



ABN 11 127 171 877

# **ANNUAL FINANCIAL REPORT**

**30 JUNE 2016**

## 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

### REGISTERED OFFICE

Suite 2, Level 2  
20 Kings Park Road  
WEST PERTH WA 6005  
Telephone: +61 8 6143 1840  
Fax: +61 8 9321 4692  
Email: [info@predictivediscovery.com](mailto:info@predictivediscovery.com)  
Web Site: [www.predictivediscovery.com](http://www.predictivediscovery.com)

### SHARE REGISTRY

Link Market Services Limited  
Level 4, 152 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 8 9211 6670  
Email: [info@linkmarketservices.com.au](mailto:info@linkmarketservices.com.au)

### POSTAL ADDRESS

PO Box 1710  
WEST PERTH WA 6872

### ASX CODE

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## 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 2016.

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 Philip Henty     | Non-Executive Director (resigned 30 November 2015) |
| Mr Timothy Markwell | Non-Executive Director (resigned 17 December 2015) |
| Mr David Kelly      | Non-Executive Director (appointed 22 January 2016) |

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

## COMPANY SECRETARY

### 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.

## 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 \$7,864,047 (2015: \$7,060,889). This was largely from the costs of administering the group to 30 June 2016, impairment of exploration and exploration costs.

## REVIEW OF OPERATIONS

In the year to June 2016, substantial exploration operations including three drilling programs were undertaken by joint venture partners in Cote D'Ivoire and Victoria. In addition, the Company farmed in on the Bobosso Project in NE Cote D'Ivoire and was engaged in discussions with possible joint venture partners in Burkina Faso. \$1.3 million was raised in a fully subscribed Rights issue in November-December 2015.

Predictive's joint venture with Toro Gold Limited (Toro JV) in Cote D'Ivoire carried out a large exploration program involving diamond and RC drilling, extensive geochemical sampling programs and geological mapping. This work obtained highly encouraging results on the Boundiali, Kokoumbo and Ferkessedougou exploration permits including: (1) Boundiali - a 6km long gold geochemical anomaly under which first pass RC drilling has obtained excellent drill intersections including 20m at 10.5g/t Au and 28m at 4.0g/t Au with abundant visible gold panned from drill chips, (2) Kokoumbo - two large gold-in-soil anomalies beneath one of which diamond drilling intersected a new style of quartz diorite-hosted gold mineralisation with a best intercept of 7.5m at 16g/t Au, and (3) Ferkessedougou (South) - a 4km long gold-in-soil geochemical anomaly which requires follow-up drilling. The Toro JV also farmed into a ground package held by GIV Minerals SARL, an Ivoirian company, and thereby approximately doubled the area covered by the JV to 3,133km<sup>2</sup>. Toro earned a 51% interest in Predictive's Cote D'Ivoire subsidiary, Predictive Discovery Cote D'Ivoire SARL, during the financial year by exploration expenditure of US\$1 million and is in the process of earning 14% more equity by spending an additional US\$2.5 million.

Also in Cote D'Ivoire, the Company entered into a JV with XMI SARL, an Ivoirian company, over two permits and one permit application in NE Cote D'Ivoire, covering 1,200km<sup>2</sup>. This project covers a large known gold mineralised system drilled previously by Equigold and Lihir Gold. An initial program of data assessment, historic drill core and RC chip re-logging, regional target generation and collection of near-surface metallurgical samples was carried out in the first six months to June 2016.

In Burkina Faso, Predictive published an Exploration Target estimate covering drilled prospects within a 10km radius of the Company's Bongou gold discovery. In addition, the Company undertook field visits and discussions with possible joint venture partners, in accordance with the Company's announced joint venture strategy.

In Victoria, the Company's joint venture partner, Cape Clear Minerals Pty Ltd (CCM), undertook a diamond drilling program which encountered narrow high grade gold mineralisation including 1.3m at 17.5g/t Au.

As in previous years, administration costs were reduced in Burkina Faso and Australia, reflecting the ongoing difficult capital raising environment during the year.

## **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 \$6,581,400 from 30 June 2015 to 30 June 2016. This net movement is largely due to the following factors:

- \$1.2m net capital raising;
- Expenditure on exploring and evaluating the assets in Burkina Faso and Cote D'Ivoire; and
- Impairment of exploration costs carried forward.

## **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 22 August 2016 Predictive Discovery Limited announced plans to raise up to \$4million in three components, being:

1. A minimum of \$1m and up to \$2m being raised from clients and affiliates of the Sprott Group;
2. A placement of \$1.2m to large shareholders and several other sophisticated investors; and
3. A Share Purchase Plan to raise up to \$0.8m.

Portions of the first two components are subject to shareholder approval at a meeting to be held on 5 October 2016, while the Share Purchase Plan is expected to close on 27 September 2016. Subsequent to balance date, 45,000,000 shares were issued prior to the date of this report for consideration of \$450,000 before costs as part of this capital raising.

Other than the above, no matters or circumstances have arisen for the year which significantly affected or could significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

## **FUTURE DEVELOPMENTS**

Likely developments in the operations of the group and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the group.

## 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

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

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

### Mr Philip Henty

Qualifications

Experience

### 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 is now General Counsel for a major international oil and gas company. 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.

Nil

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: 14,331,790 Optionholding: 3,000,000

None

### Non-Executive Director (resigned 30 November 2015)

BA Acc, Dip SIA, F Fin

Mr Henty has extensive experience in the Australian securities markets. He has worked for nearly 30 years in stockbroking and investments markets. His experience covers the equities, derivatives and fixed interest markets and most aspects of the securities industry from dealing and advice through to management, capital raising, investment management and private investment.

Interest in Shares and Options      Shareholding: 20,712,583   Optionholding: 1,000,000

Directorships held in other listed entities during the three years prior to the current year      None

**Mr Timothy Markwell**      **Non-Executive Director** (resigned 17 December 2015)

Qualifications      BSc (Hons), GradDipAppFin, MAusIMM

Experience      Mr Markwell is a geologist and has worked for 20 years in the resources and finance industries. He is currently African Lion 3 Limited's manager based in Melbourne. Previously Mr Markwell worked for LinQ Resources Fund as an investment manager and as a resource analyst for Perth broker DJ Carmichael. He has also worked as a geologist for BHP-Billiton, Golder Associates, Anaconda Nickel, Great Central Mines and Reynolds.

Interest in Shares and Options      Shareholding: Nil   Optionholding: Nil

Directorships held in other listed entities during the three years prior to the current year      Aurora Minerals Ltd  
Celamin Holdings NL

**Mr David Kelly**      **Non-Executive Director** (appointed 22 January 2016)

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      Nil

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

## MEETINGS OF DIRECTORS

During the financial year, 16 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  | 4                         | 4               | 12                        | 12              |
| Mr Paul Roberts     | 4                         | 4               | 12                        | 12              |
| Mr Philip Henty     | 1                         | 1               | 5                         | 5               |
| Mr Timothy Markwell | 2                         | 2               | 6                         | 6               |
| Mr David Kelly      | 2                         | 2               | 4                         | 4               |

## **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 2016 to the date of this report are as follows:

| <b>Grant Date</b> | <b>Date of Expiry</b> | <b>Exercise Price</b> | <b>Number under Option</b> |
|-------------------|-----------------------|-----------------------|----------------------------|
| 27 March 2013     | 31 March 2017         | \$0.022               | 8,000,000                  |
|                   |                       | <b>TOTAL</b>          | <b>8,000,000</b>           |

During the year ended 30 June 2016 no ordinary shares of Predictive Discovery Limited were issued on the exercise of options granted.

## **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceeding on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

The group was not a party to any such proceeding during the year.

## **NON AUDIT SERVICES**

The Board of Directors in accordance with the advice from the audit committee is satisfied that no provision of non-audit services was provided by the auditors during the year.

## **AUDITOR'S INDEPENDENCE DECLARATION**

The auditors' independence declaration for the year ended 30 June 2016 has been received and can be found on page 44 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.

## **REMUNERATION REPORT (AUDITED) *(continued)***

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.

### ***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.



## REMUNERATION REPORT (AUDITED) (continued)

| Key Management Personnel | Position held during the year ended 30 June 2016 | Non-salary cash-based incentives<br>% | Options/<br>Rights<br>% | Fixed Salary/Fees<br>% | Total<br>% |
|--------------------------|--------------------------------------------------|---------------------------------------|-------------------------|------------------------|------------|
| Mr Phillip Jackson       | Non-Executive Chairman                           | -                                     | -                       | 100                    | 100        |
| Mr Paul Roberts          | Managing Director                                | -                                     | -                       | 100                    | 100        |
| Mr David Kelly           | Non-Executive Director                           | -                                     | -                       | 100                    | 100        |
| Mr Philip Henty          | Non-Executive Director                           | -                                     | -                       | 100                    | 100        |
| Mr Tim Markwell          | Non-Executive Director                           | -                                     | -                       | 100                    | 100        |
| Mr Eric Moore            | 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 contract of employment that requires 3 months' notice of voluntary termination of employment that entitles Mr Roberts to \$31,200 as a termination benefit.

## REMUNERATION DETAILS FOR THE PERIOD ENDED 30 JUNE 2016

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the group and, to the extent different, the five group executives and five company executives receiving the highest remuneration:

**Table of Benefits and Payments for the Period Ended 30 June 2016**

| Key Management Personnel              |      | Salary,<br>fees and<br>leave<br>\$ | Other<br>\$ | Pension<br>and super-<br>annuation<br>\$ | Shares/<br>Units<br>\$ | Options/<br>Rights<br>\$ | Total<br>\$ |
|---------------------------------------|------|------------------------------------|-------------|------------------------------------------|------------------------|--------------------------|-------------|
| Mr Philip Jackson <sup>(1)</sup>      | 2016 | 27,500                             | -           | -                                        | -                      | -                        | 27,500      |
|                                       | 2015 | 26,041                             | -           | -                                        | -                      | -                        | 26,041      |
| Mr Paul Roberts                       | 2016 | 126,739                            | -           | 12,040                                   | -                      | -                        | 138,779     |
|                                       | 2015 | 164,384                            | -           | 15,616                                   | -                      | -                        | 180,000     |
| Mr David Kelly <sup>(2)</sup>         | 2016 | 10,127                             | -           | 962                                      | -                      | -                        | 11,089      |
|                                       | 2015 | -                                  | -           | -                                        | -                      | -                        | -           |
| Mr Philip Harman <sup>(3)</sup>       | 2016 | -                                  | -           | -                                        | -                      | -                        | -           |
|                                       | 2015 | 12,500                             | -           | -                                        | -                      | -                        | 12,500      |
| Mr Philip Henty <sup>(4)</sup>        | 2016 | 5,327                              | -           | 506                                      | -                      | -                        | 5,833       |
|                                       | 2015 | 30,725                             | -           | 2,087                                    | -                      | -                        | 32,812      |
| Mr Tim Markwell <sup>(5)</sup>        | 2016 | 6,436                              | -           | -                                        | -                      | -                        | 6,436       |
|                                       | 2015 | 32,812                             | -           | -                                        | -                      | -                        | 32,812      |
| Mr Ian Hobson <sup>(6)</sup>          | 2016 | -                                  | -           | -                                        | -                      | -                        | -           |
|                                       | 2015 | 72,550                             | -           | -                                        | -                      | -                        | 72,550      |
| Mr Eric Moore <sup>(7)</sup>          | 2016 | -                                  | -           | -                                        | -                      | -                        | -           |
|                                       | 2015 | -                                  | -           | -                                        | -                      | -                        | -           |
| <b>Total Key Management Personnel</b> | 2016 | 176,129                            | -           | 13,508                                   | -                      | -                        | 189,637     |
|                                       | 2015 | 339,012                            | -           | 17,703                                   | -                      | -                        | 356,715     |

## REMUNERATION REPORT (AUDITED) (continued)

- (1) Appointed 4 December 2014
- (2) Appointed 22 January 2016
- (3) Resigned 25 November 2014
- (4) Resigned 30 November 2015
- (5) Resigned 17 December 2015
- (6) Resigned 7 April 2015
- (7) Appointed 7 April 2015. Mr Moore received no remuneration from the Company. Parent Aurora Minerals Limited provides company secretarial, accounting and bookkeeping services to the Company under an Administration Services Agreement at the rate of \$79,200 per annum.

## 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 | Balance at end of period | Vested during the period | Vested and exercisable | Vested and unexercisable |
|--------------------------------|--------------------------------|-------------------------------------------|---------------------------|---------------------------------|--------------------------|--------------------------|------------------------|--------------------------|
| <b>30 June 2016</b>            |                                |                                           |                           |                                 |                          |                          |                        |                          |
| Mr Philip Jackson              | -                              | -                                         | -                         | -                               | -                        | -                        | -                      | -                        |
| Mr Paul Roberts                | 4,700,000                      | -                                         | (1,700,000)               | -                               | 3,000,000                | -                        | 3,000,000              | -                        |
| Mr David Kelly <sup>(1)</sup>  | -                              | -                                         | -                         | -                               | -                        | -                        | -                      | -                        |
| Mr Philip Henty                | 1,600,000                      | -                                         | (600,000)                 | (1,000,000) <sup>(2)</sup>      | -                        | -                        | -                      | -                        |
| Mr Tim Markwell <sup>(3)</sup> | -                              | -                                         | -                         | -                               | -                        | -                        | -                      | -                        |
| Mr Eric Moore                  | -                              | -                                         | -                         | -                               | -                        | -                        | -                      | -                        |
|                                | <b>6,300,000</b>               | <b>-</b>                                  | <b>(2,300,000)</b>        | <b>(1,000,000)</b>              | <b>3,000,000</b>         | <b>-</b>                 | <b>3,000,000</b>       | <b>-</b>                 |

- (1) Mr Kelly was appointed a director of the Company on 22 January 2016
- (2) Mr Henty resigned as a director of the Company on 30 November 2015
- (3) Mr Markwell resigned as a director of the Company on 17 December 2015

|                              | Balance at beginning of period | Granted as remuneration during the period | Exercised during the period | Other changes during the period | Balance at end of period | Vested during the period | Vested and exercisable | Vested and unexercisable |
|------------------------------|--------------------------------|-------------------------------------------|-----------------------------|---------------------------------|--------------------------|--------------------------|------------------------|--------------------------|
| <b>30 June 2015</b>          |                                |                                           |                             |                                 |                          |                          |                        |                          |
| Mr Phillip Jackson           | -                              | -                                         | -                           | -                               | -                        | -                        | -                      | -                        |
| Mr Phillip Harman            | 2,095,469                      | -                                         | -                           | (2,095,469) <sup>(1)</sup>      | -                        | -                        | -                      | -                        |
| Mr Paul Roberts              | 4,825,000                      | -                                         | (125,000)                   | -                               | 4,700,000                | -                        | 4,700,000              | -                        |
| Mr Philip Henty              | 2,826,563                      | -                                         | (1,226,563)                 | -                               | 1,600,000                | -                        | 1,600,000              | -                        |
| Mr Tim Markwell              | -                              | -                                         | -                           | -                               | -                        | -                        | -                      | -                        |
| Mr Eric Moore <sup>(3)</sup> | -                              | -                                         | -                           | -                               | -                        | -                        | -                      | -                        |
| Mr Ian Hobson                | 1,000,000                      | -                                         | -                           | (1,000,000) <sup>(2)</sup>      | -                        | -                        | -                      | -                        |
|                              | <b>10,747,032</b>              | <b>-</b>                                  | <b>1,351,563</b>            | <b>(3,095,469)</b>              | <b>6,300,000</b>         | <b>-</b>                 | <b>6,300,000</b>       | <b>-</b>                 |

- (1) Mr Harman resigned as a director of the Company on 25 November 2014
- (2) Mr Hobson resigned as secretary of the Company on 7 April 2015
- (3) Mr Moore was appointed as secretary of the Company on 7 April 2015

## 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<br>beginning of<br>period | Granted as<br>remuneration<br>during the<br>period | Issued on<br>exercise of<br>options during<br>the period | Purchased<br>during the<br>period | Other changes<br>during the<br>period | Balance at end of<br>period |
|---------------------|--------------------------------------|----------------------------------------------------|----------------------------------------------------------|-----------------------------------|---------------------------------------|-----------------------------|
| <b>30 June 2016</b> |                                      |                                                    |                                                          |                                   |                                       |                             |
| Mr Phillip Jackson  | -                                    | -                                                  | -                                                        | -                                 | -                                     | -                           |
| Mr Paul Roberts     | 7,165,895                            | -                                                  | -                                                        | 7,165,895                         | -                                     | 14,331,790                  |
| Mr David Kelly      | -                                    | -                                                  | -                                                        | -                                 | -                                     | -                           |
| Mr Philip Henty     | 20,712,583                           | -                                                  | -                                                        | -                                 | (20,712,583)                          | -                           |
| Mr Tim Markwell     | -                                    | -                                                  | -                                                        | -                                 | -                                     | -                           |
| Mr Eric Moore       | -                                    | -                                                  | -                                                        | -                                 | -                                     | -                           |
|                     | 27,878,478                           | -                                                  | -                                                        | 7,165,895                         | (20,712,583)                          | 14,331,790                  |
|                     |                                      |                                                    |                                                          |                                   |                                       |                             |
|                     | Balance at<br>beginning of<br>period | Granted as<br>remuneration<br>during the<br>period | Issued on<br>exercise of<br>options during<br>the period | Purchased<br>during the<br>period | Other changes<br>during the<br>period | Balance at end of<br>period |
| <b>30 June 2015</b> |                                      |                                                    |                                                          |                                   |                                       |                             |
| Mr Phillip Harman   | 5,969,311                            | -                                                  | -                                                        | 3,581,587                         | (9,550,898)                           | -                           |
| Mr Phillip Jackson  | -                                    | -                                                  | -                                                        | -                                 | -                                     | -                           |
| Mr Paul Roberts     | 5,165,895                            | -                                                  | -                                                        | 2,000,000                         | -                                     | 7,165,895                   |
| Mr Philip Henty     | 17,212,583                           | -                                                  | -                                                        | 3,500,000                         | -                                     | 20,712,583                  |
| Mr Tim Markwell     | -                                    | -                                                  | -                                                        | -                                 | -                                     | -                           |
| Mr Eric Moore       | -                                    | -                                                  | -                                                        | -                                 | -                                     | -                           |
| Mr Ian Hobson       | 60,000                               | -                                                  | -                                                        | -                                 | (60,000)                              | -                           |
|                     | 28,407,789                           | -                                                  | -                                                        | 9,081,587                         | (9,610,898)                           | 27,878,478                  |

### 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 16 and 22.

### END OF THE REMUNERATION REPORT

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



**Paul Roberts**  
Managing Director  
22 September 2016

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

|                                              |      | Consolidated       |                    |
|----------------------------------------------|------|--------------------|--------------------|
|                                              | Note | 2016<br>\$         | 2015<br>\$         |
| Finance income                               |      | 9,030              | 9,267              |
| Other income                                 |      | 119,486            | 257,036            |
| Share based payments                         |      | -                  | -                  |
| Administrative payments                      |      | (725,970)          | (1,055,013)        |
| Foreign exchange gain/(expenses)             |      | (20,325)           | 48,217             |
| Impairment of exploration                    |      | (7,197,867)        | (6,320,272)        |
| Exploration expenditure pre-right to tenure  |      | (48,401)           | (124)              |
| <b>Loss before income tax</b>                |      | <b>(7,864,047)</b> | <b>(7,060,889)</b> |
| Income tax expense                           | 2    | -                  | -                  |
| <b>Loss from continuing operations</b>       |      | <b>(7,864,047)</b> | <b>(7,060,889)</b> |
| <b>Other comprehensive income</b>            |      |                    |                    |
| <i>Other comprehensive income</i>            |      | 62,270             | 3,170              |
| <b>Total comprehensive loss for the year</b> |      | <b>(7,801,777)</b> | <b>(7,057,719)</b> |
| <b>Profit attributable to:</b>               |      |                    |                    |
| Members of the parent entity                 |      | (7,801,777)        | (7,057,719)        |
|                                              |      | <b>(7,801,777)</b> | <b>(7,057,719)</b> |
| Basic loss per share (cents per share)       | 12   | (0.773)            | (1.281)            |
| Diluted loss per share (cents per share)     | 12   | (0.773)            | (1.281)            |

The accompanying notes form part of these financial statements

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

|                               |      | Consolidated |              |
|-------------------------------|------|--------------|--------------|
|                               | Note | 2016<br>\$   | 2015<br>\$   |
| <b>Current Assets</b>         |      |              |              |
| Cash and cash equivalents     | 3    | 625,917      | 717,648      |
| Trade and other receivables   | 4    | 181,266      | 188,141      |
| Other current assets          |      | -            | -            |
| Total current assets          |      | 807,183      | 905,789      |
| <b>Non-Current Assets</b>     |      |              |              |
| Property, plant and equipment | 5    | 113,759      | 180,703      |
| Exploration expenditure       | 6    | 3,675,061    | 10,338,343   |
| Total non-current assets      |      | 3,788,820    | 10,519,046   |
| Total assets                  |      | 4,596,003    | 11,424,835   |
| <b>Current Liabilities</b>    |      |              |              |
| Trade and other payables      | 7    | 79,280       | 322,522      |
| Provisions                    | 9    | 16,095       | 20,285       |
| Total current liabilities     |      | 95,375       | 342,807      |
| Total liabilities             |      | 95,375       | 342,807      |
| <b>Net Assets</b>             |      | 4,500,628    | 11,082,028   |
| <b>Equity</b>                 |      |              |              |
| Issued capital                | 10   | 25,401,246   | 24,180,869   |
| Reserves                      | 11   | 2,023,686    | 1,961,416    |
| Accumulated losses            |      | (22,924,304) | (15,060,257) |
| <b>Total Equity</b>           |      | 4,500,628    | 11,082,028   |

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

|                                                       | Issued Capital    | Accumulated Losses  | Foreign Currency<br>Translation Reserve | Share Based<br>Payments<br>Reserve | Total             |
|-------------------------------------------------------|-------------------|---------------------|-----------------------------------------|------------------------------------|-------------------|
|                                                       | \$                | \$                  | \$                                      | \$                                 | \$                |
| <b>CONSOLIDATED</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                                     | -                 | (7,060,889)         | -                                       | -                                  | (7,060,889)       |
| Other comprehensive income                            | -                 | -                   | 3,170                                   | -                                  | 3,170             |
| Total comprehensive loss for the year                 | -                 | (7,060,889)         | 3,170                                   | -                                  | (7,057,719)       |
| Transactions with owners in their capacity as owners: |                   |                     |                                         |                                    |                   |
| Share based payments                                  | -                 | -                   | -                                       | -                                  | -                 |
| Issue of share capital                                | 1,857,784         | -                   | -                                       | -                                  | 1,857,784         |
| Transaction costs                                     | (216,745)         | -                   | -                                       | -                                  | (216,745)         |
| <b>At 30 June 2015</b>                                | <b>24,180,869</b> | <b>(15,060,257)</b> | <b>1,452,485</b>                        | <b>508,931</b>                     | <b>11,082,028</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                                     | -                 | (7,864,047)         | -                                       | -                                  | (7,864,047)       |
| Other comprehensive income                            | -                 | -                   | 62,270                                  | -                                  | 62,270            |
| Total comprehensive loss for the year                 | -                 | (7,864,047)         | 62,270                                  | -                                  | (7,801,777)       |
| Transactions with owners in their capacity as owners: |                   |                     |                                         |                                    |                   |
| Share based payments                                  | -                 | -                   | -                                       | -                                  | -                 |
| Issue of share capital                                | 1,351,169         | -                   | -                                       | -                                  | 1,351,169         |
| Transaction costs                                     | (130,792)         | -                   | -                                       | -                                  | (130,792)         |
| <b>At 30 June 2016</b>                                | <b>25,401,246</b> | <b>(22,924,304)</b> | <b>1,514,755</b>                        | <b>508,931</b>                     | <b>4,500,628</b>  |

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

|                                                                   |      | Consolidated |             |
|-------------------------------------------------------------------|------|--------------|-------------|
|                                                                   | Note | 2016<br>\$   | 2015<br>\$  |
| <b>Cash flows from operating activities</b>                       |      |              |             |
| Receipts from customers                                           |      | 119,486      | 257,036     |
| GST receipts/(payments)                                           |      | 93           | (2,572)     |
| Payments to suppliers and employees                               |      | (737,536)    | (1,187,668) |
| Net cash provided by (used in) operating activities               | 21   | (617,957)    | (933,204)   |
| <b>Cash flows from investing activities</b>                       |      |              |             |
| Interest received                                                 |      | 9,030        | 9,267       |
| Proceeds from refunds of tenement acquisitions                    |      | -            | 18,985      |
| Proceeds from sales of property, plant and equipment              |      | 4,642        | -           |
| Purchase of property, plant and equipment                         |      | -            | (5,606)     |
| Payments for exploration expenditure                              |      | (702,469)    | (1,005,780) |
| Net cash provided by (used in) investing activities               |      | (688,797)    | (983,134)   |
| <b>Cash flows from financing activities</b>                       |      |              |             |
| Proceeds from issue of shares                                     |      | 1,301,169    | 1,857,784   |
| Payment for share issue costs                                     |      | (85,791)     | (216,747)   |
| Net cash inflow from financing activities                         |      | 1,215,378    | 1,641,037   |
| Foreign exchange differences                                      |      | (355)        | 42,124      |
| Net cash provided by (used in) other activities                   |      | (355)        | 42,124      |
| <b>Net increase (decrease) in cash held</b>                       |      | (91,376)     | (275,301)   |
| <b>Cash and cash equivalents at beginning of financial period</b> |      | 717,648      | 950,825     |
| <b>Cash and cash equivalents at end of the financial period</b>   | 3    | 625,917      | 717,648     |

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 18 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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.

### **(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).

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

### **(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.

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.

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

### **(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.

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.

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

**(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.

**(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.

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

**(i) Financial Instruments *(continued)***

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.

**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.

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

### **(j) Property, Plant and Equipment *(continued)***

The estimated useful lives used for each class of depreciable assets are:

| <b>Class of Fixed Asset</b> | <b>Useful Life</b> |
|-----------------------------|--------------------|
| 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.

### **(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.

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

### **(l) Impairment of Assets *(continued)***

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) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### **(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

### **(o) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership that are transferred to entities in the group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.



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

### **(p) Earnings Per Share**

Basic loss per share is calculated as net loss attributable to members of the group divided by the weighted average number of ordinary shares. Diluted loss per share is calculated by adjusting the net loss attributable to members of the group and the number of shares outstanding for the effects of all dilutive potential ordinary shares, which include shares options.

### **(q) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

### **(r) Share-based Payment Transactions**

Employees of the group receive remuneration in the form of share based payment transactions, whereby employees render services in exchange for equity instruments ("equity settled transactions"). When the goods or services acquired in a share based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of equity settled transactions and the corresponding increase in equity is measured at the fair value of the goods or services acquired. Where the fair value of the goods or services received cannot be reliably estimated, the fair value is determined indirectly by the fair value of the equity instruments using the Black Scholes option valuation technique.

Equity-settled transactions that vest after employees complete a specified period of service are recognised as services are received during the vesting period with a corresponding increase in equity.

### **(s) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within The Group.

#### *Key estimates – Impairment*

The group assesses impairment at the end of each reporting period by evaluating conditions specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost to sell or value-in-use calculations which incorporate various key assumptions.

#### *Key judgements – Exploration and Evaluation Expenditure*

The group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. \$3,675,601 has been capitalised as at 30 June 2016 (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.



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

**(s) Critical Accounting Estimates and Judgements (continued)**

*Key Judgements – Share-based payment transactions*

The group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes method. The related assumptions are detailed in note 22. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

*Key Judgements - Going Concern*

For the year ended 30 June 2016 the Group made a loss of \$7,801,777 (2015: loss \$7,057,719). 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 (some subject to an option payment) 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.

*Key Judgements - Recoverability of Intercompany Loan*

Within Non-current assets of the parent entity (see note 20) there is a loan due from the 100% subsidiaries of \$18,214,918 which is considered fully recoverable. The recoverability of this loan is dependent upon the successful development or sale of exploration assets in Burkina Faso.

**(t) Adoption of New and Revised Accounting Standards**

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)***

**(t) 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.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of 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.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the group's financial statements, it is impracticable at this stage to provide a reasonable estimate of 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.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the group's financial statements, it is impracticable at this stage to provide a reasonable estimate of 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 |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|
|                                                                                                                                                             | 2016         | 2015        |
|                                                                                                                                                             | \$           | \$          |
| <b>NOTE 2: INCOME TAX</b>                                                                                                                                   |              |             |
| <b>(a) Income tax recognised in profit or loss</b>                                                                                                          |              |             |
| <b>Tax expense/(revenue) comprises:</b>                                                                                                                     |              |             |
| Current tax expense/(revenue)                                                                                                                               | (255,447)    | (723,094)   |
| Under/(over) provision in prior year                                                                                                                        | -            | 17,736      |
| Deferred tax expense/(revenue) relating to the origination and reversal of temporary difference                                                             | (1,721,068)  | (1,510,484) |
| Tax losses not recognised                                                                                                                                   | 1,976,515    | 2,215,842   |
| Income tax expense/(revenue)                                                                                                                                | -            | -           |
| The <b>prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax in the financial statements as follows:</b> |              |             |
| Profit/(loss) from operations                                                                                                                               | (7,864,047)  | (7,057,715) |
| Income tax expense/(revenue) calculated at 30% (2015: 30%)                                                                                                  | (2,359,214)  | (2,117,315) |
| Under / (over) provision in prior year                                                                                                                      | -            | 17,736      |
| Tax effect of employee options                                                                                                                              | -            | -           |
| Tax effect of FX loss                                                                                                                                       | (9,118)      | (15,417)    |
| Tax effect of capital raising costs not recognised                                                                                                          | (64,259)     | (101,037)   |
| Tax effect on other items                                                                                                                                   | 456,076      | 191         |
| Tax losses not recognised                                                                                                                                   | 1,976,515    | 2,215,842   |
|                                                                                                                                                             | -            | -           |

#### Income tax rate

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by the Australian corporate entities on taxable profits under the Australian tax law. There has been no change in the corporate tax rate when compared with the previous year.

|                                          | 2016    | 2015    |
|------------------------------------------|---------|---------|
|                                          | \$      | \$      |
| <b>NOTE 3: CASH AND CASH EQUIVALENTS</b> |         |         |
| Cash at bank                             | 625,917 | 717,648 |
|                                          | 625,917 | 717,648 |

#### NOTE 4: TRADE AND OTHER RECEIVABLES

|                   |         |         |
|-------------------|---------|---------|
| Other receivables | 181,266 | 188,141 |
|                   | 181,266 | 188,141 |



|                                    | <b>Consolidated</b> |                |
|------------------------------------|---------------------|----------------|
|                                    | <b>2016</b>         | <b>2015</b>    |
|                                    | <b>\$</b>           | <b>\$</b>      |
| <b>NOTE 5: PLANT AND EQUIPMENT</b> |                     |                |
| Plant and Equipment                | 478,337             | 545,222        |
| Accumulated depreciation           | (364,578)           | (364,519)      |
|                                    | <u>113,759</u>      | <u>180,703</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:

|                                           | <b>Plant and Equipment</b> | <b>Total</b>   |
|-------------------------------------------|----------------------------|----------------|
|                                           | <b>\$</b>                  | <b>\$</b>      |
| <b>Balance at 30 June 2016</b>            |                            |                |
| Balance at the beginning of year          | 180,703                    | 180,703        |
| Disposals (carrying value)                | -                          | -              |
| Depreciation expense                      | (74,225)                   | (74,225)       |
| Movement in exchange rate                 | 7,281                      | 7,281          |
| Balance at 30 June 2016                   | <u>113,759</u>             | <u>113,759</u> |
| <b>Balance at 30 June 2015</b>            |                            |                |
| Balance at the beginning of year          | 303,885                    | 303,885        |
| Reclassification of assets to exploration | (27,297)                   | (27,297)       |
| Additions                                 | 5,598                      | 5,598          |
| Depreciation expense                      | (79,077)                   | (79,077)       |
| Movement in exchange rate                 | (22,406)                   | (22,406)       |
| Balance at 30 June 2015                   | <u>180,703</u>             | <u>180,703</u> |

|                                                               | <b>Consolidated</b> |                   |
|---------------------------------------------------------------|---------------------|-------------------|
|                                                               | <b>2016</b>         | <b>2015</b>       |
|                                                               | <b>\$</b>           | <b>\$</b>         |
| <b>NOTE 6: EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS</b> |                     |                   |
| Exploration and evaluation expenditure                        | 3,675,061           | 10,338,343        |
|                                                               | <u>3,675,061</u>    | <u>10,338,343</u> |

|                                  | <b>Exploration and Evaluation</b> |
|----------------------------------|-----------------------------------|
|                                  | <b>\$</b>                         |
| <b>2016</b>                      |                                   |
| Balance at beginning of the year | 10,338,343                        |
| Expenditure incurred             | 534,585                           |
| Impairment                       | (7,197,867)                       |
| Balance at the end of the year   | <u>3,675,061</u>                  |
| <b>2015</b>                      |                                   |
| Balance at beginning of the year | 15,639,370                        |
| Expenditure incurred             | 1,019,370                         |
| Impairment                       | (6,320,397)                       |
| Balance at end of the year       | <u>10,338,343</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 13 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 (S) - Key Judgements - Exploration and Evaluation Expenditure and Going Concern. The Directors have determined that as with similar companies, future capital raisings will be required in order to continue the exploration and development of the company's mining tenements (some subject to an option payment) to achieve a position where they can prove exploration reserves. Should there be no funding available, exploration of the areas of interest may be put on hold. The recoverability of the exploration asset is dependent upon the continued exploration of each area of interest.

|                              | <b>Consolidated</b> |                |
|------------------------------|---------------------|----------------|
|                              | <b>2016</b>         | <b>2015</b>    |
|                              | <b>\$</b>           | <b>\$</b>      |
| Accruals and other creditors | 79,280              | 322,522        |
|                              | <u>79,280</u>       | <u>322,522</u> |

**NOTE 8: TAX ASSETS AND LIABILITIES**

**(a) Assets**

**Current**

|                       |          |          |
|-----------------------|----------|----------|
| Income tax refundable | -        | -        |
|                       | <u>-</u> | <u>-</u> |

**Non-current**

**Deferred tax asset comprises:**

|                         |             |             |
|-------------------------|-------------|-------------|
| Employee entitlements   | 4,829       | 6,086       |
| Accruals and payables   | 6,450       | 7,500       |
| Cancellation of licence | 36,000      | 54,000      |
| Tax losses              | 5,904,876   | 5,825,356   |
| Amount not recognised   | (5,952,155) | (5,892,942) |
|                         | <u>-</u>    | <u>-</u>    |

**(b) Liabilities**

**Current**

|                             |          |          |
|-----------------------------|----------|----------|
| Income tax liabilities      | -        | -        |
| Less: PAYG instalments paid | -        | -        |
| Income tax payable          | <u>-</u> | <u>-</u> |

**Non-current**

**Deferred tax liability comprises:**

|                         |          |             |
|-------------------------|----------|-------------|
| Exploration expenditure | -        | (1,080,770) |
| Amount not recognised   | -        | 1,080,770   |
| Net DTA/DTL             | <u>-</u> | <u>-</u>    |

|                                                                                                  | <b>Consolidated</b> |             |
|--------------------------------------------------------------------------------------------------|---------------------|-------------|
|                                                                                                  | <b>2016</b>         | <b>2015</b> |
|                                                                                                  | <b>\$</b>           | <b>\$</b>   |
| <b>NOTE 8: TAX ASSETS AND LIABILITIES (continued)</b>                                            |                     |             |
| <b>(c) Reconciliation</b>                                                                        |                     |             |
| <b>(i) Gross Movements</b>                                                                       |                     |             |
| The overall movement in the deferred tax balance is as follows:                                  |                     |             |
| Opening balance                                                                                  | 4,812,172           | 2,596,330   |
| Under/(over) provision in prior year                                                             | (175,927)           | (17,736)    |
| Credited/(charged) to the income statement                                                       | 1,976,514           | 2,233,578   |
| Amount not recognised                                                                            | (6,612,759)         | (4,812,172) |
| Closing balance                                                                                  | -                   | -           |
| <b>(ii) Deferred tax assets</b>                                                                  |                     |             |
| The movement in deferred tax assets for each temporary difference during the year is as follows: |                     |             |
| <b>Employee Entitlements</b>                                                                     |                     |             |
| Opening balance                                                                                  | 6,086               | 5,853       |
| Credited/(charged) to the income statement                                                       | (1,257)             | 233         |
| Amount not recognised                                                                            | (4,829)             | (6,086)     |
| Closing balance                                                                                  | -                   | -           |
| <b>Accruals and payables</b>                                                                     |                     |             |
| Opening balance                                                                                  | 7,500               | 9,000       |
| Credited/(charged) to the income statement                                                       | (1,050)             | (1,500)     |
| Amount not recognised                                                                            | (6,450)             | (7,500)     |
| Closing balance                                                                                  | -                   | -           |
| <b>Tax Losses</b>                                                                                |                     |             |
| Opening balance                                                                                  | 5,825,356           | 5,119,999   |
| Under/(over) provision in prior year                                                             | (175,927)           | (17,736)    |
| Credited/(charged) to the income statement                                                       | 255,447             | 723,093     |
| Amount not recognised                                                                            | (5,904,876)         | (5,825,356) |
| Closing balance                                                                                  | -                   | -           |
| <b>Cancellation of Licence</b>                                                                   |                     |             |
| Opening balance/previous amounts not recognised                                                  | 54,000              | 72,000      |
| Credited/(charged) to the income statement                                                       | (18,000)            | (18,000)    |
| Amount not recognised                                                                            | (36,000)            | (54,000)    |
| Closing balance                                                                                  | -                   | -           |
| <b>Exploration Expenditure</b>                                                                   |                     |             |
| Opening balance                                                                                  | -                   | -           |
| Credited/(charged) to the income statement                                                       | 660,604             | -           |
| Amount not recognised                                                                            | (660,604)           | -           |
| Closing balance                                                                                  | -                   | -           |

|                                                       | Consolidated |             |
|-------------------------------------------------------|--------------|-------------|
|                                                       | 2016         | 2015        |
|                                                       | \$           | \$          |
| <b>NOTE 8: TAX ASSETS AND LIABILITIES (continued)</b> |              |             |
| <b>(iii) Deferred tax liability</b>                   |              |             |
| <b>Exploration Expenditure</b>                        |              |             |
| Opening balance                                       | 1,080,770    | 2,610,522   |
| Under/(over) provision in prior year                  | -            | -           |
| Credited/(charged) to the income statement            | (1,080,770)  | (1,529,752) |
| Amount not recognised                                 | -            | (1,080,770) |
| Closing balance                                       | -            | -           |

## NOTE 9: PROVISIONS

### CURRENT

|                       |               |               |
|-----------------------|---------------|---------------|
| Employee entitlements | 16,095        | 20,285        |
|                       | <u>16,095</u> | <u>20,285</u> |

## NOTE 10: 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      | (1,814,247)       | (1,683,955)       |
|                                                           | <u>25,401,746</u> | <u>24,180,869</u> |

|                                           | Shares<br>No.        | Listed Options<br>No. | Unlisted Options<br>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          | -                     | -                       |
| Options cancelled/expired                 | -                    | -                     | (9,131,075)             |
| <b>At 30 June 2015</b>                    | <u>650,584,343</u>   | <u>-</u>              | <u>16,500,000</u>       |
| 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 30 June 2016</b>                    | <u>1,326,168,686</u> | <u>-</u>              | <u>8,000,000</u>        |

## OPTIONS

For information relating to Predictive Discovery Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 22.

## NOTE 11: RESERVES

### **FOREIGN CURRENCY TRANSLATION RESERVE**

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

### **OPTION RESERVE**

The option reserve records items recognised as expenses on valuation of employee share options.

|                                                                                                                                        | Consolidated  |             |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|
|                                                                                                                                        | 2016          | 2015        |
|                                                                                                                                        | \$            | \$          |
| <b>NOTE 12: EARNINGS PER SHARE</b>                                                                                                     |               |             |
| Reconciliation of loss                                                                                                                 |               |             |
| Loss used in calculating earnings per share – basic and diluted                                                                        | (7,864,047)   | (7,060,889) |
| Net loss for the reporting period                                                                                                      | (7,864,047)   | (7,060,889) |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share | 1,017,432,114 | 551,201,748 |

## NOTE 13: CAPITAL AND LEASING COMMITMENTS

### **(A) LEASE COMMITMENTS**

Payable – minimum lease payments:

|                                |                |                |
|--------------------------------|----------------|----------------|
| -not later than 12 months      | 42,536         | 40,054         |
| -between 12 months and 5 years | 170,145        | 164,624        |
|                                | <u>212,681</u> | <u>204,678</u> |

### **(B) OPTIONS FEE COMMITMENTS**

Payable – minimum lease payments:

|                                |                |                |
|--------------------------------|----------------|----------------|
| -not later than 12 months      | 40,318         | 398,412        |
| -between 12 months and 5 years | 463,654        | 166,549        |
| -more than 5 years             | -              | 55,516         |
|                                | <u>503,972</u> | <u>620,477</u> |

### **(C) CAPITAL EXPENDITURE COMMITMENTS**

Payable:

|                                       |                  |                   |
|---------------------------------------|------------------|-------------------|
| -not later than 12 months             | 2,573,417        | 2,852,334         |
| -not later than 12 months and 5 years | 6,596,864        | 7,695,339         |
| -more than 5 years                    | -                | -                 |
|                                       | <u>9,170,281</u> | <u>10,547,673</u> |



## NOTE 14: FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

|                                    | Note | Consolidated   |                |
|------------------------------------|------|----------------|----------------|
|                                    |      | 2016<br>\$     | 2015<br>\$     |
| <b>Financial Assets</b>            |      |                |                |
| Cash and cash equivalents          | 3    | 625,917        | 717,648        |
| Trade and other receivables        | 4    | 181,266        | 188,141        |
| <b>Total Financial Assets</b>      |      | <u>807,183</u> | <u>905,789</u> |
| <b>Financial Liabilities</b>       |      |                |                |
| Trade and other payables           | 7    | 79,280         | 322,522        |
| <b>Total Financial Liabilities</b> |      | <u>79,280</u>  | <u>322,522</u> |

### 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 14: 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*

|                                                 | <b>Within 1 Year</b> |             | <b>1 to 5 Years</b> |             | <b>Total Contractual Cash Flow</b> |             |
|-------------------------------------------------|----------------------|-------------|---------------------|-------------|------------------------------------|-------------|
|                                                 | <b>2016</b>          | <b>2015</b> | <b>2016</b>         | <b>2015</b> | <b>2016</b>                        | <b>2015</b> |
|                                                 | <b>\$</b>            | <b>\$</b>   | <b>\$</b>           | <b>\$</b>   | <b>\$</b>                          | <b>\$</b>   |
| <b>Financial liabilities due for payment</b>    |                      |             |                     |             |                                    |             |
| Trade and other payables                        | 79,280               | 322,522     | -                   | -           | 79,280                             | 322,522     |
| Total contractual outflows                      | 79,280               | 322,522     | -                   | -           | 79,280                             | 322,522     |
| <b>Financial assets - cash flows realisable</b> |                      |             |                     |             |                                    |             |
| Trade and other receivables                     | 181,266              | 188,141     | -                   | -           | 181,266                            | 188,141     |
| Total anticipated inflows                       | 181,266              | 188,141     | -                   | -           | 181,266                            | 188,141     |

The financial assets and liabilities noted above are interest free.

##### **(C) MARKET RISK**

###### *i. Interest rate risk*

The group's cash flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. At balance date, the group does not have any borrowings. The group does not enter into hedges. An increase/(decrease) in interest rates by 1% during the whole of the respective periods would have led to an increase/(decrease) in both equity and losses of less than \$10,000. 1% was thought to be appropriate because it represents four 0.25 basis point rate rises/falls, which is appropriate in the recent economic climate. The majority of cash held in a cash management account earns interest income at a rate of 0.1% p.a.

###### *ii. Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the group holds foreign currency which are other than the AUD functional currency of the group.

## NOTE 15: OPERATING SEGMENTS

### Identification of Reportable Segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The accounting policies applied for internal purposes are consistent with those applied in the preparation of these financial statements.

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

| 2016                                     | Corporate<br>\$         | Gold<br>Aust<br>\$          | Gold<br>Burkina Faso<br>\$          | Cote D'Ivoire<br>\$         | Total<br>\$         |
|------------------------------------------|-------------------------|-----------------------------|-------------------------------------|-----------------------------|---------------------|
| <b>Revenue</b>                           |                         |                             |                                     |                             |                     |
| Interest income                          | 9,030                   | -                           | -                                   | -                           | 9,030               |
| Other income                             | 119,486                 | -                           | -                                   | -                           | 119,486             |
| <b>Expenses</b>                          |                         |                             |                                     |                             |                     |
| Administration expenses                  | (391,063)               | -                           | (294,358)                           | (40,549)                    | (725,970)           |
| FX Expense                               | 30,393                  | -                           | (45,490)                            | (5,228)                     | (20,325)            |
| Exploration expenditure written off      | (48,401)                | -                           | -                                   | -                           | (48,401)            |
| Impairment of Exploration <sup>(i)</sup> | (1,053,069)             | -                           | (6,142,889)                         | (1,909)                     | (7,197,867)         |
| Loss before tax                          | (1,333,624)             | -                           | (6,482,737)                         | (47,686)                    | (7,864,047)         |
| Current assets                           | 576,222                 | -                           | 194,261                             | 36,700                      | 807,183             |
| Exploration expenditure <sup>(i)</sup>   | 114,274                 | 4,906                       | 3,521,812                           | 34,069                      | 3,675,061           |
| Plant and Equipment                      | -                       | -                           | 113,759                             | -                           | 113,759             |
| Current liabilities                      | (53,736)                | -                           | (33,056)                            | (8,583)                     | (95,375)            |
| Net assets                               | 636,760                 | 4,906                       | 3,796,776                           | 62,186                      | 4,500,628           |
| <b>2015</b>                              | <b>Corporate<br/>\$</b> | <b>Gold<br/>Aust<br/>\$</b> | <b>Gold<br/>Burkina Faso<br/>\$</b> | <b>Cote D'Ivoire<br/>\$</b> | <b>Total<br/>\$</b> |
| <b>Revenue</b>                           |                         |                             |                                     |                             |                     |
| Interest income                          | 9,267                   | -                           | -                                   | -                           | 9,267               |
| Other income                             | 257,036                 | -                           | -                                   | -                           | 257,036             |
| <b>Expenses</b>                          |                         |                             |                                     |                             |                     |
| Administration expenses                  | (528,433)               | -                           | (466,419)                           | (60,161)                    | (1,055,013)         |
| FX Expense                               | 50,332                  | -                           | (1,861)                             | (254)                       | 48,217              |
| Exploration expenditure written off      | -                       | (124)                       | -                                   | -                           | (124)               |
| Impairment of Exploration                | -                       | (950)                       | (5,919,342)                         | (399,980)                   | (6,320,272)         |
| Loss before tax                          | (211,798)               | (1,074)                     | (6,387,622)                         | (460,395)                   | (7,060,889)         |
| Current assets                           | 714,374                 | -                           | 170,866                             | 20,548                      | 905,788             |
| Exploration expenditure                  | 1,030,674               | -                           | 9,271,697                           | 35,972                      | 10,338,343          |
| Plant and Equipment                      | -                       | -                           | 180,703                             | -                           | 180,703             |
| Current liabilities                      | (159,019)               | -                           | (181,914)                           | (1,873)                     | (342,806)           |
| Net assets                               | 1,586,029               | -                           | 9,441,352                           | 54,647                      | 11,082,028          |

(i) The exploration incurred on behalf of Corporate relates to Burkina Faso and Cote D'Ivoire, which were subsequently impaired during the year.

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

## NOTE 16: INTERESTS OF KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2016.

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

|                           | Consolidated   |                |
|---------------------------|----------------|----------------|
|                           | 2016           | 2015           |
|                           | \$             | \$             |
| Short-term benefits       | 176,129        | 339,012        |
| Post-employments benefits | 13,508         | 17,703         |
|                           | <u>189,637</u> | <u>356,715</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 20: Related Party Transactions.

## NOTE 17: REMUNERATION OF AUDITORS

|                                                       | Consolidated  |               |
|-------------------------------------------------------|---------------|---------------|
|                                                       | 2016          | 2015          |
|                                                       | \$            | \$            |
| Remuneration of the auditor of the parent entity for: |               |               |
| -Audit services                                       | 39,000        | 37,000        |
| -Other services                                       | 6,600         | 6,600         |
|                                                       | <u>45,600</u> | <u>43,600</u> |

## NOTE 18: CONTROLLED ENTITIES

|                                             | Country of<br>Incorporation | Percentage Owned <sup>(i)</sup> |      |
|---------------------------------------------|-----------------------------|---------------------------------|------|
|                                             |                             | 2016                            | 2015 |
| <b>Parent Entity:</b>                       |                             |                                 |      |
| Predictive Discovery Limited                | Australia                   | -                               | -    |
| <b>Subsidiaries of legal parent entity:</b> |                             |                                 |      |
| Predictive Discovery SARL                   | Burkina Faso                | 100%                            | 100% |
| Predictive Discovery Niger SARL             | Niger                       | 100%                            | 100% |
| Predictive Discovery Cote D'Ivoire SARL     | Cote D'Ivoire               | 100%                            | 100% |
| Birrimian Pty Ltd                           | British Virgin Islands      | 100%                            | 100% |
| Predictive Discovery Cote D'Ivoire Pty Ltd  | Australia                   | 100%                            | 100% |

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

## Acquisitions of controlled entities

There were no acquisitions during the year.

## NOTE 19: CONTINGENT LIABILITIES

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

## NOTE 20: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

### Intercompany Loans

Predictive Discovery Limited has made loans to its subsidiaries in the amount of \$18,214,918 (2015: \$16,829,444). The loan is interest free and payable on demand.

### Directors' Remuneration

For information relating to related party transactions with key management personnel during the financial year, refer to Note 16.

### Other Related Party Transactions

There were no other related party transactions during the year. In the previous period Churchill Services Pty Ltd, an entity associated with Ian Hobson, was paid \$72,550 for company secretarial services.

## NOTE 21: STATEMENT OF CASH FLOWS

|                                                                                           | Consolidated     |                  |
|-------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                           | 2016             | 2015             |
|                                                                                           | \$               | \$               |
| <b>Reconciliation of loss after income tax to net cash flow from operating activities</b> |                  |                  |
| Operating loss after income tax                                                           | (7,864,047)      | (7,060,889)      |
| Non-operating items in loss:                                                              |                  |                  |
| Exploration expenditure                                                                   | 48,401           | 124              |
| Interest income                                                                           | (9,030)          | (9,267)          |
| Non-cash flows in loss:                                                                   |                  |                  |
| Share based payments                                                                      | -                | -                |
| Depreciation                                                                              | 1,222            | -                |
| Foreign exchange (gains)/losses                                                           | 20,325           | (48,217)         |
| Write off of exploration expenditure                                                      | 7,197,867        | 6,320,272        |
| Movement in assets and liabilities:                                                       |                  |                  |
| (Increase)/decrease in receivables                                                        | (498)            | (4,936)          |
| Increase/(decrease) in payables                                                           | (8,007)          | (131,067)        |
| Increase/(decrease) in provisions                                                         | (4,190)          | 776              |
| Net cash outflow from operating activities                                                | <u>(617,957)</u> | <u>(933,204)</u> |

## NOTE 22: SHARE BASED PAYMENTS

During the period ending 30 June 2016, the group entered into the following share-based payments:

1. The issue of 22,500,000 shares in the company as consideration to the Lead Underwriter of the renounceable rights issue that closed on 3 December 2015, for a value of \$45,000;
2. The issue of 2,500,000 shares in the company as consideration for investor relations services for a period of 12 months.

The group did not enter into any share-based payments during the period ending 30 June 2015.

At 30 June 2016 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 |
|-------------|-------------|----------------|-------------------|-------------------------|---------------------------|-------------------------|--------------------------------|-----------------------------------------------|
| 20 Aug 2010 | 20 Aug 2015 | \$0.250        | 6,000,000         | -                       | -                         | (6,000,000)             | -                              | -                                             |
| 27 Mar 2014 | 31 Mar 2017 | \$0.022        | 8,000,000         | -                       | -                         | -                       | 8,000,000                      | 8,000,000                                     |
|             |             |                | 14,000,000        | -                       | -                         | (6,000,000)             | 8,000,000                      | 8,000,000                                     |

At 30 June 2016 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 | Expired during the year | Balance at the end of the year | Vested and exercisable at the end of the year |
|------------|-------------|----------------|-------------------|-------------------------|---------------------------|-------------------------|--------------------------------|-----------------------------------------------|
| 5 Dec 2012 | 30 Oct 2015 | \$0.15         | 2,000,000         | -                       | -                         | (2,000,000)             | -                              | -                                             |
|            |             |                | 2,000,000         | -                       | -                         | (2,000,000)             | -                              | -                                             |

The weighted average exercise price of options as at 30 June 2016 was \$0.022 (30 June 2015: \$0.13). The weighted average remaining contractual life of options outstanding at year end was 0.75 (30 June 2015: 0.94).

During the year ending 30 June 2016 no options were granted.

During the year ending 30 June 2015 no options were granted.

## NOTE 23: EVENTS AFTER THE END OF THE REPORTING PERIOD

On 22 August 2016 Predictive Discovery Limited announced plans to raise up to \$4million in three components, being:

1. A minimum of \$1m and up to \$2m being raised from clients and affiliates of the Sprott Group;
2. A placement of \$1.2m to large shareholders and several other sophisticated investors; and
3. A Share Purchase Plan to raise up to \$0.8m.

Portions of the first two components are subject to shareholder approval at a meeting to be held on 5 October 2016, while the Share Purchase Plan is expected to close on 27 September 2016. Subsequent to balance date, 45,000,000 shares were issued prior to the date of this report for consideration of \$450,000 before costs as part of this capital raising.

Other than the above, no matters or circumstances have arisen for the year which significantly affected or could significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

## NOTE 24: PARENT ENTITY DISCLOSURES

|                     | 2016<br>\$        | 2015<br>\$        |
|---------------------|-------------------|-------------------|
| <b>Assets</b>       |                   |                   |
| Current assets      | 576,222           | 714,374           |
| Non-current assets  | 19,492,459        | 19,039,583        |
| Total assets        | <u>20,068,681</u> | <u>19,753,957</u> |
| <b>Liabilities</b>  |                   |                   |
| Current liabilities | 53,736            | 159,019           |
| Total liabilities   | <u>53,736</u>     | <u>159,019</u>    |
| <b>Equity</b>       |                   |                   |
| Issued capital      | 25,401,246        | 24,180,868        |
| Reserves            | 2,495,954         | 1,942,818         |
| Accumulated losses  | (7,882,255)       | (6,528,748)       |
| Total equity        | <u>20,014,945</u> | <u>19,594,938</u> |

## CONTINGENT LIABILITIES

Nil

## CONTRACTUAL COMMITMENTS

The parent entity has commitments as at 30 June 2016 that are disclosed in Note 13.

## RECOVERABILITY OF INTERCOMPANY LOAN

Within Non-current assets is a loan due from the 100% subsidiaries of \$18,214,918 which is considered fully recoverable. The recoverability of this loan is dependent upon the successful development or sale of exploration assets in Burkina Faso.

## NOTE 25: 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 12 to 39, 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 2016 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  
22 September 2016



Moore Stephens Audit (Vic)

Level 18, 530 Collins Street  
Melbourne Victoria 3000

**T** +61 (0)3 9608 0100

**F** +61 (0)3 9608 0192

**E** [victoria@moorestephens.com.au](mailto:victoria@moorestephens.com.au)

[www.moorestephens.com.au](http://www.moorestephens.com.au)

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREDICTIVE DISCOVERY LIMITED & CONTROLLED ENTITIES Report on the Financial Report**

We have audited the accompanying financial report of Predictive Discovery Limited & controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Predictive Discovery Limited & controlled entities, would be in the same terms if provided to the directors as at the date of this auditor's report.

## *Auditor's Opinion*

In our opinion:

- a. the financial report of Predictive Discovery Limited & controlled entities is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## *Emphasis of Matter – Material Uncertainty Regarding Continuation as a Going Concern*

Without modifying our opinion, we draw to Note 1 (s) "Key Judgement – Going Concern" which indicates the company incurred a loss for the year ended 30 June 2016 of \$7,801,777 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.

## *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 1(s) and Note 6 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.

## **Report on the Remuneration Report**

We have audited the remuneration report included in pages 7 to 11 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Auditor's Opinion*

In our opinion the remuneration report of Predictive Discovery Limited & controlled entities for the year ended 30 June 2016 complies with s 300A of the *Corporations Act 2001*.



**MOORE STEPHENS AUDIT (VIC)**

ABN 16 847 721 257



**ANDREW JOHNSON**

**Partner**

**Audit & Assurance Services**

Melbourne, Victoria

22 September 2016

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street  
Melbourne Victoria 3000

**T** +61 (0)3 9608 0100

**F** +61 (0)3 9608 0192

**E** [victoria@moorestephens.com.au](mailto:victoria@moorestephens.com.au)

[www.moorestephens.com.au](http://www.moorestephens.com.au)

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, 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

22 September 2016



**PREDICTIVE DISCOVERY LIMITED**

**ABN 11 127 871 877**

**Suite 2, Level 2  
20 Kings Park Road  
WEST PERTH WA 6005**

**Telephone: +61 8 6143 1840**

**Facsimile: +61 8 9321 4692**

**Website: [www.predictivediscovery.com.au](http://www.predictivediscovery.com.au)**

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