ABN 11 127 871 877

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

CORPORATE DIRECTORY

DIRECTORS

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

Company Secretaries
Mr Bruce Waddell
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.au
Web Site: www.predictivediscovery.com.au

POSTAL ADDRESS
PO Box 1710
WEST PERTH WA 6872

ASX CODE
PDI

AUDITOR
PKF Perth
Level 5, 35 Havelock Street
WEST PERTH WA 6005

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

SOLICITORS
Corrs Chambers Westgarth
240 St Georges Terrace
PERTH WA 6000

CONTENTS

Your directors present their report, together with the condensed financial statements of Predictive Discovery Limited (Predictive) and controlled entities (the Group) for the half year ended 31 December 2018.

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 after income tax of the Group for the half year after providing for income tax amounted to $473,811 (31 December 2017: $544,263).

CORPORATE

Bobosso Transaction

Predictive received A$515,000 from Progress Minerals Inc as an initial payment for the Company's 30% equity in the Bobosso Project (Cote D'Ivoire), releasing Predictive from any future costs or liabilities. The Company also secured the right to future bonus payments based on reserve ounces from bankable feasibility studies on up to three gold mines.

The Company made the decision to reduce its equity in the Toro JV to 30% (from 35%) via non-contribution in the December half of 2018. This decision, along with receipt of cash from the Bobosso transaction and with careful control of exploration expenditure in Guinea and Mali, resulted in the Company holding more cash at 31 December 2018 than it had at the end of the September quarter. This reflected a strategic decision to conserve cash in the current difficult market for capital raising.

Cash Position

Predictive remains well-funded with cash of $1.5 million as at 31 December 2018.

Land Acquisitions

In Guinea, Predictive was granted three Reconnaissance Authorisations, Nonta, Kankan and Souloko, covering 300km^2.

In Burkina Faso, the Company received the grant document for the Kourakou permit and paid the fees for Laro and Bolle, covering 623 km^2. Paying the permit fees in Burkina Faso is the penultimate step before the permits being granted, which is therefore expected in the coming months.

Annual General Meeting

All resolutions put to shareholders at the Company's Annual General Meeting on 26 November 2018 were carried.

REVIEW OF OPERATIONS

GUINEA

Field visits on the Nonta authorisation identified significant artisanal workings with government officials advising Predictive staff that some small workings have yielded many kilograms of gold, indicating the potential for high-grade values. BLEG stream sediment surveys on the three authorisations commenced in November 2018.

The three authorisation areas were identified using the Company's Predictore™ methodology which helps identify large and deep structures which are thought to have channelled large quantities of gold-bearing fluid from deeper in the earth's crust, generating well mineralised gold belts including large gold deposits.

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COTE D'IVOIRE

Boundiali Project

During the period, the Company announced soil geochemistry results from infill soil sampling (400m x 100m) program at its Boundiali North permit. The program revealed a 14km-long zone of anomalies clustered around the inferred north-south Nyangboue structure that also passes through the Nyangboue gold mineralised zone, which was discovered in 2016 (Boudialie South permit). The size of the Boundiali North anomalous zone is now more than double the length of the Nyangboue gold-in-soil trend to the south.

Kokoumbo

Results from a recent 2,000m diamond drilling (DD) program were announced during the period. The DD program, managed by Joint Venture Partner Toro Gold, was testing IP geophysical targets and recently excavated artisanal gold workings. Better results included **4.5m at 4.22g/t Au** from 57m including **1m at 11.15g/t Au** and **9m at 2.08g/t Au** from 69m.

BURKINA FASO

Bira and Tambiri

Additional assays from power auger drilling on the Bira and Kalinga permits completed prior to the rainy season (July to September 2018) were announced during the period. The new results include a new peak value of 2.8g/t Au and demonstrate that anomalous gold values extend over 23km, north, north-east and south-west of the drilled area - indicating substantial potential to discover more gold mineralisation along strike from the Bira prospect.

Also, during the period, the Progress Minerals Joint Venture completed 2,596m of RC drilling on the Tambiri permit, which lies within the wider Progress JV Area of Influence (AOI). Better results included **4m at 4.23g/t Au** from 74m including **1m at 10.90g/t Au**.

EVENTS SUBSEQUENT TO BALANCE DATE

Cote D'Ivoire

Ferkessedougou North Project

1,960m of trenching was completed. The Company was highly encouraged by the results and the discovery of a significant elliptical shaped gold mineralised granitic intrusive body approximately 160m long and 90m wide.

Significant intersections from bottle roll assays of channel samples in the trenches included:

- FNTR35: **34m at 5.29g/t Au** including **2m at 75.70g/t Au** (results for rest of trench pending)
- FNTR029: **92m at 1.76g/t Au** including **2m at 20.60g/t Au and 2m at 8.04g/t Au**
- FNTR028: **38m at 1.27g/t Au** including **2m at 7.03g/t Au**
- FNTR028: **78m at 1.30g/t Au** including **2m at 7.47g/t Au**

Burkina Faso

A security incident at the Progress Minerals Joint Venture was reported in January. This resulted in the deeply regrettable death of a senior employee of Progress Minerals Inc.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

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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
11 March 2019

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated 31 December 2018 $	31 December 2017 $
Finance Income		10,956	4,225
Gain on sale of joint venture interests		223,139	-
Administrative payments		(363,372)	(407,084)
Foreign exchange gain/expenses		8,603	(52,204)
Impairment of exploration	2	(104,667)	-
Share of loss of associates	3	(44,782)	-
Exploration expenditure pre-right to tenure		(203,688)	(89,200)
Loss before income tax		(473,811)	(544,263)
Income tax expense		-	-
Net loss for the year		(473,811)	(544,263)
Other comprehensive income			
Item that may be reclassified subsequently to operating result			
Other comprehensive income		5,735	83,196
Total comprehensive loss for the year		(468,076)	(461,067)
Profit attributable to:			
Members of the parent entity		(468,076)	(461,067)
Basic loss per share (cents per share)		(0.20)	(0.31)
Diluted loss per share (cents per share)		(0.20)	(0.31)

The accompanying notes form part of these financial statements

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Consolidated	
	Note	31 December 2018 $	30 June 2018 $
Current Assets			
Cash and cash equivalents		1,481,435	1,684,053
Trade and other receivables		100,861	104,887
Total current assets		1,582,296	1,788,940
Non-Current Assets			
Property, plant and equipment		4,485	5,696
Exploration and evaluation expenditure	2	2,036,069	2,189,364
Investments in Associates	3	795,862	840,645
Total non-current assets		2,836,416	3,035,705
Total assets		4,418,712	4,824,645
Current Liabilities			
Trade and other payables		109,032	46,889
Total current liabilities		109,032	46,889
Total liabilities		109,032	46,889
Net Assets		4,309,680	4,777,756
Equity			
Issued capital	4	30,973,763	30,973,763
Reserves		258,972	877,409
Accumulated losses		(26,923,055)	(27,073,416)
Total Equity		4,309,680	4,777,756

The accompanying notes form part of these financial statements

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	$	$	$	$	$
CONSOLIDATED					
At 1 July 2017	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)
At 31 December 2017	30,973,763	(26,143,632)	1,622,049	879,505	7,331,685
At 1 July 2018	30,973,763	(27,073,416)	(2,096)	879,505	4,777,756
Loss for the year	-	(473,811)	-	-	(473,811)
Other comprehensive income	-	-	5,735	-	5,735
Total comprehensive loss for the year	-	(473,811)	5,735	-	(468,076)
Transactions with owners in their capacity as owners:					
Transfer of expired options	-	624,172	-	(624,172)	-
Issue of share capital	-	-	-	-	-
Transaction costs	-	-	-	-	-
At 31 December 2018	30,973,763	(26,923,055)	3,639	255,333	4,309,680

The accompanying notes form part of these financial statements

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INTERIM CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
	Note	31 December 2018 $	31 December 2017 $
Cash flows from operating activities			
Receipts from customers		-	65,856
GST receipts		383	(582)
Payments to suppliers and employees		(347,620)	(436,650)
Payments for exploration expenditure		(381,408)	(828,086)
Net cash (used in) operating activities		(728,645)	(1,199,462)
Cash flows from investing activities			
Interest received		10,239	2,714
Payments for purchase of plant and equipment		-	(4,084)
Payments for tenement acquisitions		-	(124,461)
Proceeds from sale of joint venture interest		514,925	-
Net cash inflow from investing activities		525,164	(125,831)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,067,282
Payment for share issue costs		-	(349,896)
Net cash inflow from financing activities		-	2,717,386
Foreign exchange differences		863	3,485
Net cash provided by other activities		863	3,485
Net (decrease) /increase in cash and cash equivalents held		(202,618)	1,395,578
Cash and cash equivalents at beginning of the half-year		1,684,053	1,641,710
Cash and cash equivalents at the end of the half-year		1,481,435	3,037,288

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This consolidated interim financial report for the half year ended 31 December 2018 are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting, as appropriate for a profit-oriented entity. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS134: Interim Financial Reporting.

The financial statement were authorised for issue, in accordance with the resolution of directors, on 11 March 2019.

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). 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 2018, 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. At 31 December 2018, the Group had incurred a net loss after tax of $473,811 (2017: loss of $ 544,263) and net operating cash outflows of $ 728,645 (2017: $ 1,199,462) for the half-year then ended. 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.

The Directors believe that the above indicators demonstrate that the Group will be able to pay their debts as and when they fall due and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the 2018 financial report.

In the event that the Group does not achieve the above actions, there exists significant uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

New, revised or amending Accounting Standards and Interpretations adopted

The following standards and amendments became applicable during the current reporting period:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed below.

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

AASB 9: Financial Instruments
Classification of financial assets

AASB 9 requires the use of two criteria to determine the classification of financial assets: the entity's business model for the financial assets and the contractual cash flow characteristics of the financial assets. The Standard goes on to identify three categories of financial assets - amortised cost; fair value through profit or loss (FVTPL); and fair value through other comprehensive income (FVOCI).

There have been no changes to the categorisation of financial assets following the adoption of AASB 9 and all of the Group's financial assets remain classified at amortised cost.

Impairment

AASB 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Group's financial assets. No changes to the impairment provisions were made on transition to AASB 9. Trade and other receivables are generally settled on a short time frame and the Group's other financial assets are due from counterparties without material credit risk concerns at the time of transition.

The Group adopted AASB 9 from 1 July 2018. In accordance with the transition provisions in the Standard, comparatives have not been restated.

AASB 15: Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period

The implementation of AASB 15 has not had a material impact on the Group's financial statements as it is currently a pre-revenue business.

Revenue recognition

The Group recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2018 $	**30 June 2018 $**
Carrying amount at beginning of year	2,189,364	3,621,616
Expenditure incurred	243,159	2,622,598
Exploration impaired	(104,667)	-
Capitalised exploration written off against sale of joint venture	(291,787)	-
Foreign exchange adjustments on historical capitalisation (pre-deconsolidation)	-	(1,067,015)
Deconsolidation of subsidiaries		(2,987,835)
	2,036,069	2,189,364

The Group has capitalised exploration expenditure of $2,036,069 (30 June 2018: $2,189,364). 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.

NOTE 3: INTEREST IN ASSOCIATES

Reconciliation of movement	**Dec 2018 $**	**June 2018 $**
Opening balance	840,645	-
Additions	-	840,645
Share of (loss)/profit	(44,783)	-
Closing balance	795,862	840,645

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NOTE 3: INTEREST IN ASSOCIATES *(continued)*

On the 30 June 2018, Predictive Discovery Limited reduced its investment in Burkina Resources Pty Ltd, Burkina Resources SARL, Predictive Discovery SARL, Birrimian Pty Ltd and Birrmian BVI SARL from 100% to 49% as a result of Progress Minerals Inc earning 51% in the Burkina Faso Joint Venture by spending US$1m. Additionally, in the prior year with Toro Gold Ltd earning 65% of the Cote D'Ivoire SARL from 100% to 35%. As a consequence, Predictive Discovery Limited lost control of the entities reducing the investment to significant influence over these investments and the investment was reclassified from a consolidated Joint Venture Arrangement to an associate. The carrying amount of the investment at the time was $840,645.

The Group maintains its interest in Burkina Resources Pty Ltd, Burkina Resources SARL, and Cote D'Ivoire SARL for period ended 31 December 2018. With the Group having significant influence over this associate the Group's portion of the investment is equity accounted for the purposes of the consolidated financial statements and therefore recognises a loss of $15,660.

The Group maintains its 49% interest in Predictive Discovery SARL. With the Group having significant influence over this associate the Group's portion of the investment is equity accounted for the purposes of the consolidated financial statements and therefore recognises a loss of $29,123.

	Consolidated	
	31 December 2018 $	30 June 2018 $
NOTE 4: ISSUED CAPITAL		
236,142,065 (30 June 2018: 236,142,065) Ordinary Shares	33,332,725	33,332,725
Share issue costs written off against issued capital	(2,358,962)	(2,358,962)
	30,973,763	30,973,763

	Shares No.	Listed Options No.	Unlisted Options No.
At 1 July 2017	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	-
At 30 June 2018	236,142,065	73,030,518	5,875,500
At 1 July 2018	236,142,065	73,030,518	5,875,500
Options expired	-	-	(1,952,500)
At 31 December 2018	236,142,065	73,030,518	3,905,000

NOTE 5 - 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 5 - SEGMENT INFORMATION *(continued)*

	Corporate $	Australia $	Burkina Faso $	Gold Cote D'Ivoire $	Mali $	Guinea $	Consol-idated $
Half Year Ended 31 December 2018							
Other income	10,956	-	-	223,139	-	-	234,095
Expenses	(337,094)	(12,651)	(134,432)	(19,129)	(192,796)	(11,805)	(439,043)
Loss for the period	(326,138)	(12,651)	(134,432)	204,010	(192,796)	(11,805)	(473,812)
As At 31 December 2018							
Current assets	1,541,204	-	15,818	25,274	-	-	1,582,296
Plant and equipment	4,485	-	-	-	-	-	4,485
Investments in associates	795,862	-	-	-	-	-	795,862
Exploration expenditure	-	-	-	1,870,748	-	165,321	2,036,069
Current liabilities	(95,775)	-	(13,257)	-	-	-	(109,032)
Net Assets	2,245,775	-	94,577	1,896,022	-	165,321	4,309,682
Half Year Ended 31 December 2017							
Other income	4,225	-	-	-	-		4,225
Expenses	(334,929)	-	(202,914)	(10,645)	(548,488)		(548,488)
Loss for the period	(330,704)	-	(202,914)	(10,645)	(548,488)		(544,263)
As At 30 June 2018							
Current assets	1,721,637	-	42,664	24,639	-		1,788,940
Plant and equipment	5,696	-	-	-	-		5,696
Investments in associates	840,645	-	-	-	-		840,645
Exploration expenditure	132,284	12,651	14,630	2,162,083	-		2,189,364
Current liabilities	(46,889)	-	-	-	-	-	(46,889)
Net Assets	2,521,089	12,651	57,294	2,186,722	-		4,777,756

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NOTE 6 – CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 31 DEC 2018	PERCENTAGE OWNED (%)* 30 JUNE 2018
Subsidiaries:			
Predictive Discovery Cote D'Ivoire Pty Ltd	Australia	100	100
Ivoirian Resources Pty Ltd	Australia	100	100
Gayeri Resources Pty Ltd	Australia	100	100
Predictive Discovery Mali Pty Ltd	Australia	100	100
Battle Resources Pty Ltd	Australia	100	100
Bouake Resources Pty Ltd	Australia	100	100
Bougouni Resources Pty Ltd	Australia	100	100
Kenieba Resources Pty Ltd	Australia	100	100
Kita Resources Pty Ltd	Australia	100	-
Ivoirian Resources SARL	Cote D'Ivoire	100	100
Predictive Discovery Niger SARL	Niger	100	100
Gayeri Resources SARL	Burkina Faso	100	100
Solna Resources SARL	Burkina Faso	100	100
Predictive Discovery Mali SARL	Mali	100	100
Kindia Resources SARLU	Guinea	100	-
Mamou Resources SARLU	Guinea	100	-

** Percentage of voting power is in proportion to ownership*

NOTE 7 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2018 (30 June 2018: Nil).

NOTE 8 – 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 9 – 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.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The interim condensed financial statements and notes, as set out on pages 6 to 15, 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 2018 and of the performance for the half year ended on that date of the company and consolidated group;

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Paul Roberts
DIRECTOR
11 March 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PREDICTIVE DISCOVERY LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Predictive Discovery Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 of the consolidated entity comprising the Company and the entities it controlled at 31 December 2018, or during the half year.

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 Predictive Discovery Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of 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.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which confirmed that the consolidated entity incurred a net loss after tax of $473,811 (2017: $544,263) and an operating cash outflow of $728,645 (2017: $1,199,462) during the half year ended 31 December 2018. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the Company a written Auditor's Independence Declaration.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 Standard on Review Engagements ASRE 2410 Review of a Financial Report 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: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Predictive Discovery Limited and the entities it controlled during the half year, 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 other 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.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

11 MARCH 2019
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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF PREDICTIVE DISCOVERY LIMITED

In relation to our review of the financial report of Predictive Discovery Limited for the half year ended 31 December 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

11 MARCH 2019
WEST PERTH,
WESTERN AUSTRALIA

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