



ABN 11 127 871 877

**INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2015**

## CORPORATE DIRECTORY

### DIRECTORS

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

### AUDITOR

**Moore Stephens**  
Level 18, 530 Collins Street  
MELBOURNE VIC 3000

### Company Secretary

Mr Eric Moore

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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 2015.

## **DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Phillip Jackson	Non-executive Chairman
Mr Paul Roberts	Managing Director
Mr David Kelly	Non-executive Director (appointed 22 January 2016)
Mr Phillip Henty	Non-executive Director (resigned 30 November 2015)
Mr Tim Markwell	Non-executive Director (resigned 17 December 2015)

## **RESULTS**

The consolidated loss of the Group for the half year after providing for income tax amounted to \$367,843 (31 December 2014: \$1,178,959).

## **REVIEW OF OPERATIONS**

During the half year to December 2015, the Group moved to a strategy of advancing exploration on its extensive ground holdings in West Africa and Victoria through joint ventures or other types of project-level funding. This change was in response to the very difficult capital raising environment for junior gold explorers in recent times. This new strategy is now partly in place, with drilling having been carried out in Victoria (Cape Clear Joint Venture) and extensive geochemical and geological surveys completed on four of Predictive's permits in Cote D'Ivoire (Toro Gold Joint Venture). Predictive also expanded its ground holdings in Cote D'Ivoire through an agreement with a local company (XMI SARL) which then held one permit and two permit applications in Cote D'Ivoire. Results from both the Toro Gold and Cape Clear joint ventures have been encouraging. Predictive's exploration activities in Burkina Faso were on hold during the December half with work supported by new project-level funding expected to re-commence in the first half of 2016.

Total capital raisings (net of costs) during the period amounted to \$1.21 million which was raised via a fully subscribed rights issue priced at \$0.002 per share in December 2015. Overhead costs were cut further in the period, and, with continuing tight cost control, the capital raised will be sufficient to sustain the Company in its new strategy to mid-2017.

## **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the lead auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is included within the Financial Report.

Signed in accordance with a resolution of Directors:



**DIRECTOR**  
09 March 2016

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated	
		31 December 2015 \$	31 December 2014 \$
Finance Income		972	4,260
Administrative payments		(318,008)	(617,869)
Foreign exchange gain/expenses		(27,595)	4,690
Impairment of exploration		(91,201)	(570,040)
<b>Loss before income tax</b>		<b>(435,832)</b>	<b>(1,178,959)</b>
Income tax expense		-	-
<b>Net loss for the year</b>		<b>(435,832)</b>	<b>(1,178,959)</b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to operating result</i>			
Other comprehensive income		67,989	-
<b>Total comprehensive loss for the year</b>		<b>(367,843)</b>	<b>(1,178,959)</b>
<b>Profit attributable to:</b>			
Members of the parent entity		(367,843)	(1,178,959)
Basic loss per share (cents per share)		(0.061)	(0.260)
Diluted loss per share (cents per share)		(0.061)	(0.260)

The accompanying notes form part of these financial statements

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Consolidated	
	Note	31 December 2015 \$	30 June 2015 \$
<b>Current Assets</b>			
Cash and cash equivalents		1,315,201	717,648
Trade and other receivables		104,827	188,141
Total current assets		<u>1,420,028</u>	<u>905,789</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		147,016	180,703
Exploration and evaluation expenditure		10,579,454	10,338,343
Total non-current assets		<u>10,726,470</u>	<u>10,519,046</u>
Total assets		<u>12,146,498</u>	<u>11,424,835</u>
<b>Current Liabilities</b>			
Trade and other payables		192,219	322,522
Provisions		19,216	20,285
Total current liabilities		<u>211,435</u>	<u>342,807</u>
Total liabilities		<u>211,435</u>	<u>342,807</u>
<b>Net</b>		<u>11,935,063</u>	<u>11,082,028</u>
<b>Equity</b>			
Issued capital	3	25,401,747	24,180,869
Reserves		2,029,405	1,961,416
Accumulated losses		(15,496,089)	(15,060,257)
<b>Total Equity</b>		<u>11,935,063</u>	<u>11,082,028</u>

The accompanying notes form part of these financial statements

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
<b>CONSOLIDATED</b>					
<b>At 1 July 2015</b>	24,180,869	(15,060,257)	1,452,485	508,931	11,082,028
Loss for the year	-	(435,832)	-	-	(435,832)
Other comprehensive income	-	-	67,989	-	67,989
Total comprehensive loss for the year	-	(435,832)	67,989	-	(367,843)
Transactions with owners in their capacity as owners:					
Shares issued during the years	1,351,169	-	-	-	1,351,169
Transaction costs	(130,291)	-	-	-	(130,291)
<b>At 31 December 2015</b>	<b>25,401,747</b>	<b>(15,496,089)</b>	<b>1,520,474</b>	<b>508,931</b>	<b>11,935,063</b>
<b>At 1 July 2014</b>	22,539,830	(7,999,368)	1,449,315	508,931	16,498,708
Loss for the year	-	(1,178,959)	-	-	(1,178,959)
Other comprehensive income	-	-	51,354	-	51,354
Total comprehensive loss for the year	-	(1,178,959)	51,354	-	(1,127,605)
Transactions with owners in their capacity as owners:					
Issue of share capital	1,857,784	-	-	-	1,857,784
Transaction costs	(213,074)	-	-	-	(213,074)
<b>At 31 December 2014</b>	<b>24,184,540</b>	<b>(9,178,327)</b>	<b>1,500,669</b>	<b>508,931</b>	<b>(17,015,813)</b>

The accompanying notes form part of these financial statements

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated	
		31 December 2015 \$	31 December 2014 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(291,892)	(642,982)
GST receipts		108	1,800
		<u>(291,784)</u>	<u>(641,182)</u>
<b>Net cash (used in ) operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received		972	4,260
Payments for purchase of plant and equipment		-	1,729
Payments for exploration expenditure		(361,812)	(483,436)
		<u>(360,840)</u>	<u>(477,447)</u>
<b>Net cash inflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,301,169	1,857,784
Payment for share issue costs		(85,291)	(213,074)
		<u>1,215,878</u>	<u>1,644,710</u>
<b>Net cash inflow from financing activities</b>			
Foreign exchange differences		34,299	37,588
		<u>34,299</u>	<u>37,588</u>
<b>Net cash provided by other activities</b>			
		563,254	563,669
<b>Net increase in cash held</b>			
<b>Cash and cash equivalents at beginning of the half-year</b>		<u>717,648</u>	<u>950,825</u>
<b>Cash and cash equivalents at the end of the half-year</b>		<u>1,315,201</u>	<u>1,514,494</u>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

This consolidated interim financial report for the half year ending 31 December 2015 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 2015, 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.

#### 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 beyond the foreseeable future 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.

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$

### NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount at beginning of year	10,338,343	15,639,370
Expenditure	332,312	1,002,766
Impairment	-91,201	(6,320,397)
Movement in exchange rates	-	16,604
	<u>10,579,454</u>	<u>10,338,343</u>

The Group has capitalised exploration expenditure of \$10,579,454 (30 June 2015: \$10,338,343). This amount includes costs directly associated with exploration and the purchase of exploration properties. These costs are capitalised as an intangible asset until assessment and / or drilling of the permit is complete and the results have been evaluated. These direct costs include employee remuneration, materials, permit rentals and payments to contractors. The expenditure is carried forward until such a time as the area moves into the development phase, is abandoned or sold. Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements. The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

**Consolidated**

<b>31 December</b>	<b>30 June</b>
<b>2015</b>	<b>2015</b>
\$	\$

**NOTE 3: ISSUED CAPITAL**

1,326,168,686 (30 June 2015: 650,584,343) Ordinary Shares	27,215,993	25,864,824
Share issue costs written off against issued capital	(1,814,246)	(1,683,955)
	25,401,747	24,180,869

	Shares No.	Listed Options No.	Unlisted Options No.
At 1 July 2014	387,865,214	-	25,631,075
Issue of shares in placement	18,750,000	-	-
Issue of shares in rights issue	243,969,129	-	-
<b>At 31 December 2014</b>	650,584,343	-	25,631,075
At 1 July 2015	650,584,343	-	16,500,000
Issue of shares in rights issue	650,584,343	-	-
Issue of shares for underwriting services	22,500,000	-	-
Issue of shares for other services	2,500,000	-	-
Options cancelled/expired	-	-	(8,500,000)
<b>At 31 December 2015</b>	1,326,168,686	-	8,000,000

**NOTE 4 - SEGMENT INFORMATION**

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 group operates as three segments, which are gold exploration and evaluation within Australia, Burkina Faso and Cote D'Ivoire.

The group is domiciled in Australia. Segment revenues are allocated based on the country in which the customer is located. Segment assets are allocated to countries based on where the assets are located.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

**NOTE 4 - SEGMENT INFORMATION (continued)**

	Corporate \$	Gold Australia \$	Gold Burkina Faso \$	Gold Cote D'Ivoire \$	Consolidated \$
<b>Half Year Ended 31 December 2015</b>					
Other income	972	-	-	-	972
Expenses	(164,843)	-	(210,168)	(61,793)	(436,804)
Loss for the period	(163,871)	-	(210,168)	(61,793)	(435,832)
<b>As At 31 December 2015</b>					
Current assets	1,329,416	-	79,500	11,112	1,420,028
Non-current assets	3,559	-	143,457	-	147,016
Current liabilities	(176,307)	-	(31,958)	(3,170)	(211,435)
Non-current liabilities	-	-	-	-	-
Exploration expenditure	-	1,407	10,578,047	-	10,579,454
Net Assets	1,156,668	1,407	10,769,046	7,942	11,935,063
<b>Half Year Ended 31 December 2014</b>					
Other income	4,260	-	-	-	4,260
Expenses	(343,300)	-	(808,379)	(31,540)	(1,183,219)
Loss for the period	(339,040)	-	(808,379)	(31,540)	(1,178,959)
<b>As At 30 June 2015</b>					
Current assets	714,374	-	170,866	20,548	905,788
Non-current assets	-	-	180,703	-	180,703
Current liabilities	(159,019)	-	(181,914)	(1,873)	(342,806)
Non-current liabilities	-	-	-	-	-
Exploration expenditure	-	-	10,338,343	-	10,338,343
Net Assets	555,355	-	10,507,998	18,675	11,082,028

**NOTE 5 – CONTROLLED ENTITIES**

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 31 DEC 2015	PERCENTAGE OWNED (%)* 30 JUNE 2015
<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
Birrimian Pty Limited	British Virgin Islands	100	100

\* Percentage of voting power is in proportion to ownership

**NOTE 6 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2015 (30 June 2015: Nil).

**NOTE 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.

**NOTE 8 – EVENTS AFTER THE END OF THE REPORTING PERIOD**

There 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.

## **DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The concise financial statements and notes, as set out on pages 3 to 11, 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 2015 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.



Paul Roberts  
**DIRECTOR**  
09 March 2016

Moore Stephens Audit (Vic)

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## **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 2015, the condensed statement of profit or loss and other 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 2015 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.

#### *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 2015 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 to the financial statements for the period ended 31 December 2015, 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.

## *Emphasis of Matter - Inherent Uncertainty regarding Recoverability of Capitalised Exploration and Evaluation Assets*

Without modifying the opinion expressed above, attention is drawn to the following matter. As a result of the matter described in Note 2 to the financial statements, there is uncertainty as to whether the company will be able to recover the carrying value of exploration expenditure for the amount recorded in the financial report. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.



**MOORE STEPHENS AUDIT (VIC)**

ABN 16 847 721 257



**ADREW JOHNSON**  
**Partner**  
**Audit & Assurance Services**

Melbourne, Victoria

9 March 2016

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**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 2015, 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 AUDIT (VIC)**  
ABN 16 847 721 257



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

Melbourne, Victoria

9 March 2016