

**PREDICTIVE DISCOVERY LIMITED**

**INTERIM FINANCIAL REPORT**

**A.B.N. 11 127 171 877**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**PREDICTIVE DISCOVERY LIMITED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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# **PREDICTIVE DISCOVERY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

Your directors present their report, together with the condensed financial statements of Predictive Discovery Limited and controlled entities (the Group) for the half year ended 31 December 2013.

#### **DIRECTORS**

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

<b>NAMES</b>	<b>POSITION</b>
Mr Phillip Harman	Non-Executive Chairman
Mr Paul Roberts	Managing Director
Mr Philip Henty	Non-Executive Director
Mr Tim Markwell (appointed 11 September 2013)	Non-Executive Director

#### **OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR**

The consolidated loss of the Group for the half year after providing for income tax amounted to \$876,891 (31 December 2012 \$499,100).

During the half year the Group focused its attention on its ground in eastern Burkina Faso with a particular focus on the Bongou Prospect. At Bongou, the company carried out a RC and diamond drilling program which resulted in a series of broad, high grade gold intercepts. Trenching about 500m from Bongou revealed another occurrence of gold-bearing altered granite, indicating potential for more Bongou-style mineralisation nearby. A geological study was also completed on the Dave Prospect, 8km from Bongou, which improved the Company's geological understanding of this large, gold mineralised system. Elsewhere, low key, reconnaissance exploration programs commenced on the Kokumbo exploration permit in Cote D'Ivoire which was granted in early July 2013.

Total capital raisings (net of costs) during the period amounted to \$1.2 million which was raised via a placement to sophisticated investors at \$0.019 per share in September-October 2013.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the half year ended 31 December 2013 has been received and can be found on page 3 of the financial report.

**PREDICTIVE DISCOVERY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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

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

Phil Harman

Chairman

Dated: 4 March 2014

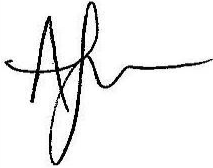
**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PREDICTIVE DISCOVERY LIMITED & CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2013, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*Nexia*

**NEXIA MELBOURNE**  
ABN 16 847 721 257



**ANDREW JOHNSON**  
**Partner**  
**Audit & Assurance Services**

Melbourne

4 March 2014

**Nexia Melbourne**

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**PREDICTIVE DISCOVERY LIMITED**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Consolidated	
	31-December-2013	31-December-2012
	\$	\$
Note		
Finance income	16,537	8,919
Share based payments	(6,867)	-
Administrative expenses	(772,828)	(440,969)
Pre-exploration costs	-	(17,423)
Impairment of exploration	(17,648)	(299,575)
Gain / (loss) on foreign currency translation	(96,085)	249,904
	<hr/>	<hr/>
<b>Profit (loss) before income taxes</b>	<b>(876,891)</b>	<b>(499,144)</b>
Income tax expense	-	-
	<hr/>	<hr/>
<b>Profit (loss) from continuing operations</b>	<b>(876,891)</b>	<b>(499,144)</b>
Other comprehensive income	-	45
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>(876,891)</b>	<b>(499,099)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit attributable to:</b>		
Members of the parent entity	(876,891)	(499,099)
	<hr/>	<hr/>
	<b>(876,891)</b>	<b>(499,099)</b>
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted (loss) per share (cents per share)	(0.34)	(0.33)

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

**PREDICTIVE DISCOVERY LIMITED**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

	31-December-2013	30-June-2013
	Note	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		1,214,906
Trade and other receivables		114,424
<b>TOTAL CURRENT ASSETS</b>		<b>1,329,330</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment		343,353
Exploration expenditure	2	16,493,425
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,836,778</b>
<b>TOTAL ASSETS</b>		<b>18,166,108</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables		235,177
Provisions		25,293
<b>TOTAL CURRENT LIABILITIES</b>		<b>260,470</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables		100,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>100,000</b>
<b>TOTAL LIABILITIES</b>		<b>360,470</b>
<b>NET ASSETS</b>		<b>17,805,638</b>
<b>EQUITY</b>		
Issued capital	3	21,178,738
Reserves		2,913,277
Accumulated losses		(6,286,377)
<b>TOTAL EQUITY</b>		<b>17,805,638</b>

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

**PREDICTIVE DISCOVERY LIMITED**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

2013

	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	TOTAL \$
<b>Balance at 1 July 2013</b>	19,942,017	(5,409,486)	377,464	1,290,578	16,200,573
Profit/(loss) attributable to members of the parent entity		(876,891)			(876,891)
Other comprehensive income				1,245,235	1,245,235
<b>Total comprehensive income for the year</b>		(876,891)		1,245,235	368,344
Shares issued during the year	1,266,861				1,266,861
Transaction costs	(30,140)				(30,140)
Share-based payments					
<b>Sub-total</b>	1,236,721	(876,891)	-	1,245,235	1,605,065
<b>Balance at 31 December 2013</b>	21,178,738	(6,286,377)	377,464	2,535,813	17,805,638

2012

	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	TOTAL \$
<b>Balance at 1 July 2012</b>	15,264,188	(4,352,007)	311,995	(93,223)	11,130,953
Profit/(loss) attributable to members of the parent entity		(499,145)			(499,145)
Other comprehensive income				45	45
<b>Total comprehensive income for the year</b>		(499,145)		45	(499,100)
Shares issued during the year	4,965,468				4,965,468
Transaction costs	(302,138)				(302,138)
Share-based payments			65,469		65,469
<b>Sub-total</b>	4,663,330	(499,145)	65,469	45	4,229,699
<b>Balance at 31 December 2012</b>	19,927,518	(4,851,152)	377,464	(93,178)	15,360,652

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



**PREDICTIVE DISCOVERY LIMITED**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	31-December-2013	31-December-2012
	Note	
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES:</b>		
GST receipts	5,114	11,446
Payments to suppliers and employees	(362,292)	(421,087)
	<hr/>	<hr/>
<b>Net cash provided by (used in) operating activities</b>	<b>(357,178)</b>	<b>(409,641)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	16,537	8,919
Purchase of property, plant and equipment	-	(802)
Proceeds from sale of property, plant and equipment	22,684	-
Payments for exploration expenditure	(1,055,155)	(1,608,430)
	<hr/>	<hr/>
<b>Net cash provided by (used in) investing activities</b>	<b>(1,015,934)</b>	<b>(1,600,313)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	1,259,994	4,177,969
Payment of share issue costs	(30,140)	(236,669)
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>1,229,854</b>	<b>3,941,300</b>
	<hr/>	<hr/>
<b>OTHER ACTIVITIES:</b>		
Foreign exchange differences	5,754	(8,165)
	<hr/>	<hr/>
Net cash used by other activities	5,754	(8,165)
Net increase (decrease) in cash held	(137,504)	1,923,181
Cash and cash equivalents at beginning of period	1,352,410	1,063,472
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of financial period</b>	<b>1,214,906</b>	<b>2,986,653</b>
	<hr/> <hr/>	<hr/> <hr/>

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

**PREDICTIVE DISCOVERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(A) BASIS OF PREPARATION**

This consolidated interim financial report for the half year ending 31 December 2013 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Predictive Discovery Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This interim consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this interim financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2013, together with any public announcements made during the half year. The same accounting policies and methods of valuation have been followed in this interim financial report as were applied in the most recent annual financial report.

**(B) KEY JUDGEMENT – GOING CONCERN**

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

**2 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

The following table details the movement in deferred exploration and evaluation expenditure reported in the concise statement of financial position during the half year.

	<b>31 DECEMBER</b>	<b>30 JUNE</b>
	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at beginning of year	14,604,406	10,235,139
Expenditure	1,846,673	4,668,842
Share based payment	59,994	-
Impairment	(17,648)	(299,575)
	<u>16,493,425</u>	<u>14,604,406</u>

# PREDICTIVE DISCOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2013

#### 2 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (cont.)

The recoupment of deferred exploration and evaluation costs carried forward is dependent upon the successful development and commercialisation or sale of the areas of interests being explored and evaluated.

#### 3 ISSUED CAPITAL

	<b>31 DECEMBER 2013</b>	<b>30 JUNE 2013</b>
	\$	\$
300,890,214 (30 June 2013: 234,633,856) Ordinary shares	22,615,441	21,348,580
Share issue costs written off against issued capital	(1,436,704)	(1,406,563)
	<u>21,178,737</u>	<u>19,942,017</u>

#### (A) ORDINARY SHARES

	<b>31 DECEMBER 2013</b>	<b>31 DECEMBER 2013</b>
	NO.	\$
At the beginning of the half year	234,633,856	21,348,580
Shares issued during the half year		
Issue of Ordinary shares to acquire tenements @ 2 cents on 19 August 2013	1,250,000	25,000
Issue of Ordinary shares @ 1.9 cents on 11 September 2013	35,500,338	674,506
Issue of Ordinary shares to acquire tenements @ 2.3 cents on 24 October 2013	1,521,463	34,994
Issue of Ordinary shares @ 1.9 cents on 24 October 2013	27,657,558	525,494
Issue of Ordinary shares for employee incentives on 24 December 2013 @ 2.1 cents	327,000	6,867
	<u>300,890,214</u>	<u>22,615,441</u>

## PREDICTIVE DISCOVERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE HALF YEAR ENDED 31 DECEMBER 2013

#### 4 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 concise financial statements.

	CORPORATE		GOLD AUST		GOLD BURKINA FASO		OTHER WEST AFRICA		TOTAL	
	31 DECEMBER 2013	30 JUNE 2013	31 DECEMBER 2013	30 JUNE 2013	31 DECEMBER 2013	30 JUNE 2013	31 DECEMBER 2013	30 JUNE 2013	31 DECEMBER 2013	30 JUNE 2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>										
Other income	16,537	38,533	-	-	-	-	-	-	16,537	38,533
Expenses	(681,392)	(442,021)	-	(361,697)	(212,035)	(264,117)	-	-	(893,427)	(1,067,835)
<b>Loss for the period</b>	<b>(664,855)</b>	<b>(403,488)</b>	<b>-</b>	<b>(361,697)</b>	<b>(212,035)</b>	<b>(264,117)</b>	<b>-</b>	<b>-</b>	<b>(876,890)</b>	<b>(1,029,302)</b>
Current assets	1,241,627	1,365,866	-	-	87,704	115,616	-	-	1,329,331	1,481,482
Non-current assets	1,486	2,842	-	-	341,867	362,127	-	-	343,353	364,969
Current liabilities	(196,742)	(110,511)	-	-	(63,728)	(139,773)	-	-	(360,470)	(250,284)
Non-current liabilities	(100,000)	-	-	-	-	-	-	-	(100,000)	-
Exploration expenditure	-	-	-	-	16,493,425	14,632,581	-	-	16,493,425	14,632,581
Net assets	946,371	1,258,197	-	-	16,859,268	14,964,783	-	-	17,805,639	16,228,748

**PREDICTIVE DISCOVERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**5 CONTROLLED ENTITIES**

**(A) CONTROLLED ENTITIES**

	<b>COUNTRY OF INCORPORATION</b>	<b>PERCENTAGE OWNED (%)* 31 DEC 2013</b>	<b>PERCENTAGE OWNED (%)* 30 JUNE 2013</b>
<b>Subsidiaries:</b>			
Predictive Discovery SARL	Burkina Faso	100	100
Predictive Discovery Niger SARL	Niger	100	100
Predictive Discovery Cote d'Ivoire	Cote d'Ivoire	100	100
Birriman Pty Limited	British Virgin Islands	100	100

\* Percentage of voting power is in proportion to ownership

**6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2013 (30 June 2013: \$300,000).

**7 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.

Other than intercompany loans and remuneration of Key Management Personnel, there were no other related party transactions during the half year.

**8 SHARE-BASED PAYMENTS**

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

- a. the issue of 1,250,000 ordinary shares at 2 cents per share on 19 August 2013 for part acquisition of a tenement;
- b. the issue of 1,521,462 ordinary shares at 2.3 cents per share on 24 October 2013 for part acquisition of a tenement; and
- c. the issue of 327,000 ordinary shares at 2.1 cents per share on 24 December 2013 for employee incentives

**9 EVENTS AFTER THE END OF THE REPORTING PERIOD**

The Group completed a placement of 61,287,500 ordinary shares at 1.6 cents per share to raise \$980,600. A share purchase plan was completed on 24 February 2014 pursuant to which 20,375,000 ordinary shares were issued at 1.6 cents per share to raise \$326,000.

**PREDICTIVE DISCOVERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

A shareholders meeting is to be held on 20 March 2014 to seek shareholder approval to enable directors to participate in the placement for 5,312,500 ordinary shares at 1.6 cents per share to raise \$85,000. Shareholder approval is also being sought to approve 6 million director options at an exercise price of 1.4 times the share price at the time of issue and expiring 31 March 2017.

No other matters or circumstances have arisen since the end of the half 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.

## Predictive Discovery Limited

### Directors' Declaration

The directors of the company declare that:

1. The concise financial statements and notes, as set out on pages 4 to 12, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standard 134; and
  - (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the half year ended on that date of the company and consolidated group;
2. 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.



Phil Harman

Chairman

Dated: 4 March 2014

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Predictive Discovery Limited & controlled entities (the company), which comprises the condensed statement of financial position as at 31 December 2013, the condensed income statement, the condensed statement of comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

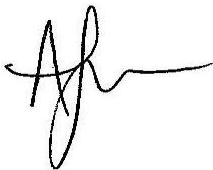
- a. giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphasis of Matter – Going Concern*

Without modifying the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "Key Judgement – Going Concern" in Note 1 (b) to the financial statements for the period ended 31 December 2013, the ability to continue the exploration and development of the company's mining tenements is dependent upon future capital raising. Should there be no funding available, explorations of the areas of interest may be put on hold and the recoverability of exploration assets may be realised below their carrying amounts at balance date.

*Nexia*

**NEXIA MELBOURNE**  
ABN 16 847 721 257



**ANDREW JOHNSON**  
Partner  
Audit & Assurance Services

Melbourne

4 March 2014