



Annual Report

2018



CORPORATE DIRECTORY

DIRECTORS

Mr Phillip Jackson Non-executive Chairman
Mr Paul Roberts Managing Director
Mr David Kelly Non-executive Director

Company Secretaries

Mr Eric Moore
Mr Bruce Waddell

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PDI



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Dear Shareholders,

It gives me great pleasure to present Predictive Discovery Limited's (**Predictive, PDI** or the **Company**) 2017-18 Annual Report.

This was the year Predictive consolidated its Prospect Generator Business model, summarised as **EXPLORATION-PARTNERSHIP-GROWTH**.

Working closely with our Joint Venture partners, we made great strides across our portfolio with new discoveries in both Cote D'Ivoire and Burkina Faso.

We have continued to see strong evidence of our ground's potential from widespread drilled gold intercepts within 17km of gold in-soil anomalies at Ferkessedougou North (Cote D'Ivoire), and an 800m long gold mineralised zone from RC drill drilling at Bira (Burkina Faso), along with identification of a 20km long zone of gold in-soil anomalies to the south-west of Bira, including ten drill-ready targets.

Both projects are being developed with partner-funded exploration with over US\$4,000,000 spent by our joint venture partners in Burkina Faso and Cote D'Ivoire in 2017-18. These programs included soil sampling, aeromagnetic surveys and RC and diamond drilling, along with extensive reconnaissance stream geochemistry and geological surveys.

Other highlights included the delineation of a 13km zone of gold geochemical anomalies in the newly acquired Boundiali North Permit (Cote D'Ivoire), encouraging drill results from the large and complex Bobosso Project (Cote D'Ivoire) and the identification of gold-bearing structures in the Kokoumbo Project (Cote D'Ivoire).

These results have all reinforced the **large-scale gold discovery potential** of the Company's projects and permits. The drill results at Bira are especially significant as they add to the Bongou JORC Resource and nearby Exploration Target reported in 2014 and 2015. Our impressive project portfolio is

The company's own focus continues to be on early stage exploration in what is currently the most exciting gold region in the world.

strategically located around a number of major gold deposits and large mining operations. Coupled with our recent exploration success, I anticipate an exciting 2018-19 season of both results and new opportunities.

We have commenced preparation for the 2018-19 field season with new permit applications and prospects in Burkina Faso and Mali. In Burkina, Predictive has assessed country-wide exploration data sets to identify high-potential zones within the large areas of recently vacated ground; a number of permit applications have been lodged and are awaiting approval. In Mali, Predictive has conducted a country-scale analysis and identified numerous exploration targets resulting in low cost exploration of five exploration authorisations and due diligence geochemical sampling of several properties held by third parties.

The company's own focus continues to be on early stage exploration in what is currently the most exciting gold region in the world, with new mines and discoveries a constant reminder of the region's immense potential.

I would like to take this opportunity to thank our joint venture partners for their continued support and counsel as we work together for mutual benefit. I would especially like to highlight the contribution of Howard Bills and Kirk Woodman, the respective Exploration Directors at Toro and Progress, whose companies have both advanced the interests of Predictive within their respective joint ventures throughout the past year.

Predictive's Board and management team collectively has great experience in gold exploration and development and has demonstrated this by continued discoveries and ongoing generation of exciting new exploration projects. I would like to thank my fellow board members and management as well as our in-country staff for all their efforts and success during the past year.

Our objectives for the 2018-19 Financial Year include adding new projects, further joint ventures, new discoveries and resource identification. I thank you for your support throughout 2017-18 and hope that our progress during the forthcoming year will continue to add value to your investment in Predictive.

Yours Sincerely

Phillip Jackson
Non-Executive Chairman

Exploration Partnership Growth





Review of Operations

In 2017-2018 Predictive consolidated its Prospect Generator Model. The joint venture signed with Progress Minerals (Inc) in late 2017 completed the process of farming out the Company's major projects, clearing the way for PDI to acquire a large portfolio of new ground in West Africa to carry out early stage low cost exploration.

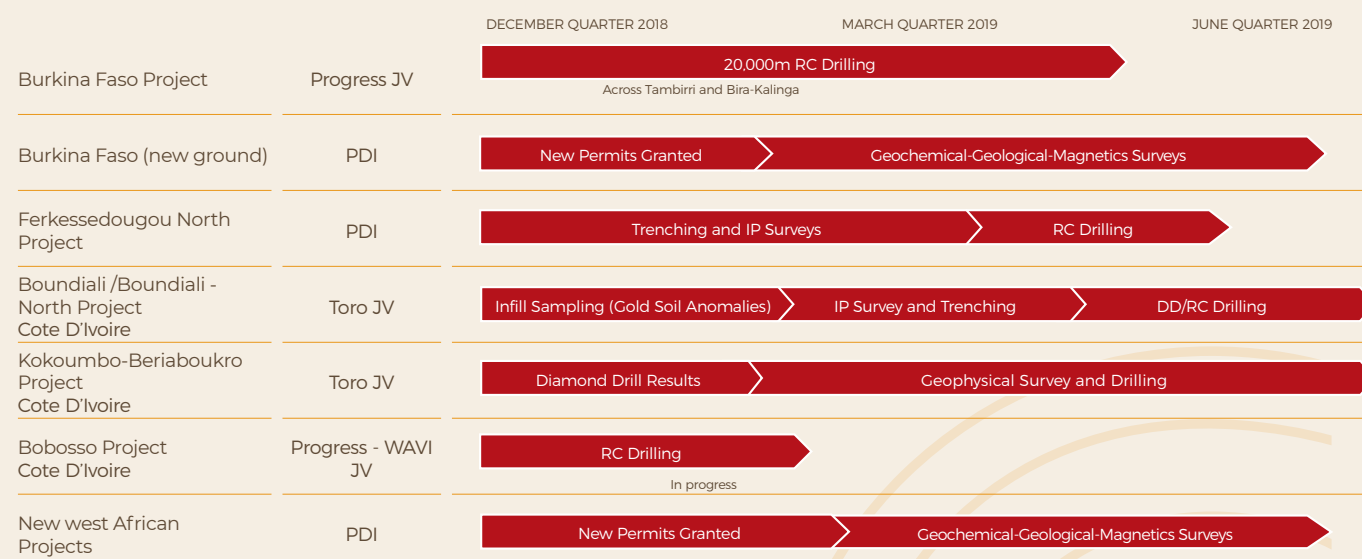
The Prospect Generator model is summarised in three words: EXPLORATION, PARTNERSHIP and GROWTH. PDI has fully developed the Exploration and Partnership components in the past two years. The Company is now beginning to realise the Growth component, taking a payment of C\$493,000 and future cash payments on mine production for up to three mines in its Bobosso tenement package. This demonstrates that the model is in full operation and illustrates the potential to shareholders from larger returns from the Growth component going forward.

The Case for Predictive Discovery Traditional Model vs. Prospect Generator

SCENARIO	TRADITIONAL JUNIOR	PROJECT GENERATOR
Projects	Few (1-2 Flagships)	Multiple (+5)
Discover Goal	Single	Multiple
Risk Profile	low chance of producing <u>single</u> mine	high chance of producing <u>one or more</u> mines
Team/Expertise	Joint MD/Geo role	Multiple expert teams across numerous partner projects + numerous internal exploration teams coordinated by MD
Primary Funding	Equity	Equity, Partners: Exploration Expenditures, Cash, Shares, Royalties
Scenario	100% of a single Discovery 	30% of Multiple Discoveries 

The case for PDI's adoption of the Prospect Generator model is strong: 1) we substantially increase our chances of discovery with numerous projects being explored simultaneously; 2) we have access both to our own experts and joint venture partner exploration teams, greatly enlarging the capability which can be brought to bear in exploring the Company's portfolio. The opportunity to collaborate on a project with a joint venture exploration team also highlights the value of PDI's projects as it is unlikely a partner would spend large sums of money earning into the ground if their due diligence didn't match our own assessment; 3) Primary funding is through our joint venture partners. In exchange for a majority share in the project, each partner agrees to spend a certain dollar amount, generally in the millions of dollars to advance the project; 4) We have now shown that we can acquire high quality projects through innovative geoscience-based ground selection methods and our experience and networks in the region to identify high-quality targets; 5) After securing ownership and completing initial exploration, we create joint venture partnerships with well-funded development orientated companies to aggressively drill, evaluate and ultimately develop new resources; 6) Finally, the activity on multiple parallel projects, funded mostly by joint venture partners, drives news flow while minimising cash outlays and therefore frequent, dilutive capital raisings.

Driving Newsflow Concurrent Funded Programs



Joint Venture Partners

Progress Minerals International Inc (www.progressminerals.com)

Progress Minerals Inc. engages in the identification, acquisition, exploration, and development of mineral resource projects focused on the West African Birimian Greenstone Belts. The company was incorporated in 2016 and is based in Vancouver, Canada.

Key Contact: Adam Spencer (Chief Executive Officer)

Mr. Spencer brings extensive capital markets experience in the mining industry having been involved in a wide range of financing and advisory mandates covering mining projects globally. He is currently the Senior Vice President, Corporate Development of Sandstorm Gold Ltd., a leading precious metal streaming and royalty company, a position he has held since 2013. In his time at Sandstorm, Adam has been involved in over \$500 million of investments and acquisitions, taking a key role in origination, structuring and negotiation. Prior to his role at Sandstorm, Mr. Spencer was a Director in the Mining Investment Banking group at Cormark Securities Inc., where he executed numerous financing and advisory mandates focused on the junior and mid-tier sectors of the mining market.

Burkina Faso Permits: Kalinga, Tantiabongou, Tambifwanou, Bongou, Tamfoagou, Tangagari, Tambiri, Bira and Basieri.

Deal Structure: Progress Minerals Inc has earned 51% by spending US\$1 million. They can increase their equity to 70% by expenditure of an aggregate US\$5 million spend including funds spent so far. PDI current equity 49%.

Cote D'Ivoire Projects: Bassawa, Wendene, Dabakala (permit application)

Deal Structure: Progress owns 30% in the holding company, West African Mine Investments Pty Ltd having spent US\$1 million. PDI's interest is also 30%. PDI will convert to 0% and zero liability for future costs after conclusion of an announced agreement by which Progress will pay Predictive C\$493,000 and accept liability for future bonus payments to Predictive on development of up to 3 mines.

Toro Gold (www.torogold.com)

Toro Gold Ltd (**Toro**) is a private gold exploration, development and production company focused in West Africa. Their flagship asset is the Mako Gold Mine which is located in eastern Senegal and commence production in early 2018. Toro's principal exploration focus outside of the immediate environs of the Mako Mine is its joint venture with PDI in Cote d'Ivoire.

Predictive is in joint venture with Toro on seven granted permits and two permit applications in Cote D'Ivoire. The Toro Joint Venture operates through Predictive's former subsidiary, Predictive Cote D'Ivoire SARL (Predictive CI) of which Predictive now holds 35%.

Key Contact: Howard Bills (Chief Exploration Officer)

Prior to co-founding Toro Gold with Martin Horgan in 2009 Howard was Exploration Manager for AXMIN and managed the discovery and development of the 3Moz Passendro gold project (in the CAR) from grassroots in 1999 to completion of the feasibility study in 2008. At Toro, Howard has managed geology and exploration at the Mako project through the exploration and development process as well as managing exploration on Toro's portfolio of exploration permits across sub-Saharan Africa.

Cote D'Ivoire Projects: Kokoumbo, Boundiali, Kounahiri, Ferkessedougou, Ferkessedougou North, Beriaboukro, Boundiali North.

Deal Structure: Toro Gold has earned 65% in the holding company, Predictive Discovery Cote D'Ivoire SARL, by spending \$US3.5 million on exploration work.

FINANCIAL YEAR 2017-18 EXPLORATION ACTIVITY

PROJECT HIGHLIGHTS

Ferkessedougou North Project (Cote D'Ivoire) - Discovery of a new style of gold mineralisation within the 17km long gold in soil geochemical anomaly with a best drill intercept of **25m at 3.1 g/t Au**.

Bira/Kalinga/Tantiabongou Permits (Burkina Faso) - Delineation of an **800m long zone** of gold mineralisation with best intercepts of **27m at 1.8g/t Au** and **33m at 1.4g/t Au** showing excellent continuity and very high gold recoveries from bottle roll cyanidation testwork. Identification of a 20km long zone of gold in soil anomalies along strike to the south-west of Bira including seven drill-ready targets.

Boundiali North Project (Cote D'Ivoire) - delineation of a 13km long zone of gold geochemical anomalies along strike from the Nyangbou Prospect, where previous drilling had intersected **20m at 10.5g/t Au** and **30m at 8.3 g/t Au**.

Bobosso Project (Cote D'Ivoire) - Encouraging drill results from the large and complex mineralised system (including intercepts of **11m at 4.9g/t Au** and **56m at 1.6g/t Au**).

Kokoumbo Project (Cote D'Ivoire) - Identification of a suite of south-dipping ESE gold-bearing structures and IP anomalies reinforcing the large-scale gold discovery potential of the Company's joint ventured properties.

Mali Projects – Acquisition of new ground and early stage exploration work on those properties.

COTE D'IVOIRE PROJECT ACTIVITY

Predictive has expanded its ground position Cote D'Ivoire in recent years. The country covers over a third of the highly prospective Birimian gold belt, more than any other country in West Africa. Cote D'Ivoire is highly underexplored for gold because the exploration investment boom in the last decade largely bypassed the country because of political instability. Since the accession of President Alassane Ouattara in 2011 and his comfortable re-election in 2015, and with investment certainty provided by an updated Mining Act and a forward-looking Mines Administration, Cote D'Ivoire has become an attractive exploration investment destination.



PDI project locations, west Africa region

In Cote D'Ivoire, Predictive holds joint ventures with (1) Toro Gold Limited, a UK-based company and (2) West African Ventures Investment SARL (WAVI) SARL and Progress Minerals International (Inc) of Canada (Progress). It has also entered into an option agreement with Sika Resources Pty Ltd on three permit applications held by Sika's subsidiary, Moaye Resources SARL. The Company holds three applications in the name of its wholly owned subsidiary, Ivoirian Resources SARL, in its own right.

Ferkessedougou North (Toro JV, Cote D'Ivoire)

This project is located in northern Cote D'Ivoire directly adjacent to Burkina Faso's southern border. A 17km long gold-in-soil anomaly was identified on the permit in the 2016-17 year (*ASX releases dated 14/12/16, 2/2/17 and 28/4/17*). In FY 17/18 there was a discovery of a new style of gold mineralisation in sheared granitic dykes and their contacts with metasediments within the 17km long zone of gold in soil anomalies, with a best drill intercept of **25m at 3.1 g/t Au** (including **13m at 5.4 g/t Au**).

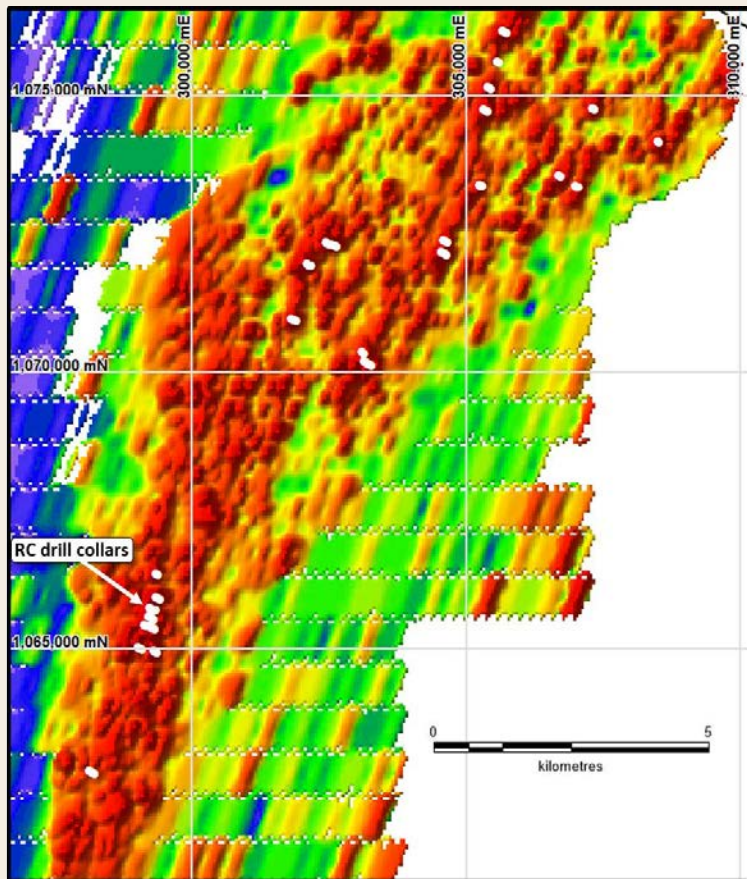
Aeromagnetic Survey

An aeromagnetic survey was carried out over the permit early in 2018. Geological interpretation of the data indicated the potential for many sheared granitic dykes which, as yet, have neither been trenched nor drilled, therefore expanding the potential for new gold mineralisation discovery substantially.

RC Drilling Program

A reconnaissance RC drilling program totalling 80 holes and 4,989m were carried out in February- March 2018. Most holes were drilled to 60m downhole depth at an angle of -50 degrees in an ESE to SE direction. Broad gold intercepts on the first drill section are a positive indication for gold mineralisation tonnage potential.

Key Results



Ferkessedougou North Gold in Soil Geochemical Anomalies (red) & RC collars (white dots)

**Toro Gold JV
Ferkessedougou North New
Discovery**

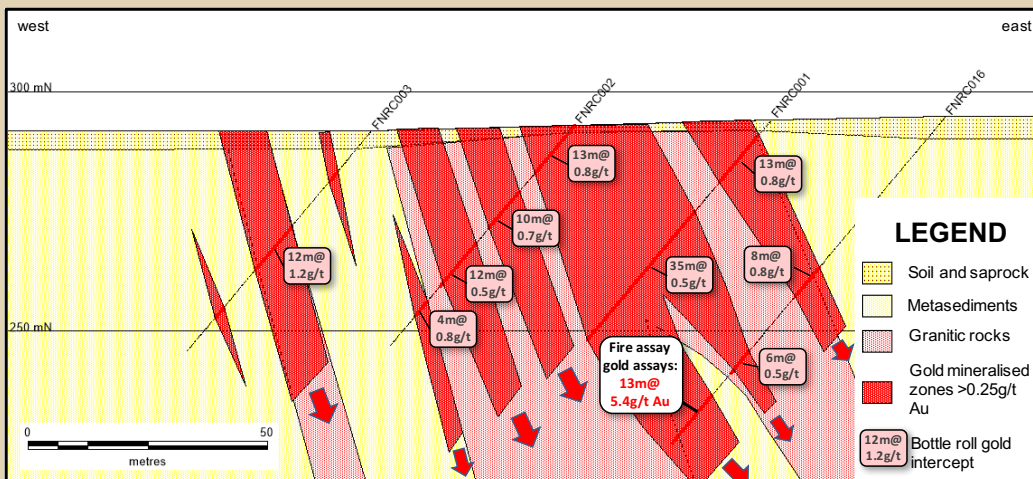
17km long gold-in-soil trend

Gold mineralisation along NNE trending shear-controlled granodiorite dykes

5,000m drilling program yields **highly encouraging results:**
 13m at 5.35g/t Au (stopped in mineralization)
 2m at 5.44g/t Au
 14m at 1.20g/t Au
 9m at 1.47g/t Au

Broad zones with multiple intercepts

Very early days – many untested anomalies and granitic dykes



Ferkessedougou North drill intersection

Boundiali and Boundiali North Permits (Toro JV, Cote D'Ivoire)

These permits are located within a very well mineralised greenstone belt which contains the large operating Tongon and Syama gold mines in Cote D'Ivoire and Mali respectively. The southern part of this belt has had little exploration to date and represents a first-class opportunity to make new large gold discoveries.

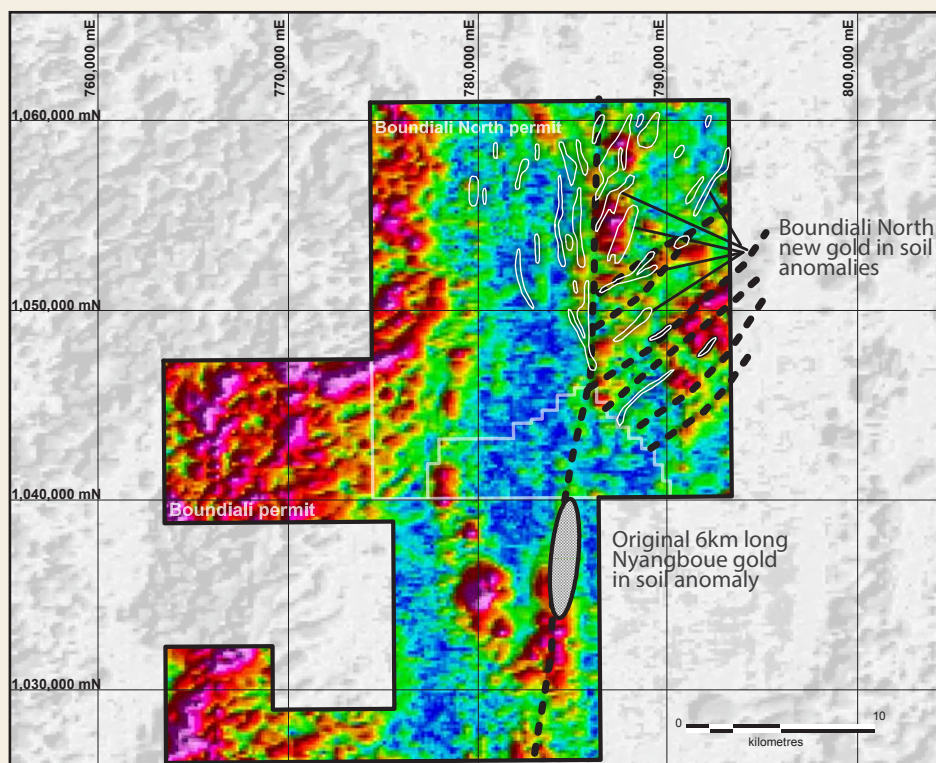
The Boundiali permit contains the Nyangboue Prospect, which was outlined by a series of geochemical and drilling programs between. Drilling at Nyangboue revealed a series of drill intercepts, the majority lie along a 1.2km long mineralised shear zone with best intercepts of:

- NDC007 - 30m at 8.3g/t Au from 39m includes 1.5m at 56.9g/t Au and 4.5m at 26.5g/t Au.
- BRC003 - 28m at 4.04g/t Au from 3m, including 1m at 49.7g/t Au.
- BRC004 - 20m at 1.97g/t Au from 0m.
- BRC004 - 14m at 5.51g/t Au from 32m, including 1m at 31.6g/t Au.
- BRC004BIS (twin hole) - 20m at 10.45g/t Au from 38m including 1m at 145.5g/t Au.
- BRC006 - 9m at 7.9 g/t Au from 99m including 1m at 44.7g/t Au.
- BRC023 - 7m at 3.8g/t Au from 33m including 1m at 11.3g/t Au.
- BRC048 - 28m at 1.55g/t Au from 1m including 1m at 27.4g/t Au.

The Boundiali North permit is located directly north of the Nyangboue gold discovery. It covers the interpreted north-trending structure which is inferred to control the location of the Nyangboue mineralisation.

Soil Geochemical Sampling - Boundiali North

This program covered most of the Boundiali North Permit and consisted of 6,338 samples, collected on a 400 x 100m grid. The results of 1,356 samples on an 800 x 200m sample spacing have been reported so far. These have identified a series of new gold anomalies extending for 13km with higher values including 1,185, 806 and 626 ppb Au.

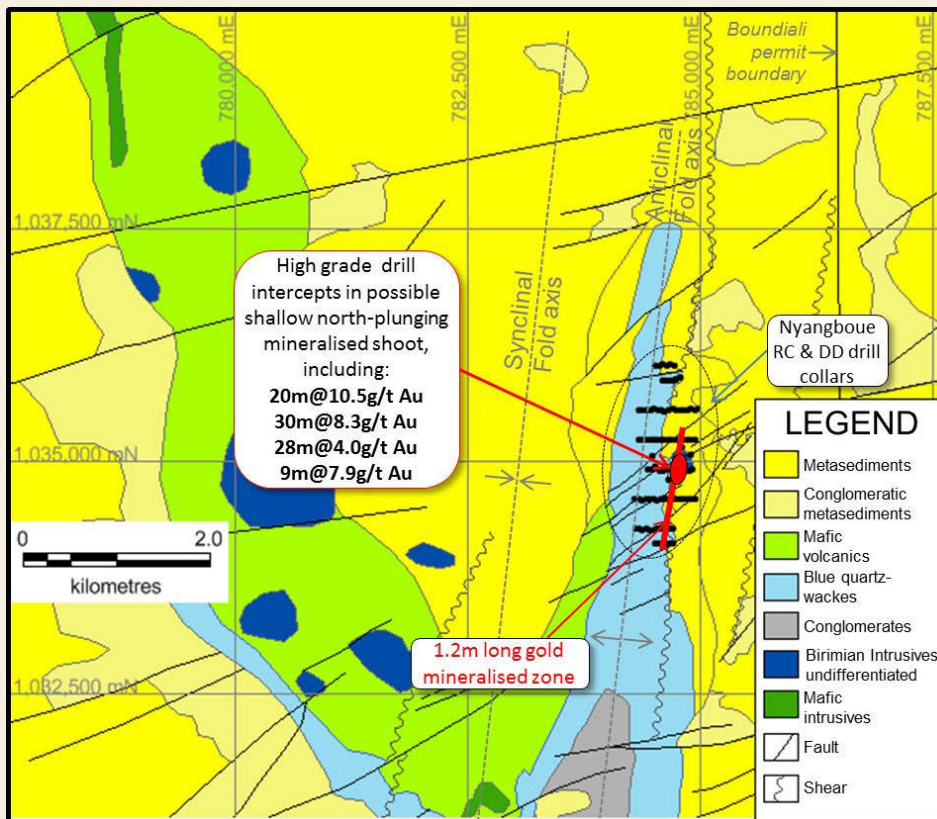


Boundiali North Soil Geochemical Sampling

Aeromagnetic Survey Data - Boundiali

A detailed aeromagnetic survey was flown by Xcalibur Airborne Geophysics over the eastern part of the Boundiali permit in the March Quarter. Interpretation of the survey results integrated with geological mapping has produced a new detailed geological interpretation showing that the volcano-sedimentary sequence is folded into a syncline-anticline fold pair with the gold-mineralised Nyangboue shear zone coinciding with the eastern (sheared) margin of a tight NNE-trending anticline.

Given the widths and grades in the central part of the Nyangboue gold mineralised zone, there is potential to discover a viable underground mining target possibly continuing a considerable distance down plunge to the north beyond the limit of the shallow, potentially open pittable mineralisation, which is known from surface (e.g. 28m at 4.0g/t Au from 3m).



Boundiali interpreted geology map (derived from aeromagnetic survey).

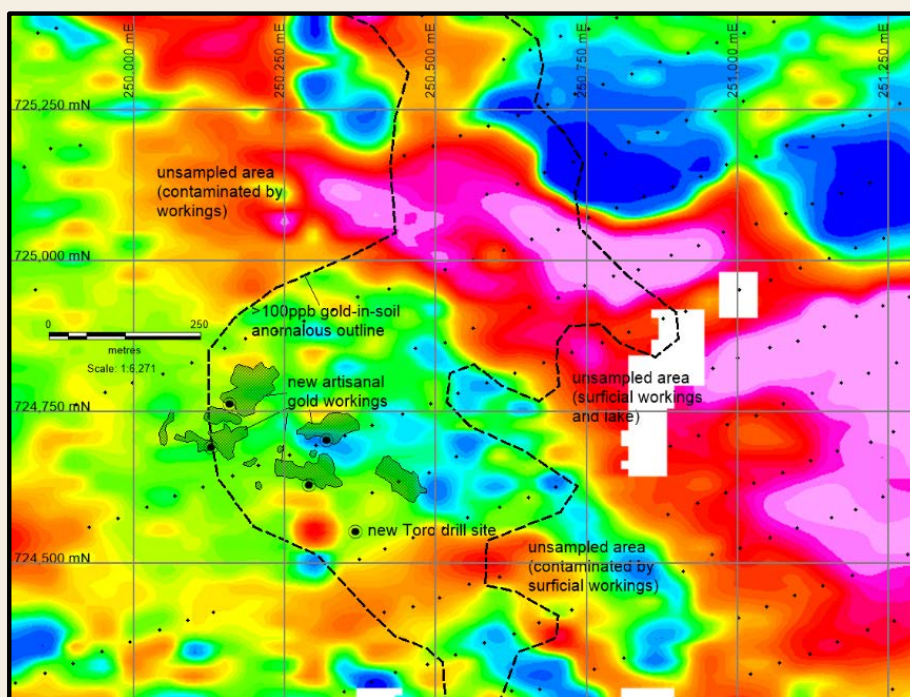
Kokoumbo Permit (Toro JV - Cote D'Ivoire)

The Kokoumbo permit is located in southern Côte d'Ivoire, 40km north of the operating Bonikro gold mine within the Oume-Fetekro greenstone belt. It covers an area of historic artisanal and French colonial era mining located in a highly prospective mineralised belt. Soil sampling has identified a series of impressive geochemical gold anomalies, many of which remain untested by drilling.

Induced Polarisation (IP) Electrical Geophysical Survey

An IP survey over part of the permit was completed in July. Undertaken by Sagax Afrique, the program consisted of a 37 line km gradient array IP survey and 8km of dipole-dipole on 5 lines.

Drill contractor, Energold, was subsequently engaged for a diamond drilling program in the September Quarter using a man portable diamond drill rig. The drill program is designed to test beneath and down-dip of a series of artisanal mine sites and extensive ESE trending IP anomalies.



Kokoumbo map showing large, complex SE trending IP chargeability anomaly (magenta = highest values, blue = lowest values), +100ppb gold-in-soil anomaly, soil sample locations (black dots), new artisanal gold workings and initial diamond drill sites.

Bobosso Project (Progress JV - Cote D'Ivoire)

The Bobosso Project consists of two granted exploration permits, Bassawa and Wendene and one permit application, Dabakala, in northern Cote D'Ivoire located within the southern extension of the well mineralised Hounde Belt. Geological mapping and re-logging of historical diamond drill core by Predictive staff has demonstrated that the gold mineralisation is hosted in a sequence of mafic volcanics. Gold mineralisation is found in both broad, moderate grade alteration zones (silica-sericite-carbonate-pyrite) and narrower, higher grade quartz veins.

RC Drilling Program

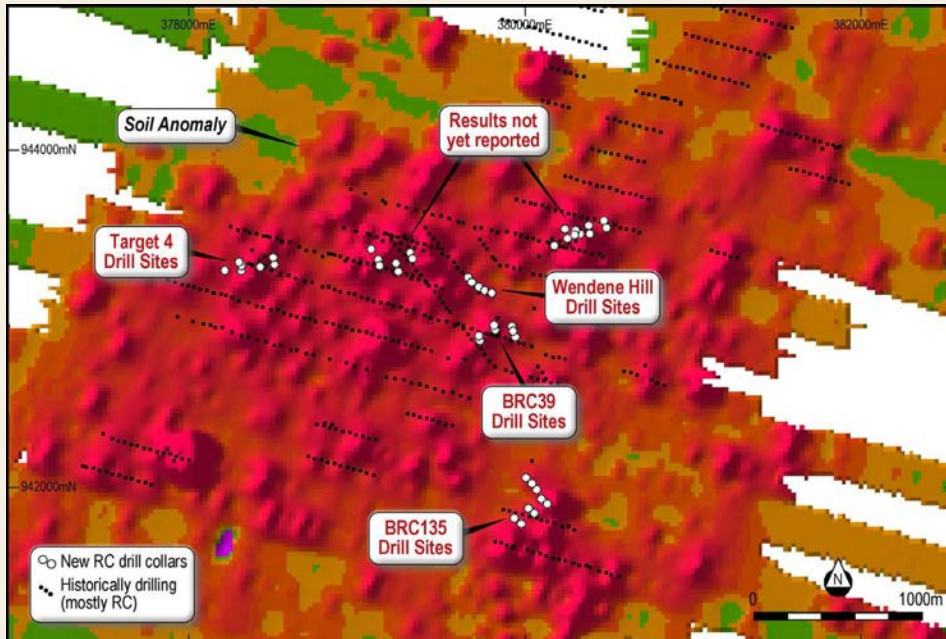
An RC drilling program, totalling 45 holes and 4,244m, was completed on 21st December 2017. It was designed to explore six small areas within the large Bobosso gold mineralised system by testing or extensions to gold mineralisation intersected in the earlier diamond drilling, a postulated flat mineralised zone at the Wendene Hill location and along strike from historical drill intercepts.

Reported drill results demonstrated that the mineralised alteration continuity that was observed in the 2017 diamond drilling has been further confirmed by these results. The primary alteration is easily identifiable by its distinctive pale colour and can therefore be traced from hole to hole quite easily. Much of it is gold-anomalous especially where pyrite and/or quartz veining is present. The drilling has contributed to the ongoing process of identifying mineralised zones with significant gold-bearing widths, especially in the near surface, most of which are open along strike.

Review of Operations

Predictive's analysis of the results indicate that, while the project has significant potential, the investment required to achieve sufficient ore reserves to warrant a mine development is likely to be very large. The Company has therefore opted to eliminate its future liability to contribute to exploration costs and take cash payments both in the short term and after mines are developed on the properties.

Key Results



Gridded gold in-soil geochemical image and drill locations (red peaks = high values)

Progress - WAVI JV Cote D'Ivoire Bobosso Project

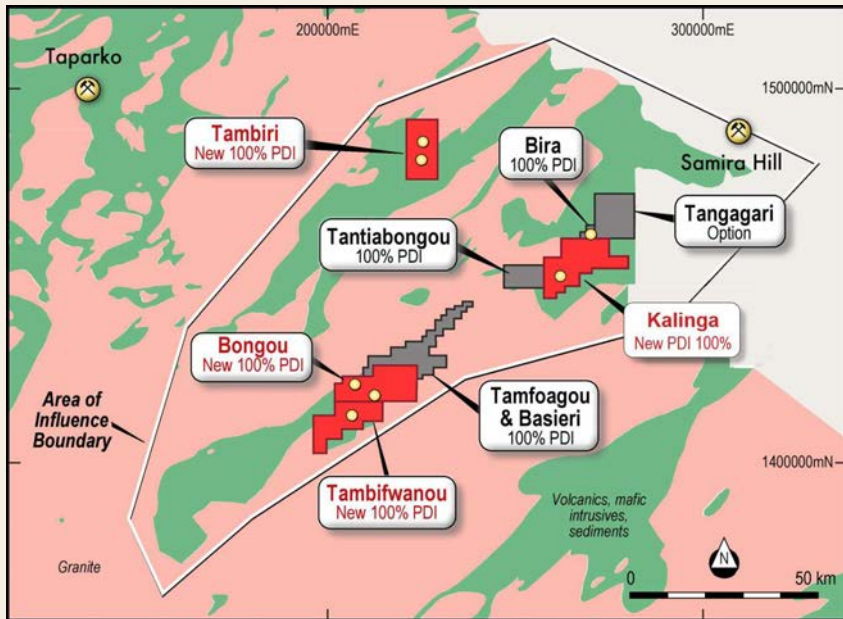
Progress will buy PDI's 30% equity for C\$0.5m upfront plus reserve ounce payments in production for up to 3 mines

Very large gold anomaly

Positive RC intercepts including:

- 11m at 4.9g/t Au from 5m
- 28m at 2.18g/t Au from 5m
- 18m at 2.05 g/t Au from 9m
- 19m at 1.28g/t Au from 73m
- 19m at 2.13 g/t Au from 3m
- 21m at 1.59g/t Au from 61m

Interesting project requiring large investment to complete evaluation



BURKINA FASO PROJECT ACTIVITY

Predictive's current tenement holdings in Burkina Faso are located in the east of the country and cover approximately 100km of strike length of the Samira Hill greenstone belt in eastern Burkina Faso. This belt hosts the 2.5 million-ounce Samira Hill gold deposit across the border in Niger and contains numerous active artisanal gold mine sites along its length.

Bira, Kalinga and Tantiabongou Permits

The area was explored by Anglo American through its subsidiary Anmercosa in the late 1990's, which discovered encouraging gold mineralisation in drilling at Bira. PDI holds a database of Anmercosa information including soil geochemistry and drill data from the Bira, Kalinga and Tantiabongou permits (ASX release 25/1/13).

Power Auger Drilling Program

Power auger drilling over and to the south of the known gold mineralisation at Bira has been underway since December 2017. This program was designed to test an arsenic-in-soil anomaly obtained by Anmercosa that extends to the south and west of the Bira prospect over a strike length of 28 km.

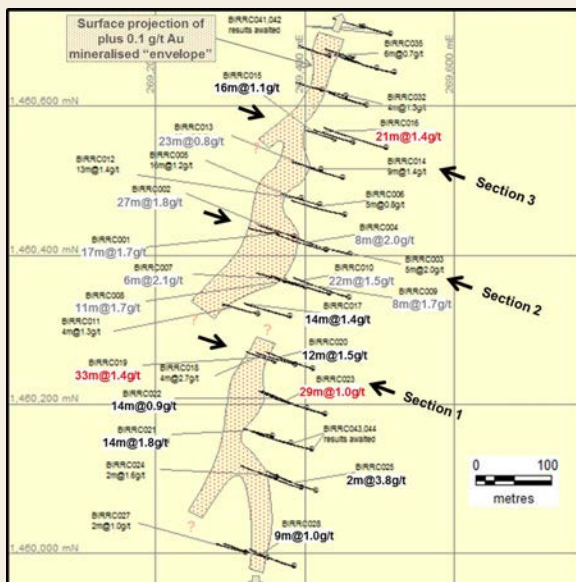
Power auger drilling have been undertaken on both the Bira and Kalinga permits with results demonstrating that anomalous gold values extend over at least 20km to the south and south-west of the drilled area, indicating substantial potential to discover more gold mineralisation along strike from the Bira prospect.

RC Drilling Program

An RC drilling program, totalling 49 holes and 5,129m was completed with RC holes were drilled on 17 cross sections on the Bira permit. The new drilling has expanded the known gold mineralised trend to a strike length of at least 800m. The gold mineralisation is highly continuous along strike and down dip. Most of the mineralisation is hosted by volcano-sedimentary rocks.

Bottle roll tests on primary and oxidised gold mineralisation obtained very high gold recoveries when compared with the original fire assay results, suggesting that gold recoveries should be high in a future cyanide leach metallurgical circuit.

Key Results



Burkina JV - Bira Prospect Recent drilling

600m zone

- 27m at 1.8g/t Au from 23m
- 33m at 1.4g/t Au from 51m
- 17m at 1.7 g/t Au from 2m
- 22m at 1.5g/t Au from 115m
- 21m at 1.4g/t Au from 72m
- 14m at 1.8g/t Au from 45m
- 14m at 1.4g/t Au from 98m
- 29m at 1.0g/t Au from 79m

Excellent continuity and indicative metallurgy

Open to depth/along strike

FINANCIAL YEAR 2018-19 – JOINT VENTURE WORK PROGRAMS

Toro JV Cote D'Ivoire

Kokoumbo

A diamond drilling program totalling between 1,500 and 2,500m is being carried out in the September Quarter to follow up results of the IP geophysical survey and to test areas of new artisanal gold workings. The use of a man portable drill rig is enabling drilling to take place during the rainy season. Further drilling may be scheduled later in the field season depending on diamond drill results.

Boundiali North

Immediate follow-up of the 13km soil anomaly discovery will involving infill sampling and possible trenching. RC drilling is likely to follow later in the field season.

Ferkessedougou North

The post-rainy season work program is expected to include geophysics, trenching and drilling. Given the very large area of gold anomalies, a program of geophysics and trenching will be necessary to identify higher priority locations prior to drilling later in the field season.

Progress JV – Cote D'Ivoire

Bobosso Project

An IP survey is being carried out in the September Quarter. RC drilling program underway.

Progress JV – Burkina Faso

Tambiri Project

5,000m drill program is underway.

Bira Project

An RC drilling program on the Bira trend, totalling 15,000m, is planned to begin in December 2018, with ten targets identified.

FINANCIAL 2018-19 – NEW PROJECT GENERATION

Burkina Faso

Predictive re-assessed country-scale exploration data sets to identify high-potential zones within the large areas of vacant ground cleared of inactive tenements by the Burkina Mines Ministry during the permit application moratorium from 2016 to 2018. A number of permit applications were made in June 2018 and the Company is now awaiting the outcome of those applications.

Mali

PDI has conducted a country-scale analysis and identified numerous exploration targets resulting in low cost exploration of five exploration authorisations and due diligence evaluations of several properties held by third parties.

Elsewhere in West Africa

The Company will actively assess new project opportunities in several other West African countries containing Birrimian Belt rocks and announce any such acquisitions as and when they are confirmed.

Programs and Geochemistry

Geochemical sampling, geological mapping and geophysics will commence over new areas once granted.

DIRECTORS' REPORT

Predictive Discovery Limited ("the Company" or "Predictive") is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange.

The directors of the Company present their report on the group, which comprises Predictive Discovery Limited and its controlled entities, for the year ended 30 June 2018.

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

NAMES	POSITION
Mr Phillip Jackson	Non-Executive Chairman
Mr Paul Roberts	Managing Director
Mr David Kelly	Non-Executive Director

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

COMPANY SECRETARIES

Eric Moore

Eric (Ric) Moore was appointed as Company Secretary on 7 April 2015. He has held senior managerial positions in a number of resource companies during the past 20 years and was Company Secretary of a publicly listed company between 1996 and 2005. Ric is also Company Secretary of Aurora Minerals Limited and Peninsula Mines Limited.

Bruce Waddell

Bruce Waddell was appointed as additional Company Secretary on 21 August 2017. A member of CPA Australia, he has over 25 years accounting and administration experience in the resources industry. Bruce is also Company Secretary of Aurora Minerals Limited and Peninsula Mines Limited.

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 \$1,474,046 (2017: \$2,675,065). This was largely from losses on the deconsolidation of subsidiaries resulting from Joint Venture earn-ins, the costs of administering the group to 30 June 2018 and exploration costs.

REVIEW OF OPERATIONS

In the year to June 2018, Predictive's exploration operations expanded through complete implementation of the Company's West African gold prospect generator model. A joint venture with Progress Minerals (Inc), a Canadian mine-development oriented private company, on PDI's Burkina Faso ground in late 2017 completed the process of farming out the Company's major projects, clearing the way for PDI to acquire a large portfolio of new West African ground on which it can undertake early stage, low cost exploration for large new gold deposits.

Exploration activities in 2017-18 included (1) RC drilling programs at the Bobosso, Ferkessedougou North and Ferkessedougou South Projects in Cote D'Ivoire and the Bira permit in Burkina Faso, (2) a large trenching program at Ferkessedougou North, (3) a large power auger drilling program on the Bira, Kalinga and Tantiabongou permits in Burkina Faso, (4) a large soil sampling program on the Boundiali North permit, (5) aeromagnetic surveys on the Boundiali and Ferkessedougou North permits and (6) low cost reconnaissance geochemical and geological programs on exploration authorisations in Mali.

Important new exploration results included (1) **discovery of a new style of gold mineralisation** within the **17km long Ferkessedougou North zone of gold in soil anomalies**, with a **best drill intercept of 25m at 3.1 g/t Au** (including **13m**

at **5.4 g/t Au**) in a broad zone of lower grade gold mineralisation, (2) delineation of an 800m long zone of gold mineralisation at Bira with best intercepts of **27m at 1.8g/t Au** and **33m at 1.4g/t Au** showing **excellent continuity** and **very high gold recoveries from bottle roll cyanidation testwork**, (3) identification of a **20km long zone of gold in soil anomalies** along strike to the south-west of Bira including **seven drill-ready targets**, (4) delineation of a **new, 13km long zone of gold geochemical anomalies** in the newly acquired Boundiali North permits, (5) encouraging drill results from the large and complex Bobosso gold mineralised system (including intercepts of **11m at 4.9g/t Au** and **56m at 1.6g/t Au**) and (6) identification of a suite of south-dipping ESE gold-bearing structures and IP anomalies on Kokoumbo (on which drilling commenced in August 2018). These results have all reinforced the **large-scale gold discovery potential** of the Company's joint ventured properties. The drill results at Bira are especially significant as they add to the Bongou JORC Resource and nearby Exploration Target reported in 2014 and 2015 respectively.

Project generation in 2017-18 was focused on Burkina Faso and Mali. In Burkina Faso, Predictive re-assessed country-scale exploration data sets to identify high-potential zones within the large areas of vacant ground cleared of inactive tenements by the Burkina Mines Ministry during the permit application moratorium from 2016 to 2018. A number of permit applications were made in June 2018 and PDI is now awaiting the outcome of those applications. In Mali, Predictive has conducted a country-scale analysis and identified numerous exploration targets resulting in low cost exploration of five exploration authorisations and due diligence evaluations of several properties held by third parties.

The status of Predictive's Joint Ventures in West Africa are as follows: (1) Cote D'Ivoire Toro Gold Joint Venture - PDI currently holds a 35% equity, having contributed 35% of exploration expenditure for the 2017-18 financial year, (2) Burkina Faso Joint Venture - Progress Minerals has earned a 51% equity by spending US\$1 million on exploration. Progress must achieve cumulative exploration expenditure of US\$5 million before earning a 70% interest during which time Predictive is free carried, (3) Bobosso Joint Venture - Progress earned a 30% equity during the 2017-18 year reducing PDI's equity to 30%; the Joint Venture parties have now agreed that Progress can acquire PDI's 30% share in exchange for a payment of C\$500,000 once Ministerial approval of that equity transfer has been obtained and that Progress will make cash payments on mine production for up to three mines on the Bobosso tenement package.

Total capital raisings (before costs) during the period totalled \$3.07 million which were raised via a fully subscribed Rights Issue and a small placement priced at \$0.042 per share in November and December 2017. Overhead costs remain tightly controlled. The capital raised is sufficient to sustain the Company into 2019.

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 decreased by \$297,611 from 30 June 2017 to 30 June 2018. This net movement is largely due to the following factors:

- \$2.72m net capital raising;
- Losses on deconsolidation of subsidiaries from Joint Venture earn-ins;
- Impairment and write-off on non-recoverable loans;
- Expenditure on exploring and evaluating the assets in Burkina Faso and Cote D'Ivoire; and
- Exploration expenses.

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

On 12 June 2018 the Company announced the signing of a Memorandum of Understanding within which, subject to several conditions precedent, a payment of C\$0.5m from Progress Minerals Inc will take up the Company's 30% interest in the Bobosso Project in Cote D'Ivoire. At the date of this report all conditions precedent have been satisfied and payment is pending.

Other than the above, there has not been any matter or circumstance have arisen after the balance date that has 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.

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 Jackson

Qualification

Experience

Interest in Shares and Options
(at the date of this report)

Directorships held in other listed entities
during the three years prior to the
current year

Mr Paul Roberts

Qualifications

Experience

Interest in Shares and Options
(at the date of this report)

Directorships held in other listed entities
during the three years prior to the
current year

Non-Executive Chairman

BJuris, LLB, MBA, FAICD

Phillip Jackson, the Chairman and a Director of the Company, is a barrister and solicitor with over 25 years legal and international corporate experience, especially in the areas of commercial and contract law, mining law and corporate structuring. He has worked extensively in the Middle East, Asia and the United States of America. In Australia, he was formerly a managing legal counsel for a major international mining company, and in private practice specialised in small to medium resource companies. Phillip was managing region legal counsel: Asia-Pacific for a leading oil services company for 13 years. He was General Counsel for a major international oil and gas company and is now Special Counsel. Phillip has been Chairman of Aurora since it listed in June 2004 and of listed subsidiary Peninsula Mines Limited ("Peninsula"), and is a non-executive Chairman of Predictive Discovery Limited. Phillip is also a non-executive director of listed company Scotgold Resources Limited.

Shareholding: 500,000 Optionholding: 825,000 (unlisted)

Aurora Minerals Limited
Peninsula Mines Limited
Scotgold Resources Limited

Managing Director

BSc, MSc, FAIG, MGSA

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.

Shareholding: 2,830,941 Optionholding: 3,300,000 (unlisted)
1,215,021 (listed)

None

Mr David Kelly

Non-Executive Director

Qualifications

B.Sc. (Hons.) - Major in Geology

Experience

Mr Kelly is a highly experienced executive and director with almost 30 year's involvement in the resources sector. Mr Kelly brings a wealth of experience to the Company in the areas of geology and also in the areas of strategic analysis, project evaluation and corporate advice.

Interest in Shares and Options
(at the date of this report)

Shareholding: 225,000 Optionholding: 825,000 (unlisted)

Directorships held in other listed entities during the three years prior to the current year Renaissance Minerals Limited
Manas Resources Limited

MEETINGS OF DIRECTORS

During the financial year, 14 meetings / circular resolutions of directors (including committees of directors) were held. Attendances by each director at meetings during the year were as follows:

Director	Directors' Meetings		Circular Resolutions	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Phillip Jackson	3	3	11	11
Mr Paul Roberts	3	3	11	11
Mr David Kelly	3	3	11	11

INDEMNIFYING OFFICERS OR AUDITORS

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

OPTIONS

At the date of this report, the unissued ordinary shares of Predictive Discovery Limited under option, including those options issued during the year and since 30 June 2018 to the date of this report are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
29 November 2016	29 November 2018	\$0.1805	1,952,500
29 November 2016	29 November 2019	\$0.2578	1,952,500
29 November 2016	29 November 2020	\$0.3867	1,952,500
27 November 2017	30 November 2019	\$0.060	73,030,518
		TOTAL	78,888,018

During the year ended 30 June 2018 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 is satisfied that the provision of non-audit services the by the auditor during the year by the auditor is compatible with the general standard of independence for auditors imposed by *the Corporations Act 2001*.

Details of the amounts paid to the auditor of the Group for audit and non-audit services provided during the year are set out at note 18.

AUDITOR'S INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2018 has been received and can be found on page 49 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.

REMUNERATION REPORT (AUDITED) (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 2018	Non-salary cash-based incentives	Options/Rights	Fixed Salary/Fees	Total
		%	%	%	%
Mr Phillip Jackson	Non-Executive Chairman	-	-	100	100
Mr Paul Roberts	Managing Director	-	-	100	100
Mr David Kelly	Non-Executive Director	-	-	100	100
Mr Eric Moore	Company Secretary	-	-	-	-
Mr Bruce Waddell	Company Secretary	-	-	-	-

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 consulting agreement that requires 6 months' notice of voluntary termination of employment that entitles Mr Roberts to \$102,500 as a termination benefit.

Mr Moore and Mr Waddell receive no salary or fee-based remuneration from the Company. Associate Aurora Minerals Limited provides company secretarial, accounting and bookkeeping services to the Company under an Administration Services Agreement at the scheduled rate of \$89,100 per annum.

REMUNERATION DETAILS FOR THE PERIOD ENDED 30 JUNE 2018

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:

REMUNERATION REPORT (AUDITED) (continued)

Table of Benefits and Payments for the Period Ended 30 June 2018

Key Management Personnel		Salary,	Other	Pension	Shares/ Units	Options/ Rights	Total
		fees and leave		and super- annuation			
		\$	\$	\$	\$	\$	\$
Mr Philip Jackson	2018	50,000	-	-	-	-	50,000
	2017	46,250	-	-	-	52,194	98,444
Mr Paul Roberts	2018	192,981	-	-	-	-	192,981
	2017	182,493	-	2,651	-	208,775	393,919
Mr David Kelly	2018	31,963	-	3,037	-	-	35,000
	2017	29,680	-	2,820	-	52,194	84,694
Mr Eric Moore ⁽¹⁾	2018	-	-	-	-	-	-
	2017	-	-	-	-	20,878	20,878
Mr Bruce Waddell ^(1,2)	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Total Key Management Personnel	2018	274,944	-	3,037	-	-	277,981
	2017	258,423	-	5,471	-	334,041	597,935

(1) Mr Moore and Mr Waddell received no salary or fee-based remuneration from the Company. Associate Aurora Minerals Limited provides company secretarial, accounting and bookkeeping services to the Company under an Administration Services Agreement at the scheduled rate of \$89,100 per annum.

(2) Appointed Additional Company Secretary 21 August 2017.

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 remuneration during the period	Expired during the period	Other changes during the period ⁽¹⁾⁽²⁾	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
30 June 2018								
Mr Philip Jackson	825,000	-	-	-	825,000	-	825,000	-
Mr Paul Roberts	3,300,000	-	-	1,215,021	4,515,021	-	4,515,021	-
Mr David Kelly	825,000	-	-	-	825,000	-	825,000	-
Mr Eric Moore	330,000	-	-	-	330,000	-	330,000	-
Mr Bruce Waddell	-	-	-	247,500	247,500	-	247,500	-
	5,280,000	-	-	1,462,521	6,742,521	-	6,742,521	-

(1) P Roberts acquired 715,021 listed options in a rights issue and 500,000 listed options on market during the year

(2) B Waddell appointed additional Company Secretary 21 August 2017

	Balance at beginning of period	Granted as remuneration during the period	Expired during the period	Other changes during the period ⁽¹⁾	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
30 June 2017								
Mr Philip Jackson	-	8,250,000	-	(7,425,000)	825,000	825,000	825,000	-
Mr Paul Roberts	3,000,000	33,000,000	(3,000,000)	(29,700,000)	3,300,000	3,300,000	3,300,000	-
Mr David Kelly	-	8,250,000	-	(7,425,000)	825,000	825,000	825,000	-
Mr Eric Moore	-	3,300,000	-	(2,970,000)	330,000	330,000	330,000	-
	3,000,000	52,800,000	(3,000,000)	(47,520,000)	5,280,000	5,280,000	5,280,000	-

(1) Consolidation of the company's shares and options on a 1 for 10 basis effective 19 May 2017

REMUNERATION REPORT (AUDITED) (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	Purchased during the period	Other changes during the period ⁽¹⁾	Balance at end of period
30 June 2018						
Mr Phillip Jackson	-	-	-	-	-	-
Mr Paul Roberts	1,483,179	-	-	1,225,081	-	2,708,260
Mr David Kelly	-	-	-	-	-	-
Mr Eric Moore	-	-	-	-	-	-
Mr Bruce Waddell	-	-	-	-	-	-
	<u>1,483,179</u>	<u>-</u>	<u>-</u>	<u>1,225,081</u>	<u>-</u>	<u>2,708,260</u>

(1) B Waddell appointed additional Company Secretary 21 August 2017

	Balance at beginning of period	Granted as remuneration during the period	Issued on exercise of options during the period	Purchased during the period	Other changes during the period ⁽¹⁾	Balance at end of period
30 June 2017						
Mr Phillip Jackson	-	-	-	-	-	-
Mr Paul Roberts	14,331,790	-	-	500,000	(13,348,611)	1,483,179
Mr David Kelly	-	-	-	-	-	-
Mr Eric Moore	-	-	-	-	-	-
	<u>14,331,790</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>(13,348,611)</u>	<u>1,433,179</u>

(1) Consolidation of the company's shares and options on a 1 for 10 basis effective 19 May 2017

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

Options were granted as remuneration during the year to key management personnel and other executives as set out in notes 17 and 23.

END OF THE REMUNERATION REPORT

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



Paul Roberts
 Managing Director
 02 October 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated	
		2018 \$	2017 \$
Finance income		22,717	34,194
Other income		22,004	105,808
Share based payments		-	(370,574)
Administrative payments		(997,744)	(981,180)
Foreign exchange gain/(expenses)		(135,265)	(19,112)
Writeoff of loans	21	(781,043)	-
Gain on deconsolidation of subsidiary	26	789,786	-
Impairment of exploration	6	-	(1,327,506)
Exploration expenditure pre-right to tenure		(394,501)	(116,695)
Loss before income tax		(1,474,046)	(2,675,065)
Income tax expense	2	-	-
Loss from continuing operations		(1,474,046)	(2,675,065)
Other comprehensive income			
<i>Items that will not reclassified subsequently to operating result</i>			
Exchange difference on translation of foreign operations	26	(1,540,949)	24,098
Total comprehensive loss for the year		(3,014,995)	(2,650,967)
Profit attributable to:			
Members of the parent entity		(3,014,995)	(2,650,967)
		(3,014,995)	(2,650,967)
Basic loss per share (cents per share)	13	(0.716)	(1.728)
Diluted loss per share (cents per share)	13	(0.716)	(1.728)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	Consolidated	
		2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	3	1,684,053	1,641,710
Trade and other receivables	4	104,887	450,737
Total current assets		<u>1,788,940</u>	<u>2,092,447</u>
Non-Current Assets			
Property, plant and equipment	5	5,696	82,790
Exploration expenditure	6	2,189,364	3,621,616
Investments in associates	7	840,645	-
Total non-current assets		<u>3,035,705</u>	<u>3,704,406</u>
Total assets		<u>4,824,645</u>	<u>5,796,853</u>
Current Liabilities			
Trade and other payables	8	46,889	702,794
Provisions	10	-	18,692
Total current liabilities		<u>46,889</u>	<u>721,486</u>
Total liabilities		<u>46,889</u>	<u>721,486</u>
Net Assets		<u>4,777,756</u>	<u>5,075,367</u>
Equity			
Issued capital	11	30,973,763	28,256,378
Reserves	12	877,409	2,418,358
Accumulated losses		<u>(27,073,416)</u>	<u>(25,599,369)</u>
Total Equity		<u>4,777,756</u>	<u>5,075,367</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 1 July 2016	25,401,246	(22,924,304)	1,514,755	508,931	4,500,628
Loss for the year	-	(2,675,065)	-	-	(2,675,065)
Other comprehensive income	-	-	24,098	-	24,098
Total comprehensive loss for the year	-	(2,675,065)	24,098	-	(2,650,967)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	370,574	370,574
Issue of share capital	3,049,450	-	-	-	3,049,450
Transaction costs	(194,318)	-	-	-	(194,318)
At 30 June 2017	28,256,378	(25,599,369)	1,538,853	879,505	5,075,367
At 1 July 2017	28,256,378	(25,599,369)	1,538,853	879,505	5,075,367
Loss for the year	-	(1,474,046)	-	-	(1,474,046)
Other comprehensive income	-	-	(1,540,949)	-	(1,540,949)
Total comprehensive loss for the year	-	(1,474,046)	(1,540,949)	-	(3,014,995)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Issue of share capital	3,067,282	-	-	-	3,067,282
Transaction costs	(349,897)	-	-	-	(349,897)
At 30 June 2018	30,973,763	(27,073,416)	(2,096)	879,505	4,777,756

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated	
		2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		30,879	39,952
Interest received		22,717	34,138
Payments to suppliers and employees		(1,031,426)	(957,268)
Net cash provided by (used in) operating activities	22	(977,830)	(883,178)
Cash flows from investing activities			
Proceeds from refunds of tenement acquisitions		-	-
Proceeds from sales of property, plant and equipment		725	-
Purchase of property, plant and equipment		(171,950)	(7,109)
Payments for acquisition of tenements		(130,111)	(34,487)
Payments for exploration expenditure		(2,913,887)	(914,229)
JV Contributions (exploration)		1,563,022	-
Cash in deconsolidated entities	26	(45,246)	-
Net cash provided by (used in) investing activities		(1,697,447)	(955,825)
Cash flows from financing activities			
Proceeds from issue of shares		3,067,282	3,049,450
Payment for share issue costs		(349,662)	(194,318)
Net cash inflow from financing activities		2,717,620	2,855,132
Foreign exchange differences		-	(336)
Net cash provided by (used in) other activities		42,343	(336)
Net increase (decrease) in cash held		42,343	1,015,793
Cash and cash equivalents at beginning of financial period		1,641,710	625,917
Cash and cash equivalents at end of the financial period	3	1,684,053	1,641,710

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

This financial report includes the consolidated financial statements and notes of Predictive Discovery Limited and controlled entities (the “group”).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Predictive Discovery Limited is a for-profit 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 19 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of consolidation (continued)

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 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.

Interests in joint arrangements

IFRS defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

(i) Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognises its:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(a) Principles of consolidation (continued)**

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

(ii) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income (OCI) reflects the Group's share of the results of operations of the joint venture. Any change in OCI of that investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income. On loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

(iii) Reimbursement of the costs of the operator of the joint arrangement

When the Group, acting as an operator or manager of a joint arrangement, receives reimbursement of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss. When the Group charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint arrangement, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in the statement of profit or loss and other comprehensive income as an expense and income, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Income Tax (continued)**

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 corporate bonds with terms to maturity that match the expected timing of cashflows.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign Currency Transactions and Balances (continued)

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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Financial Instruments (continued)***(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).

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, Plant and Equipment (continued)

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.

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
Plant and Equipment	2 - 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.

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(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.

(m) Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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"). 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.

(t) 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(t) Critical Accounting Estimates and Judgements (continued)***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. \$2,189,364 has been capitalised as at 30 June 2018 (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.

In assessing the recoverability of the carrying amounts, 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.

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 23. 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.

Key Judgements - Going Concern

For the year ended 30 June 2018 the Group made a loss of \$1,474,046 (2017: loss \$2,675,065). Notwithstanding this 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 and meet operational expenditure at current levels 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 and operational 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. Should future capital raising and forecasts be unsuccessful, there is a significant uncertainty whether the consolidated entity will continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

Key Judgements - Recoverability of Intercompany Loan

Within Non-current assets of the parent entity (see note 21) there is a loan due from the 100% subsidiaries of \$165,466 which is considered fully recoverable. The recoverability of this loan is dependent upon the successful development or sale of exploration assets in Burkina Faso and Cote D'Ivoire.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Critical Accounting Estimates and Judgements (continued)

Joint arrangements

Judgement is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as: the approval the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, it considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
 - The legal form of the separate vehicle
 - The terms of the contractual arrangement
 - Other facts and circumstances (when relevant)

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a JO or a JV, may materially impact the accounting. The Group has a joint arrangement which is structured through a separate vehicle, being a company structure. This structure, and the terms of the contractual arrangement indicate that the Group has rights to the net assets of the arrangement. Given this, the Group then had to assess the other facts and circumstances relating to this arrangement. After undertaking this assessment, there were a number of indicators for both a joint venture classification and a joint operation classification. Significant judgement was therefore required to determine how these factors would be analysed. The final conclusion was that the arrangement was a joint venture.

(u) Adoption of New and Revised Accounting Standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the group's accounting policies.

New accounting standards issued but not yet effective

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(u) Adoption of New and Revised Accounting Standards (continued)**

- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost based on an expected loss approach.

The directors anticipate that the adoption of AASB 9 will not materially impact on the Group's financial instruments, including hedging activity, and continue to assess and estimate such impact.

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. The give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not materially impact on the Group's financial statements and continue to assess and estimate such impact.

AASB 16 Leases (effective from 1 January 2019)

Under IFRS 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their balance sheets for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the balance sheet will be required to be capitalised on the balance sheet once IFRS 16 is adopted.

The directors anticipate that the adoption of AASB 16 will not materially impact on the Group's financial statements and continue to assess and estimate such impact.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions (effective from 1 January 2018)

This Standard amends AASB 2 Share-based Payment to address:

- (a) the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share based payments;
- (b) the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- (c) the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Although the directors anticipate that the adoption of AASB 2016-5 may have an impact on the group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

	Consolidated	
	2018	2017
	\$	\$

NOTE 2: INCOME TAX**(a) Income tax recognised in profit or loss****Tax expense/(revenue) comprises:**

Current tax expense/(revenue)	(1,097,007)	(547,399)
Current tax expenses/(revenue) relating to under (over) provision in prior year	-	-
Deferred tax expense/(revenue) relating to the origination and reversal of temporary difference	850,814	(64,071)
Prior year amounts not recognised	(7,224,229)	(6,612,759)
Deferred tax expense/(revenue) relating to under (over) provision in prior year	-	-
Deferred tax expense / (revenue) relating to change in tax rate	602,020	-
Tax losses not recognised	6,868,402	7,224,229
Total tax expense/(revenue)	<u>-</u>	<u>-</u>

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax in the financial statements as follows:

Profit/(loss) from operations	(1,474,046)	(2,675,065)
Income tax expense/(revenue) calculated at 27.5% (2017: 30%)	(405,363)	(802,521)
Under / (over) provision in prior year	-	-
Tax effect of employee options	-	111,173
Tax effect of FX loss	(3,248)	6,480
Tax effect of capital raising costs not recognised	(52,369)	(54,278)
Tax effect on other items	214,787	127,675
Tax losses not recognised	246,193	611,471
	<u>-</u>	<u>-</u>

Income tax rate

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by the Australian corporate entities on taxable profits under the Australian tax law. This rate is reduced from 30% in previous years. In accordance with current legislation, the lower rate of 27.5% is expected to apply in future financial periods when deferred tax assets are realised and deferred tax liabilities are settled.

	2018	2017
	\$	\$

NOTE 3: CASH AND CASH EQUIVALENTS

Cash at bank	<u>1,684,053</u>	<u>1,641,710</u>
	<u>1,684,053</u>	<u>1,641,710</u>

NOTE 4: TRADE AND OTHER RECEIVABLES

Other receivables	<u>104,887</u>	<u>450,737</u>
	<u>104,887</u>	<u>450,737</u>

	Note	Consolidated	
		2018	2017
		\$	\$
NOTE 5: PLANT AND EQUIPMENT			
Plant and Equipment		18,472	482,527
Accumulated depreciation		(12,776)	(399,737)
		<u>5,696</u>	<u>82,790</u>

A reconciliation of the carrying amounts of each class of plant and equipment between the beginning of the current financial year is set out below:

		Plant and Equipment	Total
		\$	\$
Balance at 30 June 2018			
Balance at the beginning of year		82,790	82,790
Additions		171,950	171,950
Disposals – carrying value		(725)	(725)
Deconsolidation of subsidiaries – carrying value	26	(233,614)	(233,614)
Depreciation expense		(14,705)	(14,705)
Balance at 30 June 2018		<u>5,696</u>	<u>5,696</u>
Balance at 30 June 2017			
Balance at the beginning of year		113,759	113,759
Additions		7,076	7,076
Disposals (carrying value)		-	-
Depreciation expense		(36,726)	(36,726)
Movement in exchange rate		(1,319)	(1,319)
Balance at 30 June 2017		<u>82,790</u>	<u>82,790</u>

	Note	Consolidated	
		2018	2017
		\$	\$
NOTE 6: EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS			
Exploration and evaluation expenditure		2,189,364	3,621,616
		<u>2,189,364</u>	<u>3,621,616</u>

		Exploration and Evaluation
		\$
2018		
Balance at beginning of the year		3,621,616
Expenditure incurred		2,622,598
Foreign exchange adjustment on historical capitalisation (pre- deconsolidation)		(1,067,015)
Deconsolidation of subsidiaries	26	(2,987,835)
Balance at the end of the year		<u>2,189,364</u>
2017		
Balance at beginning of the year		3,675,061
Expenditure incurred		1,274,061
Impairment		(1,327,506)
Balance at the end of the year		<u>3,621,616</u>

NOTE 6: EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS (continued)

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. The board has assessed the exploration and evaluation assets for impairment, using AASB 6 paragraph 20 as a guide. As a result of this process no tenements were impaired during the period.

The budget for future exploration and evaluation expenditure 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 (t) - 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.

NOTE 7: INVESTMENTS IN ASSOCIATES

On 30 June 2018, Predictive Discovery Limited reduced its investment in Burkina Resources Pty Ltd, Burkina Resources SARL, Predictive Discovery SARL, Birrimian Pty Ltd and Birrimian BVI SARL from 100% to 49% as a result of Progress Minerals Inc earning 51% in the Burkina Faso Joint Venture by spending US \$1m. Additionally, in the prior year with Toro Gold Ltd earning 65% of the Cote D'Ivoire Toro Gold Joint Venture by spending US \$2.5m, Predictive Discovery Limited has reduced its investment in Predictive Discovery Cote D'Ivoire SARL from 100% to 35%. As a consequence, Predictive Discovery Limited lost control of the entities previously consolidated and reducing the investments to one of significant influence over these investment and the investment was reclassified from a consolidated Joint Arrangement to an associate (refer note 26 for further detail of deconsolidation). The carrying amount of the investment at the time of the transaction was \$840,645, The group's accounting policy (refer note 1(m)) for acquisitions of associates is to deconsolidate the previously consolidated joint arrangement, carry the investment at cost (being fair value in this instance) plus post-acquisition changes in the consolidated entity's share of net assets of the associates.

The carrying amount of equity-accounted investments has changed as follows in the six months to June 2018:

	Note	Consolidated	
		2018 \$	2017 \$
Investment in associates	26	840,645	-
Share of loss of associate using the equity method		-	-
		<u>840,645</u>	<u>-</u>

	Consolidated	
	2018 \$	2017 \$
Accruals and other creditors	<u>46,889</u>	<u>702,794</u>
	<u>46,889</u>	<u>702,794</u>

NOTE 8: CURRENT TRADE AND OTHER PAYABLES

	Consolidated	
	2018	2017
	\$	\$
NOTE 9: TAX ASSETS AND LIABILITIES		
(a) Assets		
Current		
Income tax refundable	-	-
	<u>-</u>	<u>-</u>
Non-current		
Deferred tax asset comprises:		
Employee entitlements	-	5,608
Accruals and payables	7,219	7,500
Exploration expenditure	25,787	740,846
Cancellation of licence	-	18,000
Tax losses	7,011,592	6,452,275
Amount not recognised	<u>(7,044,598)</u>	<u>(7,224,229)</u>
	<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:		
Investments in associates	176,196	-
Amount not recognised	<u>(176,196)</u>	<u>-</u>
Net DTA/DTL	<u>-</u>	<u>-</u>
(c) Reconciliation		
(i) Gross Movements		
The overall movement in the deferred tax balance is as follows:		
Opening balance	7,224,229	6,612,759
Movement due to change in tax rate	(602,020)	-
Credited / (charge) to the retained profit	-	-
Credited/(charged) to the income statement	(850,814)	64,071
Current year losses	1,097,007	547,399
Amount not recognised	<u>(6,868,402)</u>	<u>(7,224,229)</u>
Closing balance	<u>-</u>	<u>-</u>
(ii) Deferred tax assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Employee Entitlements		
Opening balance	5,608	4,829
Movement due to change in tax rate	(468)	-
Credited/(charged) to the income statement	(5,140)	779
Amount not recognised	<u>-</u>	<u>(5,608)</u>
Closing balance	<u>-</u>	<u>-</u>

	Consolidated	
	2018	2017
	\$	\$
NOTE 9: TAX ASSETS AND LIABILITIES (continued)		
Accruals and payables		
Opening balance	7,500	6,450
Movement due to change in tax rate	(625)	-
Credited/(charged) to the income statement	344	1,050
Amount not recognised	(7,219)	(7,500)
Closing balance	<u>-</u>	<u>-</u>
Tax Losses		
Opening balance	6,452,275	5,904,876
Movement due to change in tax rate	(537,690)	-
Credited/(charged) to the income statement	1,097,007	547,399
Amount not recognised	(7,011,592)	(6,452,275)
Closing balance	<u>-</u>	<u>-</u>
Cancellation of Licence		
Opening balance/previous amounts not recognised	18,000	36,000
Movement due to change in tax rate	(1,500)	-
Credited/(charged) to the income statement	(16,500)	(18,000)
Amount not recognised	-	(18,000)
Closing balance	<u>-</u>	<u>-</u>
Exploration Expenditure		
Opening balance	740,846	660,604
Movement due to change in tax rate	(61,737)	-
Credited/(charged) to the income statement	(653,322)	80,242
Amount not recognised	(25,787)	(740,846)
Closing balance	<u>-</u>	<u>-</u>
(iii) Deferred tax liability		
Exploration Expenditure		
Opening balance	-	-
Under/(over) provision in prior year	-	-
Credited/(charged) to the income statement	176,196	-
Amount not recognised	(176,196)	-
Closing balance	<u>-</u>	<u>-</u>
NOTE 10: PROVISIONS		
CURRENT		
Employee entitlements	-	18,692
	<u>-</u>	<u>18,692</u>

	Consolidated		
	2018 \$	2017 \$	
NOTE 11: ISSUED CAPITAL			
236,142,065 (30 June 2017: 163,111,547) Ordinary Shares	33,332,725	30,265,443	
Share issue costs written off against issued capital	(2,358,962)	(2,009,065)	
	30,973,763	28,256,378	
	Shares	Listed Options	Unlisted Options
At 1 July 2017	163,111,547	-	5,857,500
Issue of shares in rights issue	62,138,470	-	-
Issue of shares in placement	10,892,048	-	-
Issue of options in rights issue	-	62,138,470	-
Issue of options in placement	-	10,892,048	-
At 30 June 2018	236,142,065	73,030,518	5,857,500
At 1 July 2016	1,326,168,686	-	8,000,000
Issue of shares in placements	304,945,000	-	-
Issue of options as remuneration	-	-	58,575,000
Options cancelled/expired	-	-	(8,000,000)
Share consolidation on 1 for 10 basis	(1,468,002,139)	-	(52,717,500)
At 30 June 2017	163,111,547	-	5,857,500

OPTIONS

For information relating to the 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 23.

NOTE 12: 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.

	Consolidated	
	2018 \$	2017 \$
NOTE 13: EARNINGS PER SHARE		
Reconciliation of loss		
Loss used in calculating earnings per share – basic and diluted	(1,474,046)	(2,675,065)
Net loss for the reporting period	(1,474,046)	(2,675,065)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	205,747,444	155,196,223

	Consolidated	
	2018	2017
	\$	\$
NOTE 14: CAPITAL AND LEASING COMMITMENTS		
(A) LEASE COMMITMENTS		
Payable – minimum lease payments:		
-not later than 12 months	-	42,304
-between 12 months and 5 years	-	169,218
	<u>-</u>	<u>211,522</u>
(B) OPTIONS FEE COMMITMENTS		
Payable – minimum lease payments:		
-not later than 12 months	-	-
-between 12 months and 5 years	118,195	227,702
-more than 5 years	-	-
	<u>118,195</u>	<u>227,702</u>
(C) CAPITAL EXPENDITURE COMMITMENTS⁽ⁱ⁾		
Payable:		
-not later than 12 months	1,565,383	1,857,566
-not later than 12 months and 5 years	4,371,156	5,138,718
-more than 5 years	108,275	88,372
	<u>6,044,814</u>	<u>7,084,656</u>

- (i) Capital expenditure commitments are Predictive Discovery Limited's share of expenditure commitment on exploration permits in Burkina Faso and Cote D'Ivoire. The permits are all the subject of Joint Ventures in which Predictive recognises its investment as Investments in Associates (refer Note 7).

NOTE 15: 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:

		Consolidated	
	Note	2018	2017
		\$	\$
Financial Assets			
Cash and cash equivalents	3	1,684,053	1,641,710
Trade and other receivables	4	104,887	450,737
Total Financial Assets		1,788,940	2,092,447
Financial Liabilities			
Trade and other payables	8	46,889	702,794
Total Financial Liabilities		46,889	702,794

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.

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.

NOTE 15: FINANCIAL RISK MANAGEMENT (continued)

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 Australia and New Zealand Banking Group Limited.

(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 6 months.

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

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	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	46,889	702,794	-	-	46,889	702,794
Total contractual outflows	46,889	702,794	-	-	46,889	702,794
Financial assets - cash flows realisable						
Trade and other receivables	104,887	450,737	-	-	104,887	450,737
Total anticipated inflows	104,887	450,737	-	-	104,887	450,737

The financial assets and liabilities noted above are interest free.

(C) MARKET RISK*i. 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.

ii. 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. The weighted average rate of interest earned by the group on its cash assets during the year was 1.23% (2017: 1.8%). The table below summarises the sensitivity of the group's cash assets to interest rate risk.

NOTE 15: FINANCIAL RISK MANAGEMENT (continued)

Financial Assets	Effect of decrease or increase of interest rate on profit and equity			
	-1%		+1%	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
30 June 2018				
Total increase/(decrease)	<u>(18,537)</u>	<u>(18,537)</u>	<u>18,537</u>	<u>18,537</u>
30 June 2017				
Total increase/(decrease)	<u>(19,024)</u>	<u>(19,024)</u>	<u>19,024</u>	<u>19,024</u>

NOTE 16: 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.

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

2018	Corporate	Gold	Gold ^(a)	Gold	Gold	Total
	\$	Aust	Burkina Faso	Cote D'Ivoire	Mali	\$
	\$	\$	\$	\$	\$	\$
Revenue						
Interest income	22,717	-	-	-	-	22,717
Other income	22,004	-	-	-	-	22,004
Expenses						
Administration expenses	(533,772)	-	(435,718)	(28,254)	-	(997,744)
Share based expense	-	-	-	-	-	-
FX Expense	24,952	-	(159,019)	(1,198)	-	(135,265)
Exploration expenditure expensed	(81,017)	-	-	(16,415)	(297,069)	(394,501)
Impairment of Exploration	-	-	-	-	-	-
Forgiveness of Loans	(20,821,194)	-	20,038,951	1,200	-	(781,043)
Gain / (Loss) on deconsolidation of subsidiary	-	-	753,641	36,145	-	789,786
Loss before tax	<u>(21,366,310)</u>	-	<u>20,197,855</u>	<u>(8,522)</u>	<u>(297,069)</u>	<u>(1,474,046)</u>
Current assets	1,721,637	-	42,664	24,639	-	1,788,940
Exploration expenditure	-	12,651	14,630	2,162,083	-	2,189,364
Plant and Equipment	5,696	-	-	-	-	5,696
Investments in Associates	840,645	-	-	-	-	840,645
Current liabilities	(46,889)	-	-	-	-	(46,889)
Net assets	<u>2,521,089</u>	<u>12,651</u>	<u>57,294</u>	<u>2,186,722</u>	<u>-</u>	<u>4,777,756</u>

(a) While control was maintained for the entire financial year, entities were deconsolidated on 30 June 2018 (refer Note 26).

NOTE 16: OPERATING SEGMENTS (continued)

2017	Corporate \$	Gold Aust \$	Gold Burkina Faso \$	Cote D'Ivoire \$	Total \$
Revenue					
Interest income	34,194	-	-	-	34,194
Other income	67,056	-	38,752	-	105,808
Expenses					
Administration expenses	(553,110)	-	(396,740)	(31,330)	(981,180)
	(370,574)				(370,574)
FX Expense	(21,601)	-	2,187	302	(19,112)
Exploration expenditure expenses	(116,695)	-	-	-	(116,695)
Impairment of Exploration ⁽ⁱ⁾	(14,785)	-	(1,312,721)	-	(1,327,506)
Loss before tax	(975,515)	-	(1,668,522)	(31,028)	(2,675,065)
Current assets	1,933,769	-	102,258	56,420	2,092,447
Exploration expenditure ⁽ⁱ⁾	132,284	12,651	2,663,940	812,741	3,621,616
Plant and Equipment	6,344	-	76,446	-	82,790
Current liabilities	(678,572)	-	(42,914)	-	(721,486)
Net assets	1,393,825	12,651	2,799,730	869,161	5,075,367

(i) The exploration incurred on behalf of Corporate relates to Burkina Faso, which was subsequently impaired during the year.

The group operates in four principal geographical areas – Australia (country of domicile), Burkina Faso, Cote D'Ivoire and Mali.

NOTE 17: 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 2018.

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

	Consolidated	
	2018 \$	2017 \$
Short-term benefits	274,944	258,423
Post-employments benefits	3,037	5,471
	<u>277,981</u>	<u>263,894</u>

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 21: Related Party Transactions.

NOTE 18: REMUNERATION OF AUDITORS

	Consolidated	
	2018 \$	2017 \$
Remuneration of the auditor of the parent entity for:		
-Audit services	38,250	37,000
-Other services	4,000	5,500
	<u>42,250</u>	<u>42,500</u>

NOTE 19: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned ⁽ⁱ⁾	
		2018	2017
Parent Entity:			
Predictive Discovery Limited	Australia	-	-
Subsidiaries of legal parent entity:			
Predictive Discovery Cote D'Ivoire Pty Ltd	Australia	100%	100%
Burkina Resources Pty Ltd ⁽ⁱⁱ⁾	Australia	49%	100%
Ivoirian Resources Pty Ltd	Australia	100%	100%
Gayeri Resources Pty Ltd	Australia	100%	-
Predictive Discovery Mali Resources Pty Ltd	Australia	100%	-
Battle Resources Pty Ltd	Australia	100%	-
Bouake Resources Pty Ltd	Australia	100%	-
Bougouni Resources Pty Ltd	Australia	100%	-
Kenieba Resources Pty Ltd	Australia	100%	-
Predictive Discovery SARL ⁽ⁱⁱ⁾	Burkina Faso	49%	100%
Predictive Discovery Niger SARL	Niger	100%	100%
Predictive Discovery Cote D'Ivoire SARL ⁽ⁱⁱ⁾	Cote D'Ivoire	35%	35%
Birrimian Pty Ltd ⁽ⁱⁱ⁾	British Virgin Islands	49%	100%
Birrimian BV SARL ⁽ⁱⁱ⁾	Burkina Faso	49%	100%
Burkina Resources SARL ⁽ⁱⁱ⁾	Burkina Faso	49%	100%
Gayeri Resources SARL	Burkina Faso	100%	100%
Solna Resources SARL	Burkina Faso	100%	100%
Sebba Resources SARL ⁽ⁱⁱ⁾	Burkina Faso	49%	100%
Predictive Discovery Mali SARL	Mali	100%	-

(i) Percentage of voting power is in proportion to ownership

(ii) Deemed to have lost control during the period and as such are equity accounted investments (refer Notes 7 and 26)

Acquisitions of controlled entities

There were no acquisitions during the year.

NOTE 20: CONTINGENT LIABILITIES / ASSETS

There are no material contingent liabilities of the group at balance date.

On 12 June 2018 the Company announced the signing of a Memorandum of Understanding within which, subject to several conditions precedent, a payment of C\$0.5m from Progress Minerals Inc will take up the Company's 30% interest in the Bobosso Project in Cote D'Ivoire. At the date of this report all conditions precedent have been satisfied and payment is pending.

NOTE 21: 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 subsidiaries in the amount of \$165,466 (2017: \$18,826,754). The loan is interest free and payable on demand. Loans between deconsolidated entities were forgiven prior to 30 June 2018 (refer Note 16).

Directors' Remuneration

For information relating to related party transactions with key management personnel during the financial year, refer to Note 17.

Other Related Party Transactions

Aurora Minerals Limited, an entity of which Mr Phillip Jackson is a director, was paid \$89,100 (2017: \$92,950) for administration services, including company secretarial and accounting services.

NOTE 22: STATEMENT OF CASH FLOWS

	Consolidated	
	2018	2017
	\$	\$
Reconciliation of loss after income tax to net cash flow from operating activities		
Operating loss after income tax	(1,474,046)	(2,675,065)
Non-operating items in loss:		
Exploration expenditure	394,501	116,695
Non-cash flows in loss:		
Gain on deconsolidation of subsidiaries	(789,786)	-
Forgiveness of loans	781,043	-
Share based payments	-	370,574
Depreciation	14,705	1,687
Foreign exchange (gains)/losses	-	19,112
Write off of exploration expenditure	-	1,327,506
Movement in assets and liabilities:		
(Increase)/decrease in receivables	30,879	(55,767)
Increase/(decrease) in payables	83,566	9,539
Increase/(decrease) in provisions	(18,692)	2,541
Net cash outflow from operating activities	<u>(977,830)</u>	<u>(883,178)</u>

NOTE 23: SHARE BASED PAYMENTS

During the period ending 30 June 2018, the group did not enter into any share-based payments.

During the period ending 30 June 2017, the group did not enter into any share-based payments.

At 30 June 2018 the group has the following share-based payment options on issue to employees:

Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
29 Nov 2016	29 Nov 2018	\$0.1805	1,952,500	-	-	-	1,952,500	1,952,500
29 Nov 2016	29 Nov 2019	\$0.2578	1,952,500	-	-	-	1,952,500	1,952,500
29 Nov 2016	29 Nov 2020	\$0.3867	1,952,500	-	-	-	1,952,500	1,952,500
			5,857,500	-	-	-	5,875,500	5,875,500

The three tranches of options granted on 29 November 2016 were originally issued with exercise prices of \$0.01805, \$0.02578 and \$0.03867 respectively and in quantities of 19,525,000 options in each tranche. A 1 for 10 capital consolidation effective 19 May 2017 resulted in the quantities and conditions shown in the above table.

The weighted average exercise price of options as at 30 June 2018 was \$0.275 (30 June 2017: \$0.275). The weighted average remaining contractual life of options outstanding at year end was 1.42 years (30 June 2017: 2.42 years).

The fair value of the options granted during the year was \$nil (2017: \$370,574).

The values of options granted during the previous year were calculated by using a Black-Scholes option pricing model applying the following inputs:

	Options Granted 29 Nov 2016 (1)	Options Granted 29 Nov 2016 (2)	Options Granted 29 Nov 2016 (3)
Number of options granted	19,525,000	19,525,000	19,525,000
Expected volatility (%)	101	101	101
Risk free interest rate (%)	1.81	1.94	1.94
Weighted average expected life of options (years)	2.00	3.00	4.00
Option exercise price (cents)	1.805	2.578	3.868
Share price at grant date (cents)	1.3	1.3	1.3
Fair value of option	\$0.0059	\$0.0064	\$0.0067
Vesting date	29 Nov 16	29 Nov 16	29 Nov 16

NOTE 24: EVENTS AFTER THE END OF THE REPORTING PERIOD

On 12 June 2018 the Company announced the signing of a Memorandum of Understanding within which, subject to several conditions precedent, a payment of C\$0.5m from Progress Minerals Inc will take up the Company's 30% interest in the Bobosso Project in Cote D'Ivoire. At the date of this report all conditions precedent have been satisfied and payment is pending.

Other than the above, there are no matters or circumstances that 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.

NOTE 25: PARENT ENTITY DISCLOSURES

	2018	2017
	\$	\$
Assets		
Current assets	1,721,636	1,933,769
Non-current assets	3,186,433	20,584,988
Total assets	<u>4,908,069</u>	<u>22,518,757</u>
Liabilities		
Current liabilities	46,889	678,572
Total liabilities	<u>46,889</u>	<u>678,572</u>
Equity		
Issued capital	30,973,763	28,256,378
Reserves	879,467	2,792,408
Accumulated losses	(26,992,050)	(9,208,601)
Total equity	<u>4,861,180</u>	<u>21,840,185</u>

CONTINGENT LIABILITIES

Nil

CONTRACTUAL COMMITMENTS

The parent entity has commitments as at 30 June 2018 that are disclosed in Note 14.

RECOVERABILITY OF INTERCOMPANY LOAN

Within Non-current assets is a loan due from the 100% subsidiaries of \$165,466 which is considered fully recoverable. The recoverability of this loan is dependent upon the successful development or sale of exploration assets in Burkina Faso and Cote D'Ivoire.

NOTE 26 – LOSS OF CONTROL – CONTROLLED ENTITIES

As detailed in Note 7, during the year ended 30 June 2018, the Company's effective shareholdings in Predictive Discovery SARL, Birrimian Pty Ltd, Birrimian BVI SARL, Burkina Resources Pty Ltd and Burkina Resources SARL changed from 100% to 49% due to Progress Minerals Inc attaining 51% earn in. In the prior year, the Company's effective holding in Predictive Discovery Cote D'Ivoire SARL changed to 35% as a result of Toro Gold Ltd attaining 65% earn in. The directors have considered the requirement of the applicable accounting standard and determined that 30 June 2018 the Company no longer deems these four entities and their respective subsidiaries to be controlled by Predictive Discovery Limited.

As a result of control over the investments being reduced to significant influence over these investments, the investments were reclassified from a consolidated Joint Arrangement to an associate (refer note 26 for further detail of deconsolidation). The carrying amount of the investment at the time of the transaction was \$840,645. The group's accounting policy (refer note 1(m)) for acquisitions of associates is to deconsolidate the previously consolidated joint arrangement, carry the investment at cost (being fair value in this instance) plus post-acquisition changes in the consolidated entity's share of net assets of the associates.

NOTE 26 – LOSS OF CONTROL – CONTROLLED ENTITIES (continued)

	Note	Consolidated	
		2018 \$	2017 \$
<i>Carrying amounts of assets and liabilities deconsolidated at 30 June 2018 and gain on deconsolidation was:</i>			
Cash and cash equivalents		(45,246)	-
Trade and other receivables		(187,481)	-
Plant and equipment	5	(233,614)	-
Capitalised exploration expenditure	6	(2,987,835)	-
Trade and other payables		299,346	-
Related party loans (JV contribution – expenditure)		1,563,022	-
FX transfer		1,540,949	-
Net assets/(Net liabilities)		(50,859)	-
Equity investment retained	7	840,645	-
Gain on deconsolidation		789,786	-

NOTE 27: COMPANY DETAILS

The registered office of the company is:

Predictive Discovery Limited
Suite 2, Level 2
20 Kings Park Road
WEST PERTH WA 6005

The principal place of business of the company is:

Predictive Discovery Limited
Level 2, 33 Ord Street
WEST PERTH WA 6005

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 43, 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 2018 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
02 October 2018

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Predictive Discovery Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 (t) "Key Judgements – Going Concern" which indicates the company incurred a loss for the year ended 30 June 2018 of \$1,474,046 and that the company's ability to continue the exploration and development of its mining tenements and meet operational expenditure at current levels is dependent upon future capital raising. These conditions, along with other matters as set forth in note 1 (s), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described the Material Uncertainty Related to Going Concern section above we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTER 1 – Carrying value of capitalised exploration and evaluation assets Refer to Note 6 “Exploration, Evaluation and Development assets”

As at 30 June 2018 the carrying amount of Exploration and Evaluation (E&E) assets is \$2,189,364 (2017: \$3,621,616).

The carrying value of the E&E assets was a key audit matter due to the size of the balance as at 30 June 2018 and the subjectivity involved in determining its carrying value.

Our procedures included, amongst others:

- Obtaining a management prepared schedule of capitalised Exploration and Evaluation expenditure and agreeing to the general ledger;
- Tested a sample of current year expenditure to source documents;
- Undertook a detailed review of management’s assessment of impairment including:
 - Ensuring rights to tenure were current;
 - Enquired of management about their intentions for each tenement, including reviewing forecast expenditure; and
 - Reviewing any other transactions that support the carrying value of the capitalised Exploration and Evaluation expenditure.
- Reviewed ASX announcements and minutes of directors’ meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest; and
- Considered the adequacy of disclosures included within Note 6 of the financial report.

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KEY AUDIT MATTER 2 – De-consolidation of entities upon loss of control and carrying value of investment in associates

Refer to Note 7 “Investments in Associates” and Note 26 “Loss of Control – Controlled Entities”

As at 30 June 2018 control of a number of subsidiary entities was lost through contractual arrangements being met by parties to joint venture entities.

A gain on deconsolidation of subsidiary of \$789,786.

Investment in Associate carrying value is \$840,645 (2017: nil).

The gain on deconsolidation and carrying value of the Investment in Associate was a key audit matter due to the size of the balance as at 30 June 2018 and the subjectivity and complexity involved in determination of investment and control to determine appropriate accounting treatment.

Our procedures included, amongst others:

- Review of contractual agreements to determine existence of control.
- Undertook detailed review of component auditor procedures where applicable over equity accounted and deconsolidated entities to obtain comfort over carrying value and gain calculations.
- Reviewed ASX announcements and minutes of directors' meetings along with management enquiry to establish intention and timing of change in control.
- Considered adequacy of disclosures included within notes 7 and 26 of the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

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accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Predictive Discovery Limited and Controlled Entities, for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

2 October 2018

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, 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.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

2 October 2018

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 08 October 2018

1. Number and Distribution of Equity Securities

The number and class of all securities on issue:

ASX Code	Number	Description
PDI	236,142,065	Fully Paid Ordinary Shares Quoted
PDIO	73,030,518	Listed Options expiring 30 November 2019
PDI AK	5,857,500	Unlisted Options expiring various dates

Distribution of equity securities

Size of Holding	Number of Holders	Shares Held
1-1,000	97	36,607
1,001-5,000	228	827,349
5,001-10,000	283	2,283,539
10,001-100,000	756	27,533,808
100,001 and over	<u>199</u>	<u>205,460,762</u>
Total	<u>1,563</u>	<u>236,142,065</u>
		Shares
Unmarketable Parcels	<u>1,141</u>	<u>15,503,900</u>

The number of holders

Ordinary shares fully paid (ASX Code: PDI): 1,563

2. Substantial Shareholders

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

Name	Number of Shares	%
Aurora Minerals Limited	64,653,686	27.38
Citicorp Nominees Pty Limited	31,817,029	13.47
Equity Trustees Limited (Lowell Resources Fund A/C)	21,462,161	9.09

3. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting every shareholder or class of shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share which that member holds or represents.

SHAREHOLDER INFORMATION (Continued)

4. Twenty Largest Shareholders as at 08 October 2018

The twenty largest fully paid shareholders hold 63.50% of the issued capital and are tabled below:

Shareholder	No. of Shares	%
1. Aurora Minerals Limited	64,653,686	27.38
2. Citicorp Nominees Pty Limited	31,817,029	13.47
3. Equity Trustees Limited (Lowell Resources Fund)	21,462,161	9.09
4. Bond Street Custodians Limited (Apicon D05711 A/C)	2,830,941	1.20
5. Mr Alistair Campbell Leitch	2,667,542	1.13
6. Dyspo Pty Limited	2,654,775	1.12
7. Bond Street Custodians Limited (GRIPIC PH 240 A/C)	2,538,992	1.08
8. Ayers Pty Ltd (Hita Investment No 2 A/C)	2,397,903	1.02
9. Rookharp Investments Pty Limited	2,380,952	1.01
10. Aggregated Capital Pty Ltd (Super Fund No 2 Account)	2,100,000	0.89
11. Mrs Sandy Tan Siew MayTechnica Pty Ltd	1,713,741	0.73
12. Toltec Holdings Pty Ltd	1,644,514	0.70
13. Mr Michael Robert Hodgetts	1,634,000	0.69
14. Mr Jose Martim Rodrigues Pimenta	1,620,000	0.69
15. Paso Holdings Pty Ltd	1,429,519	0.61
16. Mrs Sarah Cameron	1,428,571	0.60
17. BNP Paribas Nominees Pty Ltd (IB AU NOMS RetailClient DRP)	1,360,393	0.58
18. Croftbank Pty Ltd (Wats Family Super Fund A/C)	1,245,023	0.53
19. Mrs Zi Juan Qi (Chen Family A/C)	1,190,476	0.50
20. Zappia Nominees Pty Ltd	1,190,476	0.50
	149,960,694	63.50
Total Issued Shares	236,142,065	100.00

5. Corporate Governance Statement

The 2018 Corporate Governance statement of Predictive Discovery Limited is available on the Company's website at

<http://www.predictivediscovery.com/images/stories/Corporate/2018-pdi-corporate-governance-statement.pdf>

MINERAL TENEMENT INFORMATION (as at 08 October 2018)

Name	Number	Location	Area (sq. km)	PDI equity
Kalinga (formerly Fouli)	arrêté 2014-294/MCE/SG/DGMGC	Burkina Faso	186	49%
Tantiabongou	Arrêté 2017-054/MCE/SG/DGMGC	Burkina Faso	50	49%
Tambifwanou (formerly Sirba)	Arrêté 2017-119/MCE/SG/DGMGC	Burkina Faso	136.2	49%
Bongou (formerly Madyabari)	Arrêté 2017-121/MCE/SG/DGMGC	Burkina Faso	170.9	49%
Tamfoagou	Arrêté 2017-132/MCE/SG/DGMGC	Burkina Faso	83	49%
Tangagari	Arrêté 2013-37/MCE/SG/DGMGC	Burkina Faso	127.5	Earning 46.5%; current equity 0% (until final cash payment is made)
Tambiri (formerly Bangaba)	Arrêté 2017-120/MCE/SG/DGMGC	Burkina Faso	127.5	46.5%
Bira	Arrêté 2016-129/MCE/SG/DGMGC	Burkina Faso	12	49%
Basieri	Arrêté 2017-133/MCE/SG/DGMGC	Burkina Faso	73.5	49%
Kokoumbo	Mining exploration permit No. 307	Cote D'Ivoire	300	Predictive-Toro joint venture (also known as Predictive Discovery Cote D'Ivoire SARL - Predictive 35%) earning 90% in JV
Ferkessedougou South	Mining exploration permit No. 310	Cote D'Ivoire	290	35%
Boundiali	Mining exploration permit No. 414	Cote D'Ivoire	299	35%
Boundiali North	Mining exploration permit – No. to be allocated	Cote D'Ivoire	350	Predictive-Toro joint venture (also known as Predictive Discovery Cote D'Ivoire SARL - Predictive 35%) earning 85% in JV
Kounahiri	Mining exploration permit No. 317	Cote D'Ivoire	260	35%
Beriaboukro	Mining exploration permit No. 464	Cote D'Ivoire	400	Predictive-Toro joint venture (Predictive Discovery Cote D'Ivoire SARL - Predictive 35%) earning 85% in JV
Ferkessedougou North	Mining exploration permit No. 367	Cote D'Ivoire	400	Predictive-Toro joint venture (Predictive Discovery Cote D'Ivoire SARL - Predictive 35%) earning 85% in JV
Wendene	Mining exploration permit No. 572	Cote D'Ivoire	400	30%
Bassawa	Mining exploration permit No. 570	Cote D'Ivoire	400	30%
Cape Clear	EL 5434	Victoria, Australia	63	25%



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