PREDICTIVE DISCOVERY LIMITED

INTERIM FINANCIAL REPORT

A.B.N. 11 127 171 877

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

PREDICTIVE DISCOVERY LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

CONTENTS

PREDICTIVE DISCOVERY LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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 2012.

DIRECTORS

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

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

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 $499,145 (31 December 2011 $1,679,634).

During the half year the Group continued to explore its gold prospects at the Bonsiega Laterite Hill and Bangaba projects in Burkina Faso, encountering numerous broad near-surface gold intercepts over a 2km strike length. The Group's interest in Birrimian Pty Limited, a company registered in the British Virgin Islands, holding 4 permits in Burkina Faso, increased to 100% as the result of an agreement with Stratos Resources Ltd (formerly ElDore Mining Corporation Limited).

Total capital raisings (net of costs) during the period amounted to $3.9 million which were raised via a rights issue to shareholders at $0.08 cents in July 2012 and a placement at $0.038 per share in December 2012.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditors independence declaration for the half year ended 31 December 2012 has been received and can be found on page 3 of the financial report.

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

Phil Harman

Chairman

Dated: 12 March 2013

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

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2012, there have been:

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

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

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

12 March 2013

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PREDICTIVE DISCOVERY LIMITED

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	31 DECEMBER 2012 $	31 DECEMBER 2011 $
Other income	8,919	130,664
Employee option expense	-	(50,253)
Administrative expenses	(440,969)	(765,421)
Pre-exploration costs	(17,423)	(53,823)
Exploration expenditure write off	(299,575)	(668,446)
Gain/(Loss) on foreign currency translation	249,904	(272,355)
Loss before income taxes	(499,145)	(1,679,634)
Income tax expense	-	-
Loss from continuing operations	(499,145)	(1,679,634)
Other comprehensive income		
Gain/(Loss) from exchange rate movement	45	(124)
Total comprehensive income	(499,100)	(1,679,758)
Profit (loss) attributable to:		
Members of the parent entity	(499,100)	(1,679,758)
Non-controlling interest	-	-
Loss per share		
Basic and diluted loss per share (cents)	(0.33)	(1.52)

These financial statements should be read in conjunction with the accompany notes.

PREDICTIVE DISCOVERY LIMITED

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	NOTE	31 DECEMBER 2012 $	30 JUNE 2012 $
CURRENT ASSETS			
Cash and cash equivalents		2,986,652	1,063,47
Trade and other receivables		139,846	179,60
TOTAL CURRENT ASSETS		3,126,498	1,243,08
NON-CURRENT ASSETS			
Property, plant and equipment		473,173	526,74
Exploration expenditure	2	12,085,495	10,235,13
TOTAL NON-CURRENT ASSETS		12,558,668	10,761.88
TOTAL ASSETS		15,565,166	12,004,96
CURRENT LIABILITIES			
Trade and other payables		287,575	734,90
Provisions		36,939	139,10
TOTAL CURRENT LIABILITIES		324,514	874,00
TOTAL LIABILITIES		324,514	874,00
NET ASSETS		15,360,652	11,130,95
EQUITY			
Issued capital	3(a)	19,927,519	15,264,189
Reserves		284,285	218,772
Accumulated losses		(4,851,152)	(4,352,008)
TOTAL EQUITY		15,360,652	11,130,953

These financial statements should be read in conjunction with the accompany notes.

PREDICTIVE DISCOVERY LIMITED

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

31 DECEMBER 2012

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

31 DECEMBER 2011

	ORDINARY SHARES $	ACCUMULATED LOSSES $	SHARE BASED PAYMENT RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL $
Balance at 1 July 2011	10,349,630	(1,645,659)	261,742	(93,025)	8,872,688
Profit attributable to members of the parent entity	-	(1,679,634)	-	-	(1,679,634)
Other comprehensive income	-	-	-	(124)	(124)
Total comprehensive income	-	(1,679,634)	-	(124)	(1,679,758)
Shares issued during the year	5,175,214	-	-	-	5,175,214
Transaction costs	(304,154)	-	-	-	(304,154)
Share based payment	-	-	50,253	-	50,253
Sub-total	4,871,060	(1,679,634)	50,253	(124)	3,241,555
Balance at 31 December 2011	15,220,690	(3,325,293)	311,995	(93,149)	12,114,243

These financial statements should be read in conjunction with the accompany notes.

PREDICTIVE DISCOVERY LIMITED

INTERIM CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	31 DECEMBER 2012 $	31 DECEMBER 2011 $
CASH FROM OPERATING ACTIVITIES:		
GST Receipts	11,446	31,150
Payments to suppliers and employees	(421,087)	(656,731)
Net cash provided by (used in) operating activities	(409,641)	(625,581)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	8,919	130,664
Purchase of property, plant and equipment	(802)	(156,593)
Payment for exploration expenditure	(1,608,430)	(3,280,241)
Net cash provided by (used in) investing activities	(1,600,313)	(3,306,170)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	4,177,969	5,175,214
Payment for costs of raising capital	(236,669)	(304,154)
Net cash provided by (used in) financing activities	3,941,300	4,871,060
OTHER ACTIVITIES:		
Effect of foreign exchange translation	(8,165)	120,749
Net cash used by other activities	(8,165)	120,749
Net cash increase (decreases) in cash and cash equivalents	1,923,180	1,060,058
Cash and cash equivalents at beginning of the half year	1,063,472	5,208,418
Cash and cash equivalents at end of the half year	2,986,652	6,268,476

These financial statements should be read in conjunction with the accompany notes.

PREDICTIVE DISCOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

This consolidated interim financial report for the half year ending 31 December 2012 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 2012, 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.

	31 DECEMBER 2012 $	30 JUNE 2012 $
Carrying amount at beginning of year	10,235,139	3,925,307
Expenditure	1,362,431	7,041,679
Share based payment	787,500	
Impairment	(299,575)	(731,847)
	12,085,495	10,235,139

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

	31 DECEMBER 2012 $	30 JUNE 2012 $
234,304,356 (30 June 2012: 125,555,405) Ordinary shares	21,334,082	16,368,613
Share issue costs written off against issued capital	(1,406,563)	(1,104,424)
	19,927,519	15,264,189

(A) ORDINARY SHARES

	31 DECEMBER 2012 NO.	31 DECEMBER 2012 $
At the beginning of the half year	125,555,405	16,368,613
Shares issued during the half year		
Issue of Ordinary shares @ 8 cents on 26 July 2012	7,512,108	600,969
Issue of Ordinary shares @ 8 cents on 8 August 2012	2,000,000	160,000
Issue of Ordinary shares @ 8 cents on 9 October 2012	1,750,000	140,000
Issue of Ordinary shares @ 3.8 cents on 1 November 2012	19,998,037	759,925
Issue of Ordinary shares to acquire tenements on 3 December 2012 @ 7 cents)	11,250,000	787,500
Issue of Ordinary shares @ 3.8 cents on 1 November 2012	65,538,806	2,490,475
Issue of Ordinary shares @ 3.8 cents on 6 December 2012	700,000	26,600
At reporting date	234,304,356	$21,334,082

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		URANIUM AUST		GOLD BURKINA FASO		OTHER WEST AFRICA		TOTAL	
	31 DECEMBER 2012 $	30 JUNE 2012 $	31 DECEMBER 2012 $	30 JUNE 2012 $	31 DECEMBER 2012 $	30 JUNE 2012 $	31 DECEMBER 2012 $	30 JUNE 2012 $	31 DECEMBER 2012 $	30 JUNE 2012 $	31 DECEMBER 2012 $	30 JUNE 2012 $
REVENUE												
Other income	258,823	191,196		-	-	-		-	-	-	258,823	191,196
Expenses	(343,211)	(1,773,930)	(316,998)	(67,911)		(731,847)	(97,758)	(265,612)	-	(58,246)	(757,968)	(2,897,546)
Loss for the period	(84,388)	(1,582,734)	(316,998)	(67,911)		(731,847)	(97,758)	(265,612)	-	(58,246)	(499,145)	(2,706,350)
Current assets	2,974,402	1,014,634	-	-	-	-	152,096	228,446	-	-	3,126,498	1,243,080
Non-current assets	4,241	5,644	-	-	-	-	468,932	420,400	-	-	473,173	426,044
Current liabilities	(134,509)	(222,868)	-	-	-	-	(190,005)	(550,443)	-	-	(324,514)	(773,311)
Exploration expenditure	-	-	18,632	317,732	-	-	12,066,863	9,917,408	-	-	12,085,495	10,235,140

5 CONTROLLED ENTITIES

(A) CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)*	PERCENTAGE OWNED (%)*
		31 DEC 2012	30 JUNE 2012
Subsidiaries:			
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	72.1

* Percentage of voting power is in proportion to ownership

(B) ACQUISITIONS OF CONTROLLED ENTITIES

The ownership of Birrimian Pty Limited increased as the result of the Group acquiring the balance from Stratos Limited with the issue of 11,250,000 ordinary shares in the Company. Predictive Discovery Cote d'Ivoire and Predictive Discovery Niger SARL, both 100% controlled subsidiaries, not undertake any activities in the half year.

6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2012 (30 June 2012: Nil).

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:

1. The issue of 11,250,000 ordinary shares in the Company in consideration for the 27.9% in Birrimian Pty Limited for a value of $787,500 (7 cents per share); and

2. The issue of 3,500,000 options exercisable at various prices and expiring at various times in part consideration for capital raising fees.

8 SHARE-BASED PAYMENTS CONT.

At 31 December 2012 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	FORFEITED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
20 August 2010	20 August 2015	0.25	6,000,000	-	-	-	6,000,000	6,000,000
11 July 2011	11 July 2015	0.31	500,000	-	-	-	500,000	500,000
			6,500,000	-	-	-	6,500,000	6,500,000

At 31 December 2012 the Group has the following share-based payment options on issue in lieu of capital raising fees:

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

*3,500,000 unlisted options with an exercise price of 10 cents to 30 June 2013, 15 cents from 1 July 2013 to 30 June 2014 and 20 cents from 1 July 2014 to the expiry date on 30 June 2015.

The weighted average exercise price of options as at 31 December 2012 was $0.19 (30 June 2012: $0.26). The weighted average remaining contractual life of options outstanding at half year end was 2.62 years (30 June 2012: 3.14).

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

The fair value of the options granted during the half year was $65,469 (31 December 2011: $ 50,253.00). These values were calculated by using a Black-Scholes option pricing model applying the following inputs:

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

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

8 SHARE-BASED PAYMENTS CONT.

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

9 EVENTS AFTER THE END OF THE REPORTING PERIOD

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 2012 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: 12 March 2013

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

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Predictive Discovery Limited & controlled entities (the company), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

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 Australian 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 2012 and its performance for the half-year ended on that date; and

b. Complying with the Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001.*

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

A review of the 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 Accounting 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 Predictive Discovery Limited & controlled entities, would be in the same terms if provided to the directors as at the date of this auditor's report.

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

b. Complying with AASB 134: Interim Financial Reporting and the Companies Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "Key Judgement – Going Concern" in Note 1 (b) to the financial statements for the period ended 31 December 2012, the ability to continue the exploration and development of the company`s mining tenements is dependent upon future capital raising.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

12 March 2013