried out with the aim of providing an indication of potential gold recovery by standard CIL treatment. One sample was submitted for metallurgical test work, weighing 20kg, obtained from seven RC drill holes. The test work was carried out at SGS's Perth laboratories under the supervision of Coffey Mining. A mineralogical study was also carried out by Roger Townend and Associates.

All of the sampled intervals in the Bongou composite sample were of primary (not oxidised) mineralisation. A 500g screen fire assay of the composite sample at SGS in Perth gave a head grade of 2.92g/t (per tonne of ore) Au and a multi-element ICP analysis indicated low levels of potentially deleterious elements (e.g. arsenic and antimony).

The sample was ground to 75 microns and subjected to a standard cyanide leach test over 72 hours. **Gold recovery was 94%** at the end of the test with 90% recovered in the first four

hours (Figure 9). Cyanide and lime consumption were 2.0kg/t and 0.3kg/t respectively. Cyanide consumption was not optimised and is expected to decrease considerably in future testing when oxygen levels are increased to the levels expected in a commercial CIP plant.

OTHER DRILLING PROGRAMS

LATERITE HILL GOLD FIELD (PDI 100%)

PDI completed two RC drilling programs, totalling 1,590m, at Prospect 71 and the Madyabari artisanal site during the 2012-13 year.

PROSPECT 71

Prospect 71 covers a laterally extensive bedrock geochemical anomaly within the Laterite Hill Gold Field (Figure 2). Four holes totalling 320m were drilled to follow up drilling results obtained previously by PDI and a former explorer, Emerging African Gold, including **4m at 15g/t Au** and **4m at 7.5g/t Au**. One significant intersection was obtained – **3m at 6.1g/t Au** including **1m at 14g/t Au**.

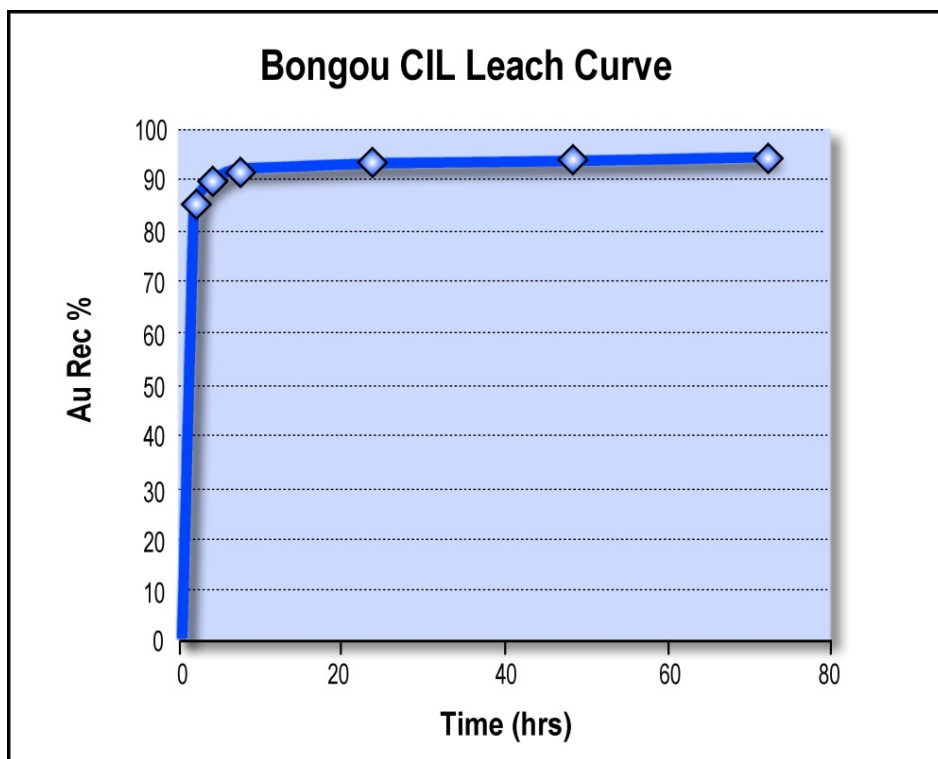


Figure 9: Graph of gold recovery vs. time – Bongou Prospect composite sample.

MADYABARI PROSPECT

Madyabari is the site of an artisanal miner gold rush which was first reported in November 2012. At least 2,000 artisanal shafts have been excavated there, most of them since July 2012.

Seventeen vertical RC holes, totalling 1,590m, were drilled at Madyabari on an 80 x 80m grid. About half of the drill holes intersected gold anomalous quartz veins in weathered volcanics at shallow depths. Based on the drilling results and the artisanal miners' own descriptions, these veins appear to be approximately horizontal. The best drill intercepts were **3m at 8.3g/t Au** from 23m, including **1m at 23g/t Au** and **2m at 8.3g/t Au** from 34m including **1m at 14g/t Au**. In several holes, voids were intersected suggesting that possible high grade quartz vein material had already been removed by the artisanal miners.

While there is no doubt that artisanal miners have been recovering a significant amount of gold from the site and that the flat dipping quartz vein system extends over an area of more than five hectares, it appears that the high grade distribution is very "nuggetty" and therefore difficult to drill test effectively. No further drilling is planned in the short term.

DAVE PROSPECT (PDI 100%)

Geological Assessment

The Dave Prospect is known to consist of multiple gold mineralised zones extending for at least 5.5km along strike and several hundred metres across strike (Figures 1 and 8). Artisanal workings extend for approximately 600m of strike. But the gold mineralisation is much more extensive than these workings; it is buried under a thin ferricrete layer east of the workings, and under alluvium derived from the Sirba River west of the workings. The gold mineralised system may extend for up to 10km further to the west, concealed beneath the Sirba River which bedrock power auger drilling is unable to penetrate.

Gold mineralisation is hosted in intermediate volcanic rocks with lesser amounts of mafic to intermediate intrusive rocks. PDI's analysis

suggests that gold mineralisation has been deposited in a broad ENE oriented shear zone largely on the margins of small mafic layers or in small shears. Weathering extends to an average depth of approximately 50m. In general, gold grades 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).

Re-logging of the Dave Prospect RC drill chips by an MSc student from the Camborne School of Mines in the United Kingdom commenced in June 2013. This work forms part of a larger geological study designed to integrate all of the past work on this large gold mineralised system. Apart from the extensive drilling programs, the past work has included geological mapping, airborne magnetics, bedrock geochemical drilling, whole rock analysis using a hand-held XRF machine, trenching and in-hole photographic imaging. The result of this study will be a 3D interpretation of the geology and mineralisation. If possible, this may then be used to undertake a JORC Resource estimate.

Metallurgical Testwork

A program of preliminary metallurgical test work was carried out with the aim of gaining a preliminary understanding of the potential for gold recovery by heap leaching the oxidised Dave gold mineralisation. The test work was carried out at SGS's Perth laboratories under the supervision of Coffey Mining. A mineralogical study was also carried out by Roger Townend and Associates.

One composite sample from seven RC drill holes weighing 20kg was submitted for metallurgical test work. A 500g screen fire assay of the composite sample at SGS in Perth gave a head grade of 1.45g/t Au and a multi-element ICP analysis indicated low levels of potentially deleterious elements apart from minor arsenic (580ppm).

The sample was largely composed of fine material as a result of the RC drilling process. It was therefore taken without any further grinding and subjected to an intermittent bottle roll in a weak cyanide solution for a period of ten days.

Most gold was extracted very quickly with 70% gold recovery achieved after just 4 hours and 81% after one day. At the end of the test **89% of the gold had been recovered**. Had the material been ground to 75 microns, a slightly higher recovery may well have been achieved. Cyanide consumption was low at just 0.3kg/t with lime consumption at 2.9kg/t.

BIRA PERMIT (PDI 100%)

This new permit covers an area of 21km² in the north-eastern portion of the Bonsiega block of tenements (Figure 2) and was granted in February 2013.

PDI has been interested in this area since 2010 when it commenced exploration on the

adjacent permit. Until late last year, the area was unavailable for application because it was covered by a uranium exploration reserve. PDI applied for the ground after this reserve was removed.

The area was explored by Anglo American through its subsidiary Anmercosa in the late 1990's. PDI holds a database of Anmercosa information including soil geochemistry and RC drill data from the Bira permit.

The RC drill data includes a series of very encouraging gold intersections (Figures 10 and 11). While PDI does not have access to the quality control data and the original laboratory assay files, it has verified the location of some of the drill holes on the ground.

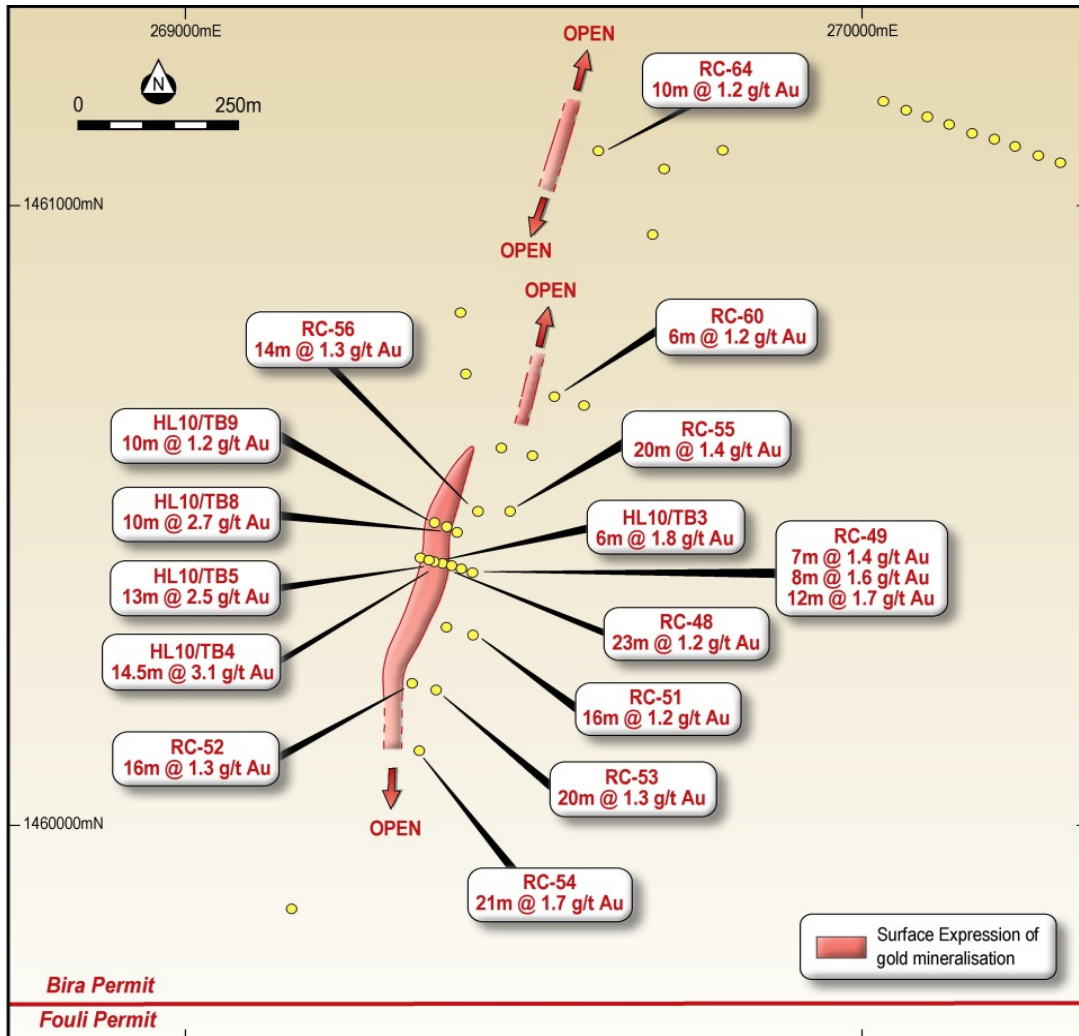


Figure 10: Plan view of historic drill results from the Bira permit, Burkina Faso.

Gold mineralisation was intersected in a series of holes extending over more than 1km of strike. Some of the best intercepts (e.g. **14.5m at 3.1g/t Au** and **13m at 2.5g/t Au**) were obtained in a series of shallow angled holes in two lines in the HL10 series of holes (Figure 10) which were drilled to depths of 15 to 30m.

The consistency of reported intercepts from section to section and down-dip from hole to hole (Figure 11) in the southern part of the drilled area suggests good continuity, which, if confirmed by PDI's drilling, will be important for the delineation of a JORC resource in the future.

During 2012-13, PDI carried out a ground magnetic survey, totalling 161 line km, and a

power auger bedrock drilling program totalling 77 holes and 936m. Power auger drill samples were collected at the interface between the overlying cover and the weathered bedrock and analysed by for gold by AAS at SGS in Ouagadougou.

The ground magnetic survey revealed a new structure, parallel to the Bira trend, under alluvial cover 2km west of the known Bira Prospect. The power auger drilling, designed to test this structure, was not completed because of wet, thick alluvial cover. As a result, the highest priority interpreted structure was only intersected by two lines, one of which encountered a **50m wide anomalous zone peaking at 104ppb Au**.

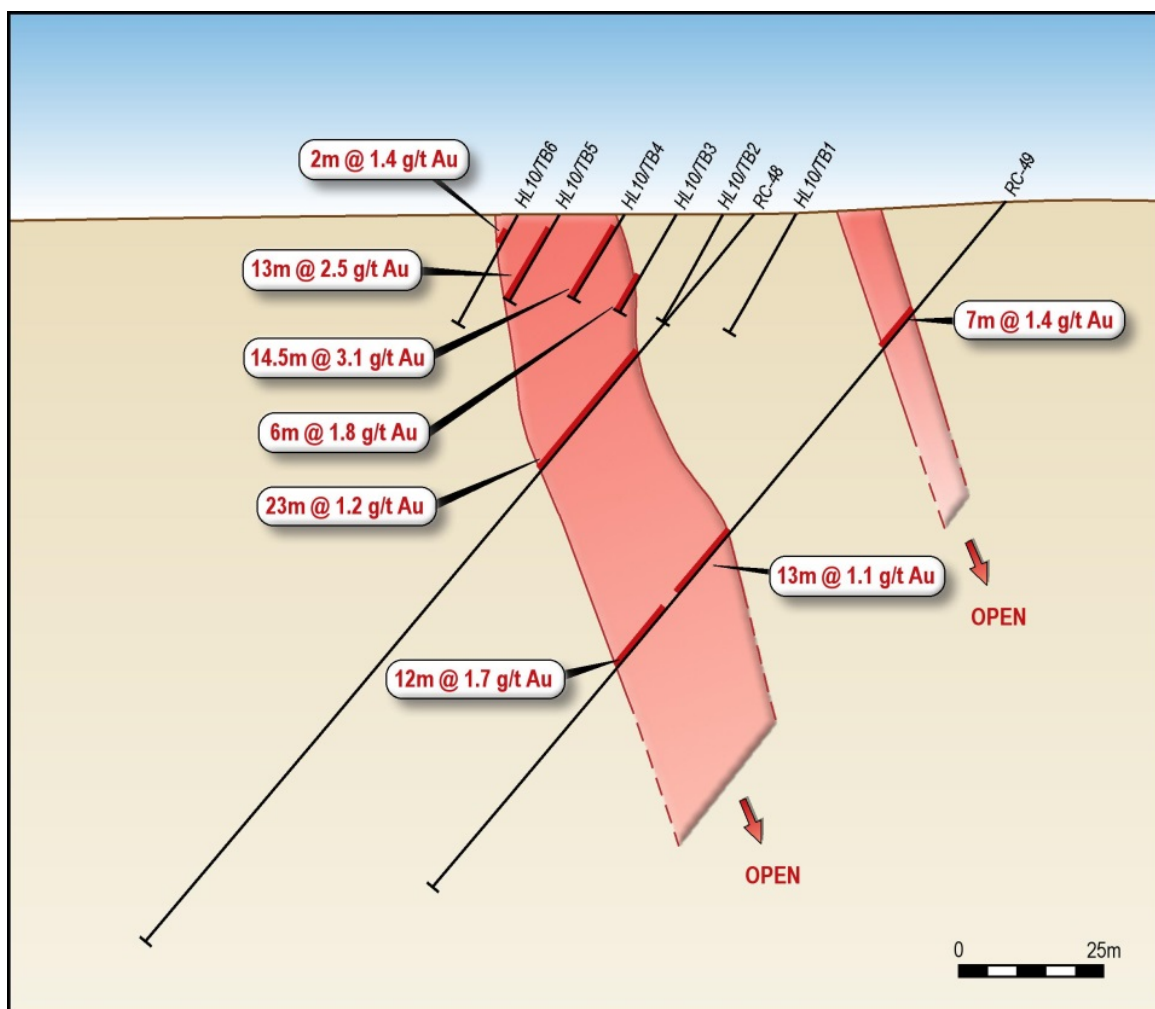


Figure 11: Cross section through the Bira gold mineralisation. No vertical exaggeration.

BANGABA PERMIT (PDI earning 95%)

BACKGROUND

The Bangaba project in Eastern Burkina Faso (Figure 2) covers areas of extensive artisanal mining. PDI is earning a 95% interest in the 128 km² Bangaba exploration permit by making a series of staged payments in cash and shares. PDI's equity now stands at 84%.

PDI estimates that artisanal miners have produced several tonnes of gold at Bangaba over the past 30 years. Artisanal workings are located on two structures on the north-west and south-east contacts of a granodiorite-diorite body (Figure 12). A large artisanal mining site is located at Solna.

RC and diamond drilling programs at the two major sites of artisanal mining, Solna and Tambiri, have encountered a series of high grade intercepts in primary mineralisation 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**. No supergene enrichment is evident in the near surface so it is possible that the high gold grades may persist to considerable depths.

RC DRILLING PROGRAM

In the 2012-13 year, PDI carried out one RC drilling program, totalling 1,225m on the Bangaba permit. The drilling was aimed at testing the Tambiri South and Solna Prospects (Figure 12).

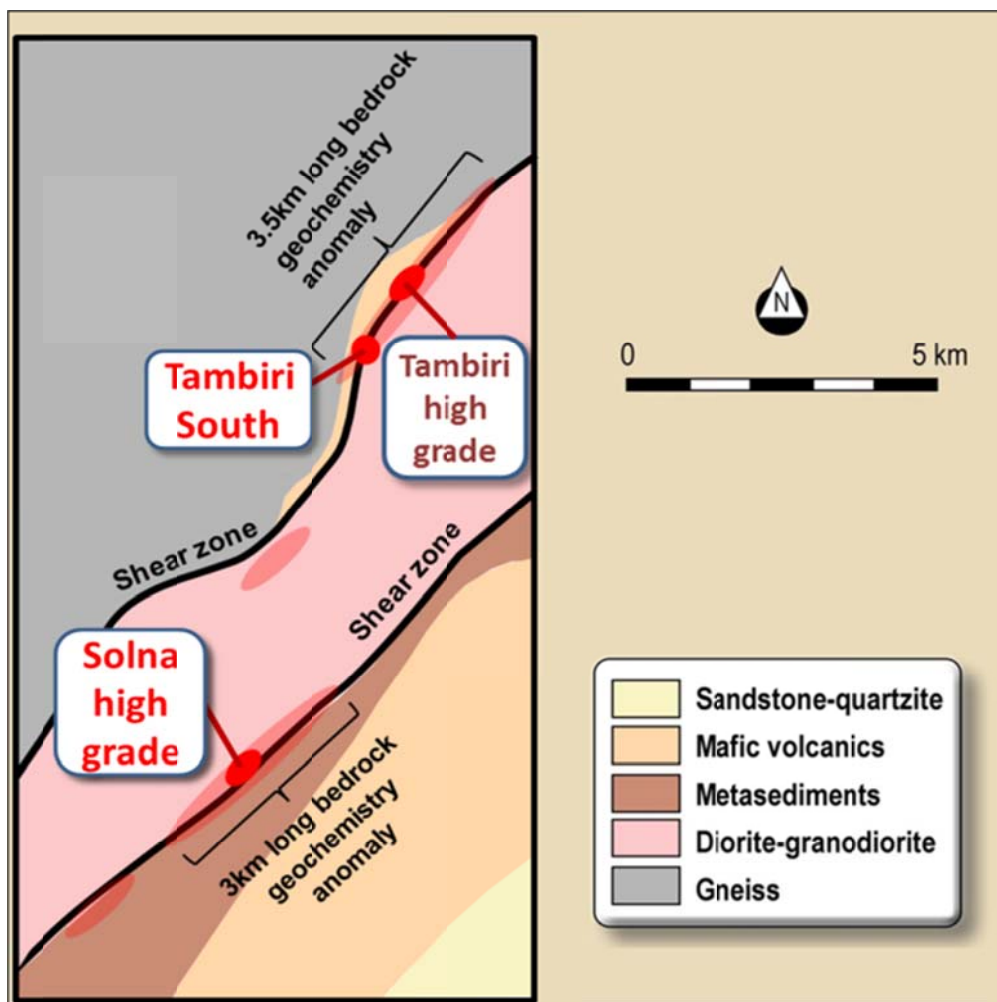


Figure 12: Bangaba Permit showing location of Tambiri South and Solna Prospects. Approximate location of bedrock geochemical anomalies is outlined in pink ellipses.

Tambiri South Drilling

The Tambiri South Prospect is located approximately 1.5km south of the previously drilled Tambiri Prospect (Figure 12) and on the same mineralised structure. Five RC holes, spaced 100m apart and totalling 530m, were completed in an area where historic drilling is reported to have encountered up to **6m at 5.2 g/t Au**.

All five holes intersected gold mineralisation in quartz-veined mafic volcanics with the best intercept being **4m at 6.1g/t Au** from 83m including **1m at 14g/t Au**. As at the main Tambiri prospect, the gold-mineralised quartz vein zone is steeply dipping and appears to be continuous.

Interpretation of the drill results at the main Tambiri Prospect shows that the high grade ore shoot has a sub-horizontal plunge. PDI believes that there is potential to discover a comparable shoot at Tambiri South at slightly greater depths below the **4m at 6.1 g/t Au** intercept.

Additional deeper drilling is therefore required to test this target.

Solna Prospect Drilling

Six RC holes, totalling 688m, were drilled at Solna to test for high grade sub-horizontal ore shoots. Gold mineralisation was obtained in five of the six holes. The highest grade intercept was **2m at 26g/t Au** from 70m including **1m at 51g/t Au**. Several intercepts were obtained from previously unrecognised and/or unmined gold-mineralised quartz veins, the best being **2m at 11.7g/t Au** from 12 m including **1m at 21g/t Au** (Figure 13).

Although drilling at Solna has generated good gold intersections, geological controls on mineralisation are not well understood. Potential still exists to discover a significant amount of high grade gold mineralisation, however PDI's immediate focus is on high grade targets with better continuity, such as at Bongou.

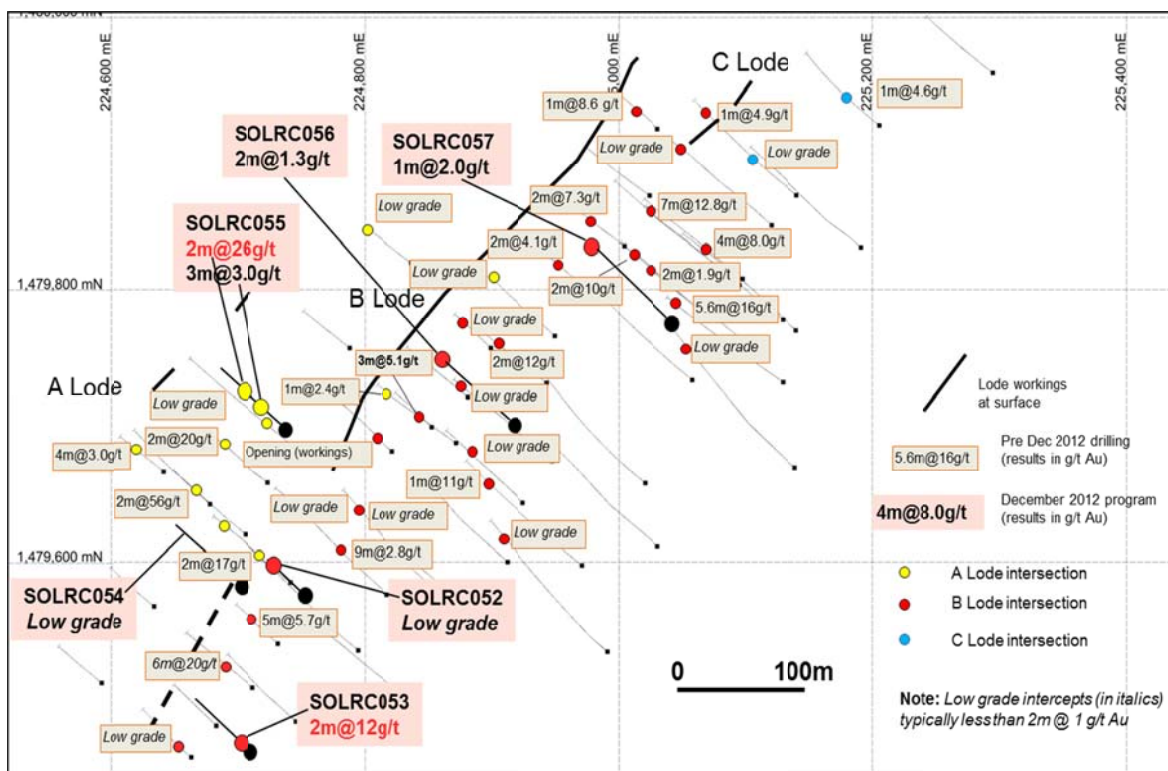


Figure 13: Solna drill results – plan view

METALLURGICAL TESTWORK

A program of preliminary metallurgical test work was carried out with the aim of obtaining an initial indication of gold recoveries by standard CIL treatment of gold mineralisation from the Solna and Tambiri Prospects. Two samples were submitted for metallurgical test work, one from each prospect, each weighing 20kg. All samples were obtained from RC drill holes.

The test work was carried out at SGS's Perth laboratories under the supervision of Coffey Mining. A mineralogical study was also carried out by Roger Townend and Associates.

Solna Metallurgy

The composite sample consisted of primary mineralisation containing minor sulphides. A 500g screen fire assay of the composite sample at SGS in Perth gave a head grade of 7.65g/t Au and a multi-element ICP analysis indicated low levels of potentially deleterious elements. The sample was ground to 75 microns and subjected

to a standard cyanide leach test over 72 hours. **Gold recovery was 96%** at the end of the test with 91% recovered in the first four hours. Cyanide and lime consumption were 1.9kg/t and 0.3kg/t respectively. Cyanide consumption was not optimised and is expected to decrease considerably in future test work.

Tambiri Metallurgy

Again, the sample consisted of primary mineralisation. A 500g screen fire assay of the composite sample at SGS in Perth gave a head grade of 3.55g/t Au and a multi-element ICP analysis indicated low levels of potentially deleterious elements. The sample was ground to 75 microns and subjected to a standard cyanide leach test over 72 hours. **Gold recovery was 93%** at the end of the test with 85% recovered in the first four hours. Cyanide and lime consumption were 2.0kg/t and 0.3kg/t respectively. Again, cyanide consumption was not optimised and is expected to decrease in future test work.

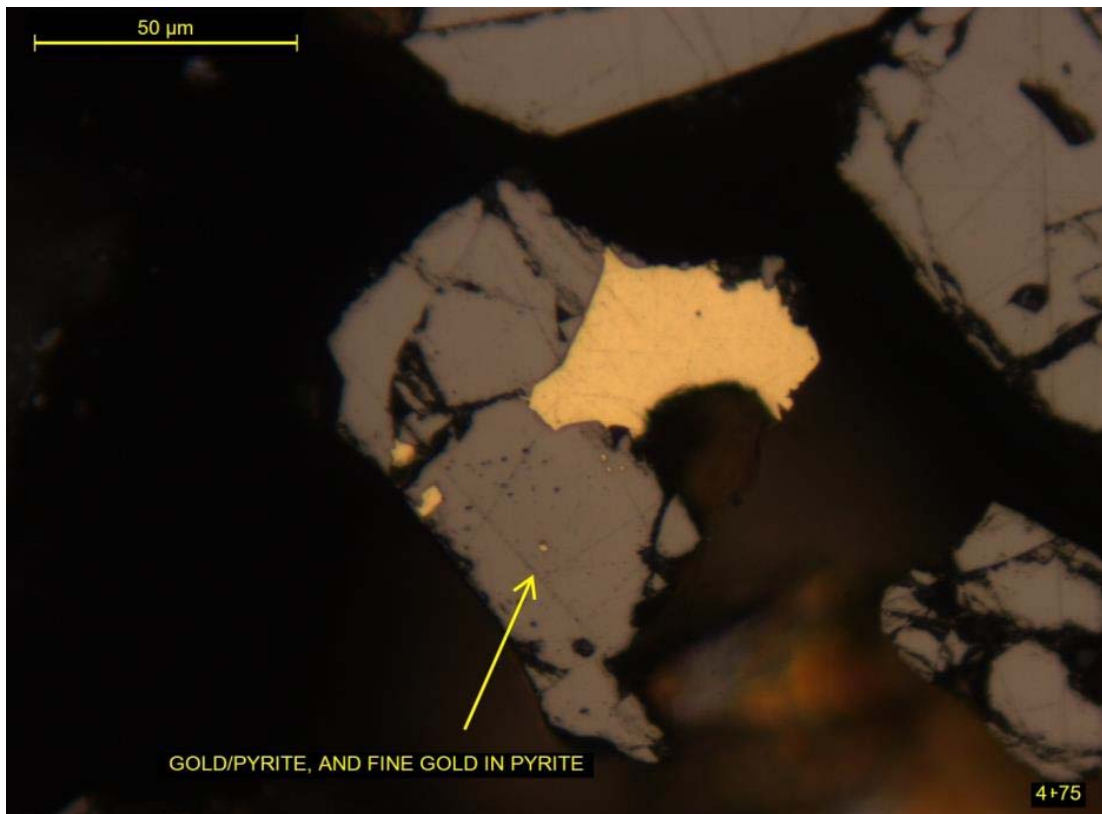


Figure 14: Polished section of RC chips from the Solna Prospect at high magnification showing a composite grain of pyrite (grey) and gold (yellow).

TYEKANYEBI PROJECT (PDI 100%)

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 2012-13 financial year consisted of geological mapping and soil and power auger geochemical drilling. 305 soil samples were collected and 108 power auger holes were drilled, totalling 301m.

The soil sampling revealed some anomalous gold values and was therefore followed up with a closer spaced power auger geochemical drilling program. Both surveys were carried out north-east of and along strike from the Tyena Prospect on the Gandhi permit owned by Golden Rim Resources (ASX: GMR). In April, 2013, GMR reported a series of RC drill intersections, including:

- GRC001 – 6m at 6.9g/t Au from 59m
- GRC005 – 6m at 5.1g/t Au from 103m

Power auger drill samples were collected at the interface between the overlying cover and the weathered bedrock and analysed by for gold by AAS at SGS in Ouagadougou. The power auger drilling identified a **1km long gold anomaly with a peak value of 210ppb Au**, which is open to the north-east (Figure 15).

BOUSSOUMA PERMIT (PDI earning 95%)

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 2012-13 work program consisted of 97 power auger drill holes, totalling 674m, and 21 soil samples. This work was designed to test structural targets identified by earlier aeromagnetic surveys and geological mapping and to follow up on encouraging wide spaced power auger drill results obtained in the previous field season.

Power auger samples were collected at the interface between the overlying cover and the weathered bedrock and analysed by for gold by AAS at SGS in Ouagadougou. This work obtained **encouraging results, peaking at 519 ppb Au**, on two lines **700m apart**. Additional anomalous very widely spaced results suggest a WNW oriented trend 3km long. Additional power auger drilling is required to infill these results and determine whether the anomalous results form part of the same gold mineralised zone.

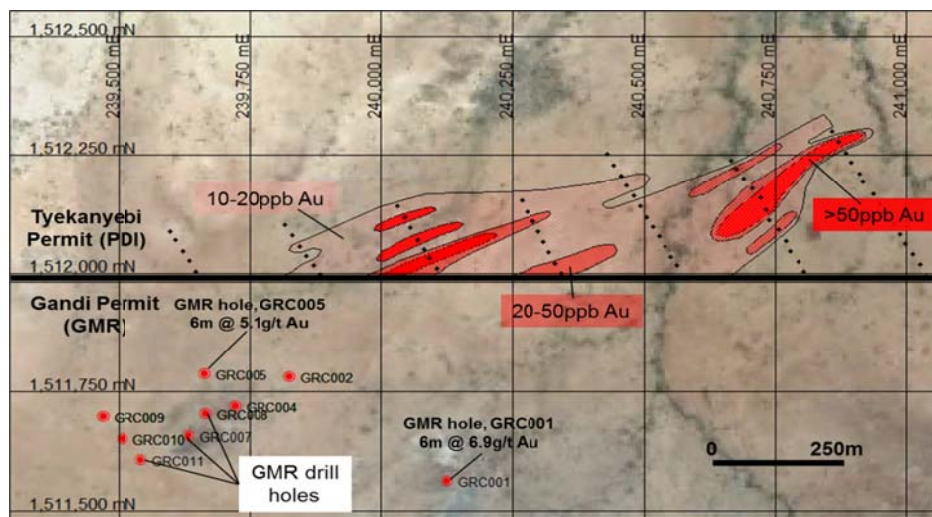


Figure 15: Contoured Tyekanyebi power auger bedrock geochemistry results shown on satellite imagery background. Reported locations of Golden Rim Resources' recent RC drill collars are south of the boundary (thick black line) between PDI's Tyekanyebi Permit and GMR's Gandhi Permit.

COTE D'IVOIRE

BACKGROUND

Detailed work on Cote D'Ivoire data sets over the past two to three years has led PDI to identify a series of high priority prospects and targets in Cote D'Ivoire. As a result, the Company has been working on securing up to five exploration permits in the country, covering a total area of 1,700 km². Of these, two permits, Kokumbo and Ferkessedougou, were granted in July 2013 and a further three are under application (Figure 16). Grant of the three applications to PDI is not guaranteed.

KOKUMBO (PDI earning 90%)

The permit is held by local company Ivoir Negoce and covers an area of 400 km² in southern Cote D'Ivoire (Figures 16 and 17). Located 30km south of the country's administrative capital, Yamoussoukro, and about 40km north of Newcrest's operating Bonikro Gold Mine, the permit is serviced by a bitumen road and a power line. The area is covered by forested rolling hills and extensive lateritic cover.

The town of Kokumbo, near the centre of the permit, services a substantial population of artisanal miners who are working on numerous prospects throughout the area. These prospects consist of both quartz vein mine operations and processing of gold mineralised laterite.

The permit lies within the volcano-sedimentary Oume-Fetekro belt in an area of complex geology (Figure 17). The three principal gold prospects on the permit are known as Kokumbo, Aouadia and Kpolessou (Figure 17). All three sites contain quartz vein-hosted gold mineralisation in multiple vein orientations. Host rocks include mafic volcanics, black shale and granite. Currently, the most active area of artisanal workings is at Aouadia.

Kokumbo has a long history of artisanal mining dating back to before colonial times in the late 19th century. Commercial scale mining was carried out by various parties in from early in the twentieth century until 1953. Since then, all mining in the area has been carried out by artisanal miners.

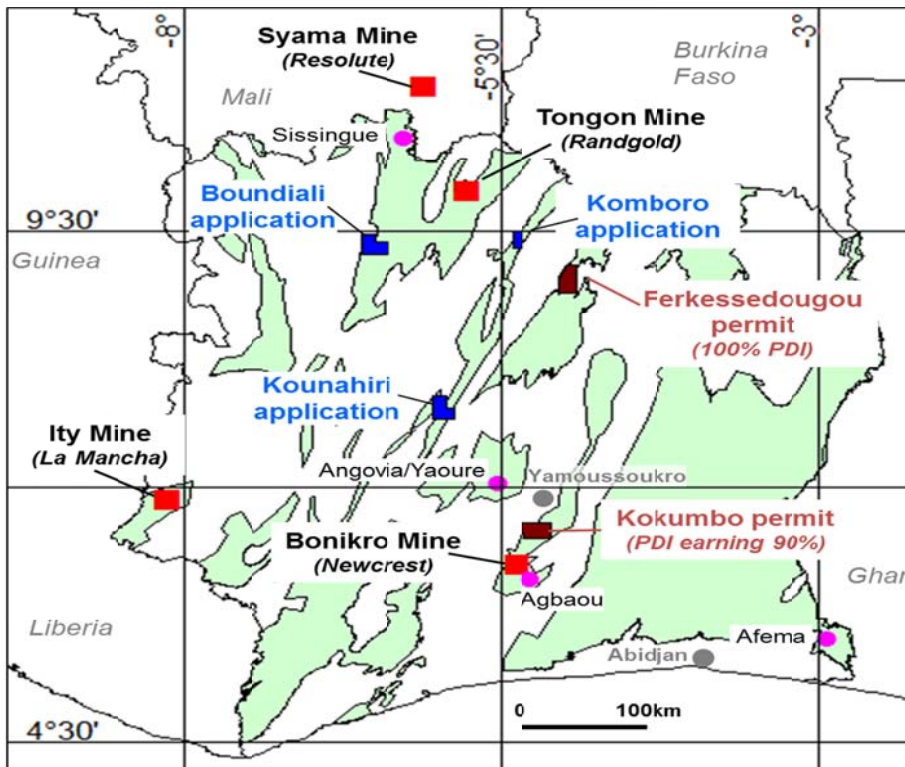


Figure 16: Locality map of PDI's interests in Cote D'Ivoire.

- Notes:**
- (1) Green areas signify volcanic and sedimentary rocks,
 - (2) PDI permits that have been granted are in brown and the permit applications are in blue,
 - (3) Red squares are operating gold mines and magenta dots are plus 1 million ounce gold deposits (e.g. Agbaou and Sissingué) of which one, Agbaou, is currently under construction,
 - (4) Boundiali is along strike from Resolute's Syama operating mine and Perseus's proposed Sissingué operation.

In the 1980's Cote D'Ivoire's government geological agency, SODEMI, carried out sampling, pitting, ground geophysics and drilling. A resource estimate (not JORC compliant) was made on alluvial and colluvial gold deposits at Kokumbo with average grades reported to exceed 3g/t Au.

Between 2002 and 2007 Equigold NL carried out soil sampling, aeromagnetic surveys, and RAB and RC drilling over parts of the current permit. Published Equigold quarterly reports indicate that gold soil geochemical anomalies and some gold drill intercepts were obtained including one of **12m at 2.5g/t Au from surface**. At the

time, most of the Aouadia Prospect area was held separately and has therefore only been covered with limited soil sampling and a ground geophysical survey.

In June 2013, PDI reached agreement with the local owner of the permit application, Ivoir Negoce. Key terms of the agreement were as follows:

- PDI can earn 90% through expenditure of US\$2 million within 4 years.
- Minimum expenditure commitment before withdrawal is US\$300,000.

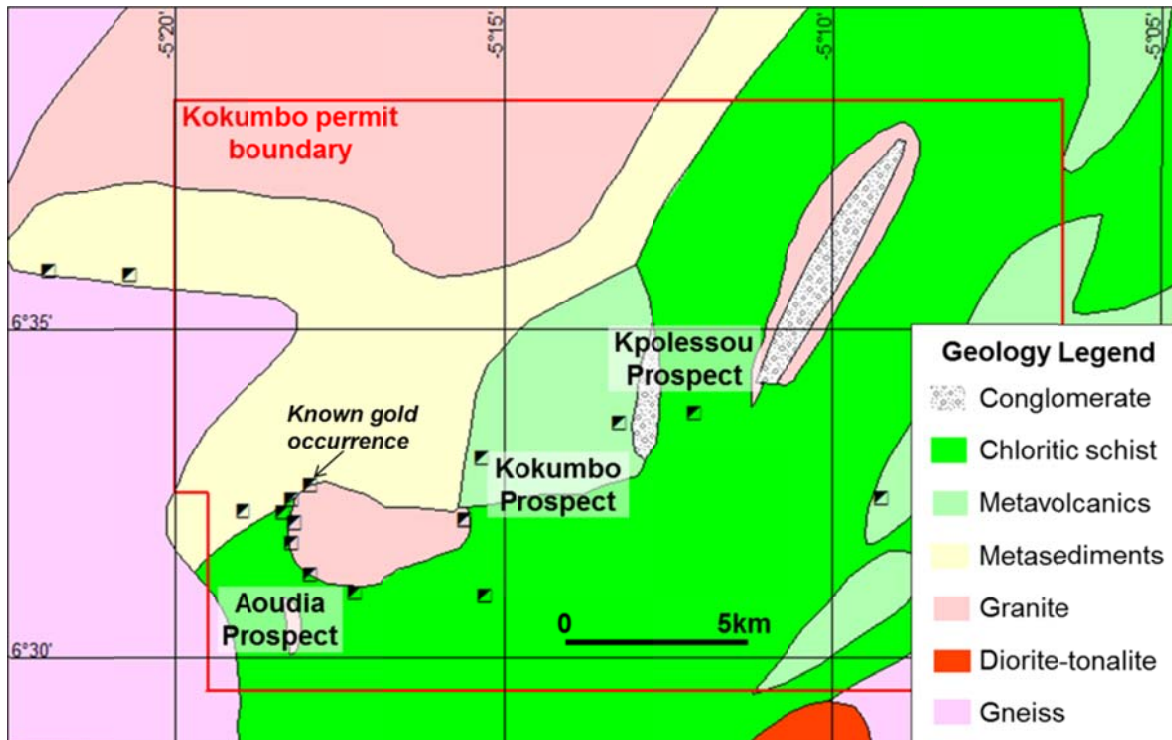


Figure 17: Geology and location of reported and/or observed gold artisanal mining sites.
 Note: geology obtained from a Government geological map.



Figure 18: Surface artisanal workings on the Aouadia Prospect, Kokumbo Permit.

- PDI to make cash payments over three years totalling US\$375,000 as follows:
 - US\$25,000 on receipt of the signed Presidential Decree awarding the permit,
 - US\$50,000 on the first anniversary,
 - US\$100,000 on the second anniversary,
 - US\$200,000 on the third anniversary.

In addition, PDI will issue to Ivoir Negoce US\$25,000 worth of PDI shares on receipt of the Presidential Decree. The first payment and share issue were made in August 2013.

- PDI to carry Ivoir Negoce’s 10% share of expenditure until the decision to mine at which time Ivoir Negoce must decide whether it will pay back its 10% share of expenditure after earn-in or convert to a 3.5% NSR. PDI can purchase up to 2% of the above NSR (leaving Ivoir Negoce with 1.5%), at any time at a price of US\$1 million for each 1%.

FERKESSEDOUGOU (PDI earning 100%)

The Ferkessedougou permit is located in northern Cote D’Ivoire (Figure 16) and covers approximately 390km². It was among the highest priority areas highlighted by PDI’s Predictore® analysis of the country and is reported to contain a series of gold occurrences. This permit was granted in July 2013.

OTHER PERMIT APPLICATIONS

Three other exploration permit applications covering approximately 920km² are currently being considered by the Cote d’Ivoire Ministry of Mines (Figure 16). Of these, two - Boundiali and Kounahiri – are PDI applications. The third, Komboro, is an application made by a third party with which PDI negotiated an agreement in 2011-12. Should all these permits be granted, the Company would then hold 1,710 km² of highly prospective gold exploration ground in Cote D’Ivoire.

The Boundiali exploration permit application is of particular interest. It is located within the same greenstone belt as the Syama, Sissingue and Tongon gold deposits (Figure 16). The permit application lies directly along strike from Syama and Sissingue. Syama is a large gold mine in Mali owned by Resolute Mining Limited (ASX: RSG) and Sissingue is an undeveloped gold deposit in northern Cote D’Ivoire owned by Perseus Mining Limited (ASX:PRU).

Favourable geology in the Boundiali permit includes a mixture of granite, schist, gabbro and sedimentary rocks. Numerous gold occurrences are recorded on geological maps and other databases. A major shear zone is also mapped through the permit, which has the potential to host gold mineralization.

AUSTRALIAN GOLD PROJECT

VICTORIA

PDI has only one project remaining in Australia – in Victoria, west of Ballarat. The Company’s objective there 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).

Work done on the project in 2012-13 consisted of limited amount of geological mapping and geophysical data interpretation. PDI surrendered the Skipton Exploration Licence during 2012-13 and has since surrendered the Woody Creek Exploration Licence. A new Exploration Licence, EL5434, covering 150 km² was granted to PDI in

August 2013.

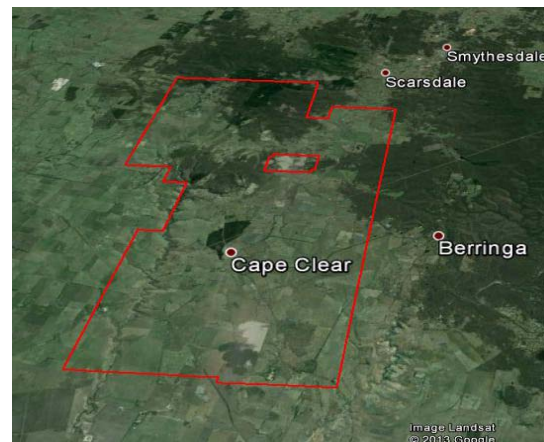


Figure 19: EL5434 outline on a satellite image, located south-west of Ballarat, Victoria

CORPORATE

PDI listed on 1st December 2010, following a heavily oversubscribed IPO. The Company raised \$4.2 million during 2012-2013 via a rights issue in July 2012 and a placement in November 2012.

The Company took a number of steps to reduce its overhead costs during 2012-2013. The Australia-based Exploration Manager was retrenched and the Burkina Faso team was reduced in size significantly, leaving PDI with a core group of four experienced geologists in the country. Office costs were also reduced by sub-letting office space. PDI's Board was also reduced from five to three members during the year in the interest of reducing overhead costs.

OUTLOOK

BURKINA FASO

PDI's immediate focus continues to be on high grade gold targets with strong evidence of good gold mineralisation continuity. The first priority in the 2013-2014 field season is therefore to drill additional holes at Bongou, where drilling in 2012-2013 revealed high grade gold mineralisation with good continuity. Exploration will also be carried out on the Laterite Hill Gold Field, especially along the

42km strike length of the Bongou structure to identify more high grade gold targets.

Limited exploration of other areas will be carried out to ensure that the entire tenement holding remains in good standing, focused on testing prospects with potential for high gold grades and good ore continuity.

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

COTE D'IVOIRE

PDI will commence low key exploration on its two granted permits in October 2013. Work will commence with compilation of past data, geological mapping, ground magnetic surveys and geochemical sampling. The initial aim of the 2013-2014 work program will be to identify targets for reconnaissance RAB drilling.

VICTORIA

The Company will carry out a limited geophysical and geological mapping program aimed at identifying a Stawell type drilling target on EL5434.

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 2013.

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

NAMES	POSITION	
Mr Phillip Harman	Non-Executive Chairman	
Mr Paul Roberts	Managing Director	
Mr Philip Henty	Non-Executive Director	
Dr Thomas Whiting	Non-Executive Director	(resigned 21 May 2013)
Dr Robert Danchin	Non-Executive Director	(resigned 21 May 2013)

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 \$1,057,479 (2012: \$2,706,350). This was largely from the costs of administering The Group to 30 June 2013, impairment of exploration and exploration costs.

REVIEW OF OPERATIONS

In the year to June 2013, Predictive Discovery Limited (PDI) undertook a substantial and successful work program. Capital raisings during the year totaled \$4,177,969 million via a rights issue in July 2012 and a placement in November 2012. Staff numbers were reduced in both Australia and Burkina Faso reflecting the difficult capital raising environment during the year. One permit was granted in Burkina Faso, covering 21 km² and a second permit, covering 74 km² was close to grant at June 2013; both areas form part of the Bonsiega Permit Group.

Exploration programs in Burkina Faso were focused especially on the Madyabari, Sirba, Bangaba, Tyekanyebi and Boussouma exploration permits. 9,100m of drilling was completed, consisting of 4,700m of reverse circulation and 4,400m of power auger drilling. 129 km² of tenement area was geologically mapped and 242 line km surveyed with ground magnetics and induced polarization surveys.

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT....

30 JUNE 2013

Very promising drill results were obtained on the Laterite Hill Gold Field and the Bangaba permit including 48m at 4.3 g/t Au, 26m at 6.9g/t Au and 10m at 7.4g/t Au at the Bongou Prospect (Madyabari permit) and 2m at 26/t Au at the Solna Prospect (Bangaba permit). This work highlighted the potential of the 43km long Bongou Fault Zone.

Preliminary metallurgical testwork results on the Bongou, Tambiri, Solna and Dave Prospects in Eastern Burkina Faso resulted in excellent gold recoveries from all four prospects.

Project generation activities in West Africa, using the Predictore® technology, continued during the year. This led to application for three permits in Cote D'Ivoire, covering a total area of 1,140km² and successful negotiations with an Ivoirian company to acquire a fourth permit, Kokumbo, covering 400km². At the end of June, both Kokumbo and one of the three PDI applications, Ferkessedougou, had been approved by the Council of Ministers, the final step before receipt of the Presidential Decrees granting the two permits.

The Company surrendered its Skipton Exploration Licence in Victoria, reducing the Company's holdings there to one 2 km² granted Exploration Licence.

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 \$5,069,619 from 30 June 2012 to 30 June 2013. This increase is largely due to the following factors:

- \$4,177,969 capital raising;
- Expenditure on exploring and evaluating the assets in Burkina Faso; and
- \$787,500 share-based payment to acquire the balance of El Dore Joint Venture permits.

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

In accordance with the purchase agreement for the Cote d'Ivoire Kokumbo permit, the Company has paid the first instalment of USD\$25,000 and issued USD\$25,000 worth of shares on 20 August 2013 to Ivoir Negoce. No other matters or circumstances have arisen for the year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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.

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT....

30 JUNE 2013

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: 3,398,258 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 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, Mr Roberts led the Predictive Mineral Discovery CRC's research effort from 2002 to 2007, and therefore has a deep understanding of the practical application of the Predictore® technology to mineral exploration.
Interest in Shares and Options	Shareholding: 3,702,079 Optionholding: 1,825,000
Directorships held in other listed entities during the three years prior to the current year	None

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT....

30 JUNE 2013

Dr Thomas Whiting	Non-Executive Director – (resigned 21 May 2013)
Qualifications	BSc (Hons), PhD, MAppFin, MASEG, MAICD
Experience	<p>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.</p> <p>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.</p>
Interest in Shares and Options	Shareholding: 1,791,942 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 – (resigned 21 May 2013)
Qualifications	BSc, BSc (Hons), MSc, PhD, FAusIMM
Experience	<p>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.</p> <p>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.</p>
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

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT....

30 JUNE 2013

Mr Philip Henty	Non-Executive Director
Qualifications	BA Acc, Dip SIA, F Fin
Experience	<p>Mr Henty has extensive experience in the Australian securities markets.</p> <p>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.</p>
Interest in Shares and Options	Shareholding: 10,929,688 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, 10 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	8	7	-	-
Mr Paul Roberts	8	7	-	-
Dr Thomas Whiting	6	5	2	2
Dr Robert Danchin	6	5	2	2
Mr Philip Henty	8	8	2	2

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.

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT....

30 JUNE 2013

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
26 July 2012	30 June 2015	\$0.10 to \$0.20	3,756,075
8 August 2012	30 June 2015	\$0.10 to \$0.20	1,000,000
10 October 2012	30 June 2015	\$0.10 to \$0.20	875,000
5 December 2012	30 October 2015	\$0.15	2,000,000
5 December 2012	11 July 2015	\$0.10 to \$0.20 *	3,500,000
		TOTAL	17,631,025

* 3,500,000 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.

During the year ended 30 June 2013, 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 2013 has been received and can be found on page 35 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.

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.

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT....

30 JUNE 2013

REMUNERATION REPORT (continued)

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 in past years 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 DURING THE YEAR ENDED 30 JUNE 2013	NON-SALARY	OPTIONS/ RIGHTS %	FIXED	TOTAL %
		CASH-BASED INCENTIVES %		SALARY/FEES %	
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	-	-	100	100

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 \$180,000 as a termination benefit.

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT....

30 JUNE 2013

REMUNERATION DETAILS FOR THE PERIOD ENDED 30 JUNE 2013

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 2013

KEY MANAGEMENT PERSONNEL		SALARY, FEES AND LEAVE		PENSION AND SUPER-ANNUATION		SHARES/ UNITS	OPTIONS/ RIGHTS	TOTAL
		\$	\$	\$	\$			
Mr Phillip Harman	2013	22,936	-	2,064	-	-	-	25,000
	2012	45,873	-	4,128	-	-	-	50,001
Mr Paul Roberts	2013	169,742	-	15,642	-	-	-	185,384
	2012	203,928	-	44,918	-	-	-	248,846
Dr Thomas Whiting	2013	5,686	-	8,000	-	-	-	13,686
	2012	750	-	34,250	-	-	-	35,000
Dr Robert Danchin	2013	12,556	-	1,130	-	-	-	13,686
	2012	32,110	-	2,890	-	-	-	35,000
Mr Philip Henty	2013	17,500	-	1,130	-	-	-	18,630
	2012	-	-	35,000	-	-	-	35,000
Mr Ian Hobson	2013	111,705	-	-	-	-	-	111,705
	2012	165,016	-	-	-	-	-	165,016
Mr David Pascoe	2013	92,220	-	6,498	-	-	-	98,718
	2012	194,072	-	17,466	-	-	50,253	261,791
Total Key Management Personnel	2013	432,345	-	34,464	-	-	-	466,809
	2012	641,749	-	138,652	-	-	50,253	830,654

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

No options or bonuses were granted as remuneration during the year to key management personnel and other executives.

END OF THE REMUNERATION REPORT

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

A handwritten signature in black ink, appearing to read 'P. Roberts', is written above a solid horizontal line.

Paul Roberts

Managing Director
5 September 2013

PREDICTIVE DISCOVERY LIMITED

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2013

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 and Phil Henty. Tom Whiting and Bobby Danchin resigned in May 2013.

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

PREDICTIVE DISCOVERY LIMITED

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2013

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. Given the current size of the Board (3) this function is undertaken by the Board.
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 Formal board appraisals were not conducted for the 2013 financial year.
3.1 Companies should disclose a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> - 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 diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Satisfied. The Diversity Policy is available at www.predictivediscovery.com.au in the Corporate Governance policy.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity and progress towards achieving them.	Not Satisfied. The measurable objectives have yet to be established.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Proportion of women employees in the whole organisation is 15%. There is one women (33%) in a senior executive position and none on the board.

PREDICTIVE DISCOVERY LIMITED

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2013

Recommendation	Current Practice
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3	Satisfied
4.1 The board should establish an audit committee.	Not satisfied. The audit committee was disbanded during the year when the board was reduced from 5 to 3 directors.
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> - 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 	Not satisfied. The role of the committee is undertaken by the board.
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.
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.

PREDICTIVE DISCOVERY LIMITED

CORPORATE GOVERNANCE STATEMENT

30 JUNE 2013

Recommendation	Current Practice
<p>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.</p>	<p>Satisfied.</p> <p>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.</p>
<p>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.</p>	<p>Satisfied.</p> <p>The Board has received a section 295A declaration pursuant to the 2013 financial period.</p>
<p>7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7</p>	<p>Satisfied</p> <p>The board has received the reports and assurances in 7.2 and 7.3. The policies are available on the company's website.</p>
<p>8.1 The board should establish a remuneration committee.</p>	<p>Not Satisfied.</p> <p>The function of this committee is performed by the full board given the current size of the Board is 3 directors.</p>
<p>8.2 The remuneration committee should be structured so that is:</p> <ul style="list-style-type: none">• Consists of a majority of independent directors• Is chaired by an independent director• Has at least three members	<p>Not satisfied.</p>
<p>8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.</p>
<p>8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8</p>	<p>The remuneration committee charter is available at www.predictivediscovery.com.au in the Corporate Governance policy.</p>

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

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, 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

NEXIA MELBOURNE
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

5 September 2013

Nexia Melbourne

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PREDICTIVE DISCOVERY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2013

		Consolidated	
		2013	2012
		\$	\$
	Note		
Finance income		38,533	191,196
Share based payments		(14,498)	(50,253)
Administrative expenses		(868,496)	(1,366,305)
Foreign exchange expense		176,854	(602,487)
Impairment of exploration		(299,575)	(731,847)
Exploration expenditure pre-right to tenure		(90,297)	(146,654)
		<u> </u>	<u> </u>
Profit (loss) before income taxes		(1,057,479)	(2,706,350)
Income tax expense	2	-	-
		<u> </u>	<u> </u>
Profit (loss) from continuing operations		(1,057,479)	(2,706,350)
Other comprehensive income		1,383,801	(198)
		<u> </u>	<u> </u>
Total comprehensive income for the year		<u>326,322</u>	<u>(2,706,548)</u>
Profit attributable to:			
Members of the parent entity		326,322	(2,706,548)
		<u> </u>	<u> </u>
		<u>326,322</u>	<u>(2,706,548)</u>
Basic (loss) per share (cents per share)	12	(0.002)	(0.023)
Diluted (loss) per share (cents per share)	12	(0.002)	(0.023)

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

PREDICTIVE DISCOVERY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

		Consolidated	
	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,352,410	1,063,472
Trade and other receivables	4	129,071	179,608
TOTAL CURRENT ASSETS		1,481,481	1,243,080
NON-CURRENT ASSETS			
Property, plant and equipment	5	364,969	526,742
Exploration expenditure	6	14,604,406	10,235,139
TOTAL NON-CURRENT ASSETS		14,969,375	10,761,881
TOTAL ASSETS		16,450,856	12,004,961
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	229,658	734,901
Provisions	9	20,626	139,107
TOTAL CURRENT LIABILITIES		250,284	874,008
TOTAL LIABILITIES		250,284	874,008
NET ASSETS		16,200,572	11,130,953
EQUITY			
Issued capital	10	19,942,017	15,264,189
Reserves	11	1,668,042	218,772
Accumulated losses		(5,409,486)	(4,352,008)
TOTAL EQUITY		16,200,573	11,130,953

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

PREDICTIVE DISCOVERY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

2013

	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	TOTAL \$
Balance at 1 July 2012	15,264,188	(4,352,007)	311,995	(93,223)	11,130,953
Profit/(loss) attributable to members of the parent entity		(1,057,479)			(1,057,479)
Other comprehensive income				1,383,801	1,383,801
Total comprehensive income for the year					
Shares issued during the year	4,979,967				4,979,967
Transaction costs	(302,138)				(302,138)
Share-based payments			65,469		65,469
Sub-total	4,677,828	(1,057,479)	65,469	1,383,801	5,069,620
Balance at 30 June 2013	19,942,017	(5,409,486)	377,464	1,290,578	16,200,573

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

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

PREDICTIVE DISCOVERY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2013

	Note	2013 \$	2012 \$
CASH FROM OPERATING ACTIVITIES:			
GST receipts		20,110	10,066
Payments to suppliers and employees		(716,682)	(1,731,254)
Net cash provided by (used in) operating activities	21	(696,572)	(1,721,188)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		38,533	191,196
Purchase of property, plant and equipment		(2,175)	(546,851)
Payments for exploration expenditure		(2,751,532)	(6,973,426)
Net cash provided by (used in) investing activities		(2,715,174)	(7,329,081)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		4,177,969	5,275,213
Payment of share issue costs		(236,669)	(360,655)
Net cash from financing activities		3,941,300	4,914,558
OTHER ACTIVITIES:			
Foreign exchange differences		(240,616)	(9,041)
Net cash used by other activities		(240,616)	(9,041)
Net increase (decrease) in cash held		529,554	(4,135,711)
Cash and cash equivalents at beginning of period		1,063,472	5,208,224
Cash and cash equivalents at end of financial period	3	1,352,410	1,063,472

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

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

1 SUMMARY OF SIGNIFICANT 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 date 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

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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) BORROWING 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 after the end of the reporting period. (All other investments are classified as current assets).

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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").

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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. \$14,604,406 has been capitalised as at 30 June 2013 (see note 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 20) there is a loan due from the 100% subsidiary of \$12,013,493 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.

Reference	Title	Nature of Change	Application date of standard
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.	Periods beginning on or after 1 January 2015

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reference	Title	Nature of Change	Application date of standard
		AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	
AASB 10 (issued August 2011)	Consolidated Financial Statements	<p>Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:</p> <ul style="list-style-type: none"> • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the [Entity]'s returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated. 	Annual reporting periods commencing on or after 1 January 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights	Annual reporting periods commencing on or after 1 January 2013

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reference	Title	Nature of Change	Application date of standard
		to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> . Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013
AASB 13 (issued September 2011)	Fair Value Measurement	<p>AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.</p> <p>Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements.</p> <p>Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.</p>	Annual reporting periods commencing on or after 1 January 2013

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reference	Title	Nature of Change	Application date of standard
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the <i>Corporation Act 2001</i>	Annual periods commencing on or after 1 July 2013
Interpretation 20 (issued November 2011)	Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 <i>Inventories</i> if the benefits from stripping activity is realised in the form of inventory produced.	Annual periods commencing on or after 1 January 2013

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reference	Title	Nature of Change	Application date of standard
		Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met.	
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32) e.g: AASB 116 clarifies that items such as spare parts, stand-by or service equipment are required to be classified as property, plant and equipment and not inventory	Periods commencing on or after 1 January 2013
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015
AASB 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 <i>Substantive Enactment of Major Tax Bills In Australia</i> from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the <i>Corporations Act 2001</i> or other general purpose financial statements.	Annual reporting periods beginning on or after 1 January 2013

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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.
- (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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

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 structured 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

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

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Annual Improvements 2009-2011 Cycle.....

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

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:

- Tier 1: Australian Accounting Standards
- 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:

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

- For-profit private sector entities that do not have public accountability
- 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 INCOME TAX EXPENSE

(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:

	2013 \$	2012 \$
Current tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>
	-	-

(a) Income tax recognised in profit or loss

Tax expense / (revenue) comprises:

	2013 \$	2012 \$
Current tax expense / (revenue)	(1,362,791)	(2,670,783)
Deferred tax expense / (revenue) relating to the origination and reversal of temporary differences	912,584	1,892,950
Tax Losses Not Recognised	450,207	777,833
Total tax expense / (revenue)	<hr/> -	<hr/> -

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	326,322	(2,706,548)
Income tax expense (revenue) calculated at 30% (2010: 30%)	97,897	(811,964)
Tax Effect of Employee Options	4,349	15,076
Tax effect of FX Loss	(468,196)	-
Tax Effect of Capital Raising Costs Not Recognised	(84,393)	-
Non-deductable expenses	136	18,996
Tax Losses Not Recognised	450,207	777,892
	<hr/> -	<hr/> -

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

	2013 \$	2012 \$
Cash at bank	1,352,410	1,063,472
	<hr/>	<hr/>
	1,352,410	1,063,472

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

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

4 TRADE AND OTHER RECEIVABLES

	2013 \$	2012 \$
Trade receivables	22,978	90,152
Other receivables	106,093	89,456
	<u>129,071</u>	<u>179,608</u>

5 PROPERTY, PLANT AND EQUIPMENT

	2013 \$	2012 \$
PLANT AND EQUIPMENT		
At cost	531,334	529,159
Accumulated depreciation	(166,365)	(103,115)
Total plant and equipment	<u>364,969</u>	<u>426,044</u>

(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 2013		
Balance at the beginning of year	426,044	426,044
Additions	2,175	2,175
Depreciation expense	(109,361)	(109,361)
Movement in exchange rates	46,111	46,111
Balance at 30 June 2013	<u>364,969</u>	<u>364,969</u>
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	<u>426,044</u>	<u>426,044</u>

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

6 EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	2013	2012
	\$	\$
Exploration and evaluation expenditure	14,604,406	10,235,139
	<u>14,604,406</u>	<u>10,235,139</u>
	EXPLORATION AND EVALUATION	
	\$	
2013		
Balance at beginning of the year	10,235,139	
Expenditure incurred	4,668,842	
Impairment	(299,575)	
Balance at end of the year	<u>14,604,406</u>	
2012		
Balance at beginning of the year	3,925,307	
Expenditure incurred	7,041,679	
Impairment	(731,847)	
Balance at end of the year	<u>10,235,139</u>	

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 active expenditure 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

7 TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
CURRENT		
Trade payables	229,658	734,901
Other payables	20,626	139,107
	<u>250,284</u>	<u>874,008</u>

8 TAX ASSETS AND LIABILITIES

	2013	2012
	\$	\$
(a) Assets		
Current		
Income tax refundable	-	-
	<u>-</u>	<u>-</u>
Non-current		
Deferred tax asset comprises:		
Employee Entitlements	6,188	41,732
Accruals and payables	11,250	-
ASX Listing Costs	909	-
Tax Losses	4,097,821	4,267,723
Amount Not Recognised	(4,116,168)	(4,309,455)
	<u>-</u>	<u>-</u>
(b) Liabilities		
Current		
Income tax liabilities	-	-
Less: PAYG instalments paid	-	-
Income tax payable	<u>-</u>	<u>-</u>
Non-current		
Deferred tax liability comprises:		
Exploration Expenditure	(2,491,965)	(3,070,542)
Amount Not Recognised	2,491,965	3,070,542
Net DTA/DTL	<u>-</u>	<u>-</u>

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

8 TAX ASSETS AND LIABILITES (continued)	2013 \$	2012 \$
(c) Reconciliations		
(i) Gross Movements		
The overall movement in the deferred tax balances is as follows:		
Opening balance	1,173,995	455,019
Underprovision in prior year	-	-
Credited / (charge) to the income statement	450,208	777,833
Amount Not Recognised	(1,624,203)	(1,232,852)
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	41,732	24,392
Credited / (charge) to the income statement	(35,544)	-
Amount Not Recognised	(6,188)	(24,392)
Closing balance	-	-
Provisions		
Opening balance	-	-
Credited / (charge) to the income statement	-	-
Amount Not Recognised	-	-
Closing balance	-	-
Accruals and payables		
Opening balance	9,000	8,550
Credited / (charge) to the income statement	2,250	-
Amount Not Recognised	(11,250)	(8,550)
Closing balance	-	-
Tax Losses		
Opening balance	2,735,029	1,596,940
Credited / (charge) to the income statement	1,362,792	2,670,783
Amount Not Recognised	(4,097,821)	(4,267,723)
Closing balance	-	-

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

8 TAX ASSETS AND LIABILITES (continued)	2013 \$	2012 \$
ASX Listing Costs		
Opening balance	1,819	2,729
Under provision in prior year	-	-
Credited / (charge) to the income statement	(910)	(910)
Amount Not Recognised	(909)	(1,819)
Closing balance	<u>-</u>	<u>-</u>
 (iii) Deferred tax liability		
Exploration Expenditure		
Opening balance	(1,613,585)	(1,177,592)
Credit / (charge) to the income statement	(878,380)	-
Amount Not Recognised	2,491,965	1,177,592
Closing balance	<u>-</u>	<u>-</u>

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 crystallises.

9 PROVISIONS

	2013 \$	2012 \$
CURRENT		
Employee entitlements	20,626	139,107
	<u>20,626</u>	<u>139,107</u>

10 ISSUED CAPITAL

	2013 \$	2012 \$
234,633,856 (2012: 125,555,405) Ordinary shares	21,348,580	16,368,613
Share issue costs written off against issued capital	(1,406,563)	(1,104,424)
	<u>19,942,017</u>	<u>15,264,189</u>

PREDICTIVE DISCOVERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

10 ISSUED CAPITAL (continued)

ORDINARY SHARES

	2013	2013	2012	2012
	No.	\$	No.	\$
At the beginning of the reporting period	125,555,405	16,386,368	97,056,681	11,093,400
Tenement Purchase	11,250,000	787,500	524,590	100,000
Employee share issue	329,500	14,498	-	-
Placements	86,236,843	3,277,000	-	-
Rights Issues	11,262,108	900,969	27,974,134	5,192,968
	<u>234,633,856</u>	<u>21,348,580</u>	<u>125,555,405</u>	<u>\$16,386,368</u>

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

	2013	2012
	\$	\$
Earnings used to calculate basic EPS	(1,029,304)	(2,706,350)

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

	2013	2012
	No.	No.
Weighted average number of ordinary shares outstanding during the period- Number used in calculating basic EPS	<u>193,090,138</u>	<u>118,702,116</u>
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>193,090,138</u>	<u>118,702,116</u>

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

12 EARNINGS PER SHARE (continued)

	2013 No.	2012 No.
Weighted average number of ordinary shares outstanding during the period- Number used in calculating basic EPS	193,090,138	118,702,116
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	193,090,138	118,702,116

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

	2013 \$	2012 \$
Payable - minimum lease payments:		
- not later than 12 months	245,232	220,486
- between 12 months and 5 years	-	427,873
	<u>245,232</u>	<u>648,359</u>

(B) OPTIONS FEE COMMITMENTS

	2013 \$	2012 \$
Payable - minimum lease payments:		
- not later than 12 months	500,000	430,000
- between 12 months and 5 years	-	100,000
	<u>500,000</u>	<u>530,000</u>

(C) CAPITAL EXPENDITURE COMMITMENTS

	2013 \$	2012 \$
Payable:		
- not later than 12 months	50,087	72,352
- between 12 months and 5 years	146,454	289,410
	<u>196,541</u>	<u>361,762</u>

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

13 CAPITAL AND LEASING COMMITMENTS (continued)

(D) LICENCE FEE COMMITMENTS

	2013	2012
	\$	\$
Payable:		
- not later than 12 months	300,000	300,000
- between 12 months and 5 years	1,200,000	1,200,000
	<u>1,500,000</u>	<u>1,500,000</u>

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	2013	2012
		\$	\$
Financial Assets			
Cash and cash equivalents	3	1,352,410	1,063,261
Trade and other receivables	4	129,071	179,819
Total Financial Assets		<u>1,481,481</u>	<u>1,243,080</u>
Financial Liabilities			
Trade and other payables	7	250,284	874,008
Total Financial Liabilities		<u>250,284</u>	<u>874,008</u>

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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

14 FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK MANAGEMENT POLICIES.....

Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raised in advance of shortages. Interest rate risk is managed by limiting the amount of 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 exposure 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	250,284	874,008	-	-	250,284	874,008
Total contractual outflows	250,284	874,008	-	-	250,284	874,008
Financial assets - cash flows realisable						
Trade and other receivables	129,071	179,608	-	-	129,071	179,608
Total anticipated inflows	129,071	179,608	-	-	129,071	179,608

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 3% p.a.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 foreign currency which are other than the AUD functional currency of The Group.

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.

2013	Corporate	Gold Aust	Uranium Aust	Gold Burkina Faso	Other West Africa	Total
	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-
Interest income	38,533	-	-	-	-	38,533
Expenses						
Share based payments	(14,498)	-	-	-	-	(14,498)
Administration expenses	(678,618)	-	-	(189,876)	-	(868,494)
FX Expense	251,095	-	-	(74,241)	-	176,854
Exploration expenditure written off	-	(299,575)	-	-	-	(299,575)
Impairment of Exploration	-	(62,122)	-	-	-	(62,122)
	-	-	-	-	-	-
Loss before tax	(403,488)	(361,697)	-	(264,117)	-	(1,029,302)
Current assets	1,365,866	-	-	115,616	-	1,481,482
Exploration expenditure	-	-	-	14,632,581	-	14,632,581
Plant and Equipment	2,842	-	-	362,127	-	364,969
Current liabilities	(110,511)	-	-	(139,773)	-	(250,284)
Net assets	1,258,197	-	-	14,964,783	-	16,228,748

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

15 OPERATING SEGMENTS (continued)

Identification of Reportable Segments

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

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 2013.

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

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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:

	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
30 JUNE 2013								
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	-
	4,900,000	-	-	-	4,900,000	-	4,900,000	-

	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
30 JUNE 2012								
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	-

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 2013					
Mr Phillip Harman	1,954,688	-	-	1,443,570	3,398,258
Mr Paul Roberts	3,320,500	-	-	381,579	3,702,079
Dr Thomas Whiting	1,054,688	-	-	737,254	1,791,942
Dr Robert Danchin	-	-	-	-	-
Mr Philip Henty	5,976,563	-	-	4,953,125	10,929,688
Mr Ian Hobson	50,000	-	-	10,000	60,000
Mr David Pascoe	-	-	-	-	-
	12,355,501	-	-	7,525,528	19,881,967

	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 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	-	-	1,131,439	12,356,439

PREDICTIVE DISCOVERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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

	2013	2012
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Audit services	51,450	41,000
	51,450	41,000

18 CONTROLLED ENTITIES

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 2013	PERCENTAGE OWNED (%)* 2012
Parent Entity:			
Predictive Discovery Limited	Australia		
Subsidiaries of legal parent entity:			
Predictive Discovery SARL	Burkina Faso	100	100
Predictive Discovery Niger SARL	Niger	100	100
Predictive Discovery Cote D'Ivoire SARL	Cote D'Ivoire	100	100
Birrimian Pty Ltd	British Virgin Islands	100	72.1
Predictive Discovery Cote D'Ivoire Pty Ltd	Australia	100	-

* Percentage of voting power is in proportion to ownership

Acquisitions of controlled entities

During the year, the remaining 17.9% of Birrimian Pty Limited was acquired by Predictive Discovery Limited as the result of the Group successfully negotiating a transaction in order to obtain 100%. Predictive Discovery Cote d'Ivoire Pty Ltd, a 100% controlled subsidiary was established in Australia 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.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 \$12,013,493. 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 \$111,705 for company secretarial services during the year.

21 CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	2013	2012
	\$	\$
Profit (loss) for the year	(1,029,304)	(2,706,350)
Non-operating items in profit		
Exploration expenditure	62,122	146,654
Interest income	(38,533)	(191,195)
Non-cash flows in profit		
Non-cash based share issues		-
Share based payments	14,498	50,253
Depreciation	2,802	2,417
Foreign exchange (gains)/losses		-
Write off of exploration expenditure	299,575	731,847
Changes in assets and liabilities		
(Increase)/decrease in receivables	30,381	167,193
Increase/(decrease) in payables	(99,603)	66,807
Increase/(decrease) in provisions	(12,693)	11,186
Increase/(decrease) in FX Reserve	74,183	-
	<u>(696,572)</u>	<u>(1,721,188)</u>

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

22 SHARE BASED PAYMENTS

During the year, the group entered into the following share-based payments:

1. The issue of 11,250,000 ordinary shares in the Company in consideration for the 27.9% in Birrimian Pty Limited for a value of \$787,500 (7 cents per share); and
2. The issue of 3,500,000 options exercisable at various prices and expiring at various times in part consideration for capital raising fees.
3. The issue of 329,500 ordinary shares in the company as employee incentives to Burkina Faso employees.

At 30 June 2013 the Group has the following share-based payment options on issue to employees:

2012		EXERCISE PRICE	START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
GRANT DATE	EXPIRY DATE							
20 August 2010	20 August 2015	0.25	6,000,000	-	-	-	6,000,000	6,000,000
11 July 2011	11 July 2015	0.31	500,000	-	-	-	500,000	500,000
	December 2010	0.50	6,500,000	-	-	-	6,500,000	6,500,000

At 30 June 2013 the Group has the following share-based payment options on issue in lieu of capital raising fees:

2012		EXERCISE PRICE	START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
GRANT DATE	EXPIRY DATE							
5 December 2012	30 October 2015	\$0.15	-	2,000,000	-	-	2,000,000	2,000,000
5 December 2012	11 July 2015	\$0.1 to \$0.2*	-	3,500,000	-	-	3,500,000	3,500,000
	30 December 2010	0.50	-	5,500,000	-	-	5,500,000	5,500,000

*3,500,000 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.

The weighted average exercise price of options as at 30 June 2013 was \$0.19 (30 June 2012: \$0.26). The weighted average remaining contractual life of options outstanding at year end was 2.13 years (30 June 2012: 3.14).

The fair value of the options granted to employees and brokers is deemed to represent the value of services received over the vesting period.

The fair value of the options granted during the year was \$65,469 (30 June 2012: \$ 50,253.00).

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 SHARE BASED PAYMENTS (continued)

These values were calculated by using a Black-Scholes option pricing model applying the following inputs:

Dividend yield (%):	-
Exercise price (cents):	Range of 10 to 25 cents
Life of option (years):	4
Expected share price volatility (%):	77.60
Risk-free interest rate (%):	2.94

Historic volatility has been the basis of determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

23 EVENTS AFTER THE END OF THE REPORTING PERIOD

In accordance with the purchase agreement for the Cote d'Ivoire Kocoumbo permit, the Company has paid the first instalment of USD\$25,000 and issued USD\$25,000 worth of shares on 20 August 2013 to Ivoir Negoce. No other matters or circumstances have arisen for the year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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.

	2013	2012
	\$	\$
Assets		
Current assets	1,365,866	989,698
Non-current assets	15,592,764	10,686,185
Total Assets	<u>16,958,630</u>	<u>11,675,883</u>
Liabilities		
Current liabilities	110,511	189,408
Non-current liabilities	-	-
Total Liabilities	<u>110,511</u>	<u>189,408</u>

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

24 PARENT ENTITY (continued)

	2013 \$	2012 \$
Equity		
Issued capital	19,942,017	15,264,189
Accumulated losses	(4,762,648)	(3,997,464)
Reserve	1,668,750	219,750
Total Equity	<u>16,848,119</u>	<u>11,486,475</u>
Total loss for the period	<u>(765,184)</u>	<u>(2,488,096)</u>
Total comprehensive income	<u>(765,184)</u>	<u>(2,488,096)</u>

CONTINGENT LIABILITIES

The parent entity has a contingent liability of \$300,000 for licence fees and expenditure commitments as at 30 June 2013. No invoice has been received for these amounts. The directors have been negotiating a termination of the contract during the year and based on discussions held, believe the matter will be resolved with no liability to the parent entity.

CONTRACTUAL COMMITMENTS

The parent entity has commitments as at 30 June 2013 that are disclosed in Note 13.

RECOVERABILITY OF INTERCOMPANY LOAN

Within Non-current assets is a loan due from the 100% subsidiary of \$13,397,025 which is considered fully recoverable. The recoverability of this loan is dependent upon the successful development or sale of exploration assets in Burkina Faso.

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

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 36 to 80, 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 2013 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
5 September 2013

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF PREDICTIVE DISCOVERY LIMITED & CONTROLLED ENTITIES**

Report on the Financial Report

We have audited the accompanying financial report of Predictive Discovery Limited & controlled entities, which comprises the consolidated statement of financial position as at 30 June 2013, 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.

Nexia Melbourne

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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 & controlled entities, 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 & controlled entities 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 2013 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 Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "Key Judgement – Going Concern" in Note 1 (S) to the financial statements for the period ended 30 June 2013, the ability to continue the exploration and development of the company's mining tenements is dependent upon future capital raising. Should there be no funding available, explorations of the areas of interest may be put on hold and the recoverability of exploration assets may be realised below their carrying amounts at balance date.

Report on the Remuneration Report

We have audited the remuneration report included in page 7 of the directors' report for the year ended 30 June 2013. 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.

*Independent Auditor's Report to the Members
of Predictive Discovery Limited & Controlled Entities*

Auditor's Opinion

In our opinion the remuneration report of Predictive Discovery Limited & controlled entities for the year ended 30 June 2013 complies with s 300A of the *Corporations Act 2001*.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

5 September 2013

PREDICTIVE DISCOVERY LIMITED

ADDITIONAL SHAREHOLDER INFORMATION IN COMPLIANCE WITH ASX REQUIREMENTS

The additional ASX information is current as at 12 September 2013.

SUBSTANTIAL SHAREHOLDERS

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

Shareholder name	Number Held	Percentage
AFRICAN LION 3 LIMITED	20,316,260	7.49%
EQUITY TRUSTEES LIMITED	17,955,223	6.62%

PARTICULARS OF TWENTY LARGEST SHAREHOLDERS

Rank	Name	Units Held	%IC
1	AFRICAN LION 3 LIMITED	20,316,260	7.49%
2	EQUITY TRUSTEES LIMITED	17,955,223	6.62%
3	KITARA INVESTMENTS PTY LTD	10,312,500	3.80%
4	FINANCE ASSOCIATES PTY LTD	8,842,246	3.26%
5	MR NEIL CLIFFORD DUNCAN & MRS LUDMILLA DUNCAN	8,313,058	3.06%
6	DYSPO PTY LIMITED	6,710,938	2.47%
7	MR PHILIP C. LANGDON & MRS ROBYN M. LANGDON	5,245,991	1.93%
8	PRIVATE EQUITY CAPITAL PTY LTD	4,218,750	1.55%
9	BUPRESTID PTY LIMITED	4,000,000	1.47%
10	PAUL ROBERTS	3,702,079	1.36%
11	SISU INTERNATIONAL PTY LTD	3,388,252	1.25%
12	MR WILLIAM HENRY HERNSTADT	3,302,241	1.22%
13	AFRICAN LION 3 LIMITED	3,289,474	1.21%
14	MR SEAGER REX HARBOUR	3,108,955	1.15%
15	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,950,000	1.09%
16	AGGREGATED CAPITAL PTY LTD	2,907,500	1.07%
17	EDNA SECURITIES PTY LTD	2,400,000	0.88%
18	PAJAL PTY LTD	2,278,126	0.84%
19	THE HARBOUR FOUNDATION	2,140,000	0.79%
20	MR WILLIAM HENRY HERNSTADT	2,127,239	0.78%
	TOTAL	117,508,832	43.30%
	Balance of Register	153,875,362	56.70%
	Grand TOTAL	271,384,194	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	20	1,875
1,001-5,000	33	106,895
5,001-10,000	46	399,035
10,001 - 100,000	399	18,587,973
100,001 and Over	313	252,288,416
	<u>811</u>	<u>271,384,194</u>

PREDICTIVE DISCOVERY LIMITED

ADDITIONAL SHAREHOLDER INFORMATION IN COMPLIANCE WITH ASX REQUIREMENTS

DISTRIBUTION OF EQUITY SECURITIES (continued)

Unmarketable Parcels

There are 196 holders holding less than a marketable parcel of \$500 of ordinary shares at a price of 2 cents per share.

UNQUOTED EQUITY SECURITIES

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

Holder 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

Holder of more than 20%

Holder name	Number	%
DAVID PASCOE	500,000	100%

There are 94 holders of 9,131,075 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.

Holder of more than 20%

Holder name	Number	%
N/A		

There is 1 holder of 2,000,000 unlisted options expiring 30 October 2015, with an exercise price of 15 cents.

Holder of more than 20%

Holder name	Number	%
CHALMSBURY NOMINEES PTY LTD	2,000,000	100%

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.

PREDICTIVE DISCOVERY LIMITED

INTERESTS IN MINING TENEMENTS

AUSTRALIAN TENEMENTS

Name	Number	Percentage Interest	Location
Woody Creek	EL5314	100%	Victoria, Australia

BURKINA FASO TENEMENTS

Name	Number	Percentage Interest	Location
Fouli	Arrêté 2005-11-351/MCE/SG/DGMGC	100%	Burkina Faso
Tantiabongou	Arrêté 2007-019/MCE/SG/DGMGC	100%	Burkina Faso
Sirba	Arrêté 2005-11-353/MCE/SG/DGMGC	100%	Burkina Faso
Madyabari	Arrêté 2011-11-352/MCE/SG/DGMGC	100%	Burkina Faso
Tyekanyebi	Arrêté 2010-202/MCE/SG/DGMGC	100%	Burkina Faso
Tamfoagou	353 (arrêté 2005-061/MCE/SG/DGMGC)	100%	Burkina Faso
Bira	Arrêté 2013-33/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 South	Arrêté 2011-299/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