



ABN 11 127 871 877

**INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2017**

## 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 Secretaries

Mr Eric Moore  
Mr Bruce Waddell

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Your directors present their report, together with the condensed financial statements of Predictive Discovery Limited and controlled entities (the Group) for the half year ended 31 December 2017.

## **DIRECTORS**

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

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

## **RESULTS**

The consolidated loss of the Group for the half year after providing for income tax amounted to \$461,067 (31 December 2016: \$841,094).

## **REVIEW OF OPERATIONS**

During the half year to December 2017, the Group fully realised its strategy of progressing its more advanced projects in West Africa via joint ventures while undertaking project generation to identify new areas to explore in its own right. Thus, Predictive finalised a new joint venture with Progress Minerals International (Inc) on all the Burkina Faso permits following replacement of four old, key exploration permits with new permits covering the same ground. The company also undertook a country scale project generation assessment in Mali resulting in the identification of high priority areas for application or acquisition. Exploration on the joint ventured ground in Cote D'Ivoire and Burkina Faso included drilling at the Bobosso project (Cote D'Ivoire), extensive aeromagnetic and trenching surveys by partner Toro Gold Limited on the Boundiali, Ferkessedougou North and Ferkessedougou South permits (Cote D'Ivoire) and commencement of power auger drilling on the Bira and Kalinga permits (Burkina Faso). Predictive contributed 35% of exploration costs in the Toro Joint Venture during the period.

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

## **AUDITOR'S INDEPENDENCE DECLARATION**

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

Signed in accordance with a resolution of Directors:



**DIRECTOR**

14 March 2018

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	31 December 2017	31 December 2016
Note	\$	\$
Finance Income	4,225	16,234
Other income	-	1,200
Administrative payments	(407,084)	(852,554)
Foreign exchange gain/expenses	(52,204)	43,911
Impairment of exploration	-	-
Exploration expenditure pre-right to tenure	(89,200)	(57,139)
<b>Loss before income tax</b>	(544,263)	(848,348)
Income tax expense	-	-
<b>Net loss for the year</b>	(544,263)	(848,348)
<b>Other comprehensive income</b>		
<i>Item that may be reclassified subsequently to operating result</i>		
Other comprehensive income	83,196	7,254
<b>Total comprehensive loss for the year</b>	(461,067)	(841,094)
<b>Profit attributable to:</b>		
Members of the parent entity	(461,067)	(841,094)
Basic loss per share (cents per share)	(0.31)	(0.063)
Diluted loss per share (cents per share)	(0.31)	(0.063)

The accompanying notes form part of these financial statements

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Consolidated	
	Note	31 December 2017 \$	30 June 2017 \$
<b>Current Assets</b>			
Cash and cash equivalents		3,037,288	1,641,710
Trade and other receivables		196,617	450,737
Total current assets		<u>3,233,905</u>	<u>2,092,447</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		81,585	82,790
Exploration and evaluation expenditure	2	<u>4,207,259</u>	<u>3,621,616</u>
Total non-current assets		<u>4,288,844</u>	<u>3,704,406</u>
Total assets		<u>7,522,749</u>	<u>5,796,853</u>
<b>Current Liabilities</b>			
Trade and other payables		133,805	702,794
Funds from farmee held in advance		38,567	-
Provisions		18,692	18,692
Total current liabilities		<u>191,064</u>	<u>721,486</u>
Total liabilities		<u>191,064</u>	<u>721,486</u>
<b>Net Assets</b>		<u>7,331,685</u>	<u>5,075,367</u>
<b>Equity</b>			
Issued capital	3	30,973,763	28,256,378
Reserves		2,501,554	2,418,358
Accumulated losses		<u>(26,143,632)</u>	<u>(25,599,369)</u>
<b>Total Equity</b>		<u>7,331,685</u>	<u>5,075,367</u>

The accompanying notes form part of these financial statements

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
<b>CONSOLIDATED</b>					
<b>At 1 July 2017</b>	28,256,378	(25,599,369)	1,538,853	879,505	5,075,367
Loss for the year	-	(544,263)	-	-	(544,263)
Other comprehensive income	-	-	83,196	-	83,196
Total comprehensive loss for the year	-	(544,263)	83,196	-	(461,067)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Shares issued during the year	3,067,282	-	-	-	3,067,282
Transaction costs	(349,897)	-	-	-	(349,897)
<b>At 31 December 2017</b>	<b>30,973,763</b>	<b>(26,143,632)</b>	<b>1,622,049</b>	<b>879,505</b>	<b>7,331,685</b>
<b>At 1 July 2016</b>	25,401,246	(22,924,304)	1,514,755	508,931	4,500,628
Loss for the year	-	(848,348)	-	-	(848,348)
Other comprehensive income	-	-	7,254	-	7,254
Total comprehensive loss for the year	-	(848,348)	7,254	-	(841,094)
Transactions with owners in their capacity as owners:					
Shares issued during the year	-	-	-	370,574	370,574
Issue of share capital	3,049,450	-	-	-	3,049,450
Transaction costs	(193,193)	-	-	-	(193,193)
<b>At 31 December 2016</b>	<b>28,257,503</b>	<b>(23,772,652)</b>	<b>1,522,009</b>	<b>879,505</b>	<b>6,886,365</b>

The accompanying notes form part of these financial statements

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		31 December 2017 \$	31 December 2016 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		65,856	1,200
GST receipts		(582)	15
Payments to suppliers and employees		(436,650)	(486,683)
Net cash (used in ) operating activities		(371,376)	(485,469)
<b>Cash flows from investing activities</b>			
Interest received		2,714	4,427
Payments for purchase of plant and equipment		(4,084)	(6,610)
Payments for tenement acquisitions		(124,461)	(34,656)
Payments for exploration expenditure		(828,086)	(274,780)
Net cash inflow from investing activities		(953,917)	(311,619)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,067,282	3,049,450
Payment for share issue costs		(349,896)	(148,193)
Net cash inflow from financing activities		2,717,386	2,901,257
Foreign exchange differences		3,485	986
Net cash provided by other activities		3,485	986
<b>Net increase in cash held</b>		1,395,578	2,105,155
<b>Cash and cash equivalents at beginning of the half-year</b>		1,641,710	625,917
<b>Cash and cash equivalents at the end of the half-year</b>		3,037,288	2,731,073

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

This consolidated interim financial report for the half year ending 31 December 2017 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Predictive Discovery Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This interim consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this interim financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2017, together with any public announcements made during the half year. The same accounting policies and methods of valuation have been followed in this interim financial report as were applied in the most recent annual financial report.

#### Key Judgement – Going Concern

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

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
<b>NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE</b>		
Carrying amount at beginning of year	3,621,616	3,675,061
Expenditure	585,643	1,274,061
Impairment	-	(1,327,506)
Movement in exchange rates	-	-
	<u>4,207,259</u>	<u>3,621,616</u>

The Group has capitalised exploration expenditure of \$4,207,259 (30 June 2017: \$3,621,616). This amount includes costs directly associated with exploration and the purchase of exploration properties. These costs are capitalised as an intangible asset until assessment and / or drilling of the permit is complete and the results have been evaluated. These direct costs include employee remuneration, materials, permit rentals and payments to contractors. The expenditure is carried forward until such a time as the area moves into the development phase, is abandoned or sold. Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements. The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
<b>NOTE 3: ISSUED CAPITAL</b>		
236,142,065 (30 June 2017: 163,111,547) Ordinary Shares	33,332,725	30,265,443
Share issue costs written off against issued capital	(2,358,962)	(2,009,065)
	<u>30,973,763</u>	<u>28,256,378</u>

	Shares No.	Listed Options No.	Unlisted Options No.
At 1 July 2016	1,326,168,686	-	8,000,000
Issue of shares in placement and share purchase plan	304,945,000	-	-
Issue of options	-	-	58,575,000
Options cancelled/expired	-	-	-
<b>At 31 December 2016</b>	<u>1,631,113,686</u>	<u>-</u>	<u>66,575,000</u>
At 1 July 2017 <sup>(1)</sup>	163,111,547	-	5,875,500
Issue of shares in rights issue	62,138,470	-	-
Issue of shares in placement	10,892,048	-	-
Issue of options in rights issue	-	62,138,470	-
Issue of options in placement	-	10,892,048	-
<b>At 31 December 2017</b>	<u>236,142,065</u>	<u>73,030,518</u>	<u>5,875,500</u>

(1) Quantities reflect a 1 for 10 capital consolidation effective 19 May 2017.

#### NOTE 4 - SEGMENT INFORMATION

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

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

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

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

	Corporate \$	Gold Australia \$	Gold Burkina Faso \$	Gold Cote D'Ivoire \$	Consolidated \$
<b>Half Year Ended 31 December 2017</b>					
Other income	4,225	-	-	-	4,225
Expenses	(334,929)	-	(202,914)	(10,645)	(548,488)
Loss for the period	(330,704)	-	(202,914)	(10,645)	(544,263)
<b>As At 31 December 2017</b>					
Current assets	2,996,525	-	184,991	52,389	3,233,905
Non-current assets	5,287	-	76,298	-	81,585
Current liabilities	(150,357)	-	(40,707)	-	(191,064)
Non-current liabilities	-	-	-	-	-
Exploration expenditure	14,630	12,651	2,701,298	1,478,680	4,207,259
Net Assets	2,866,085	12,651	2,921,880	1,531,069	7,331,685
<b>Half Year Ended 31 December 2016</b>					
Other income	17,434	-	-	-	17,434
Expenses	(671,710)	-	(186,099)	(7,973)	(865,782)
Loss for the period	(654,276)	-	(186,099)	(7,973)	(848,348)
<b>As At 30 June 2017</b>					
Current assets	1,933,769	-	102,258	56,420	2,092,447
Non-current assets	6,344	-	76,446	-	82,790
Current liabilities	(678,572)	-	(42,914)	-	(721,486)
Non-current liabilities	-	-	-	-	-
Exploration expenditure	132,284	12,651	2,663,940	812,741	3,621,616
Net Assets	1,393,825	12,651	2,799,730	869,161	5,075,367

**NOTE 5 – CONTROLLED ENTITIES**

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%) <sup>*</sup> 31 DEC 2017	PERCENTAGE OWNED (%) <sup>*</sup> 30 JUNE 2017
<b>Subsidiaries:</b>			
Burkina Resources Pty Ltd	Australia	100	100
Ivoirian Resources Pty Ltd	Australia	100	100
Gayeri Resources Pty Ltd	Australia	100	0
Predictive Discovery Mali Pty Ltd	Australia	100	0
Ivoirian Resources SARL	Cote D'Ivoire	100	100
Predictive Discovery SARL	Burkina Faso	100	100
Predictive Discovery Niger SARL	Niger	100	100
Birimian Pty Limited	British Virgin Islands	100	100
Birimian BVI SARL	Burkina Faso	100	100
Gayeri Resources SARL	Burkina Faso	100	100
Burkina Resources SARL	Burkina Faso	100	100
Solna Resources SARL	Burkina Faso	100	100
Sebba Resources SARL	Burkina Faso	100	100

<sup>\*</sup> Percentage of voting power is in proportion to ownership

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

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2017 (30 June 2017: Nil).

#### **NOTE 7 – RELATED PARTY TRANSACTIONS**

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

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

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

There no other matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The concise financial statements and notes, as set out on pages 3 to 11, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standard 134; and
  - (b) give a true and fair view of the financial position as at 31 December 2017 and of the performance for the half year ended on that date of the company and consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'Paul Roberts', with a horizontal line underneath.

Paul Roberts  
**DIRECTOR**  
14 March 2018

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Predictive Discovery Limited and Controlled Entities (**the group**), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

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

### Auditor's Responsibility

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

- a. giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

### Independence

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

## Conclusion

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

- a. giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Emphasis of Matter – Going Concern

Without modifying the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "Key Judgement – Going Concern" in Note 1 to the financial statements for the period ended 31 December 2017, the ability to continue the exploration and development of the company's mining tenements is dependent upon future capital raising. Should there be no funding available, explorations of the areas of interest may be put on hold and the recoverability of exploration assets may be realised below their carrying amounts at balance date.

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

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

MOORE STEPHENS

**MOORE STEPHENS AUDIT (VIC)**

ABN 16 847 721 257



**RYAN LEEMON**

**Partner**

**Audit & Assurance Services**

Melbourne, Victoria

14 March 2018

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017, there have been:

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

**MOORE STEPHENS AUDIT (VIC)**

ABN 16 847 721 257



**RYAN LEEMON**  
**Partner**  
**Audit & Assurance Services**

Melbourne, Victoria

14 March 2018