CREDO RESOURCES LIMITED

ABN 15 145 040 857

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

CREDO RESOURCES LTD

CORPORATE DIRECTORY

DIRECTORS
Mr. Ric Vittino
Mr. Will Dix
Mr. Rob Kirtlan

SECRETARY
Mr. Lloyd Flint

REGISTERED OFFICE
Unit 1, 245 Churchill Avenue
Subiaco, WA 6008
Postal Address:
PO Box 2025
Subaico WA 6904
T: + 61 8 9381 4866
E: admin@credoresources.com.au

W: www.credoresources.com.au

AUDITORS
Stantons International
Level 2, 1 Walker Avenue
WEST PERTH WA 6005

SHARE REGISTER
Link Market Services Limited
Ground Floor, 178 St Georges Terrace
PERTH WA 6000
T: + 61 8 9211 6670
E: info@linkmarketservices.com.au

SOLICITORS
Corrs Chambers Westgarth
Woodside Plaza
240 St Georges Terrace
Perth WA 6000

BANKERS
National Australia Bank limited
1232 Hay Street
WEST PERTH WA 6005

HOME EXCHANGE
Australian Securities Exchange, Perth
28 The Esplanade
PERTH WA 6000

ASX Code: CRQ

CREDO RESOURCES LIMITED

FOR THE YEAR ENDED 30 JUNE 2012

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30 JUNE 2012

REVIEW OF OPERATIONS

On 12 October 2011, Credo Resources Limited (**ASX code:** CRQ) announced that it had entered into a conditional agreement to acquire 100% of the issued capital of Riverglide Investments Pty Ltd which, through its wholly owned subsidiary South Shore Group Burkina Faso SARL (**SSGBF**):

(a) had entered into agreements to acquire three projects in Burkina Faso, which comprise the permits and the related geological, exploration and legal information,

(b) made certain applications for permits in Burkina Faso ; and

(c) is in the process of negotiating the acquisition of further permits.

At the Annual General Meeting of shareholders held on 30 November 2011, the acquisition of the Burkina Faso projects was approved.

As consideration for the acquisition, the following securities were issued for the shares and options of Riverglide Investments Pty Ltd :

- 6,000,000 ordinary shares and 5,000,000 Options exercisable at 25 cents expiring five years after the date of issue;
- 6,000,000 Class A Options exercisable at 25 cents which vest upon the satisfaction of certain conditions, namely the execution of two further Permit Agreements;
- 6,000,000 Deferred Consideration Shares, the issue of which was conditional upon the satisfaction of certain conditions (satisfied in February 2012);
- up to 10,000,000 Converting Performance Shares, convertible into Ordinary Shares upon the achievement of certain milestones.

Burkina Faso Activities

Credo has now acquired full contractual rights to eight (8) permits in Burkina Faso, and is continuing to negotiate the rights with local vendors and the Ministry of Mines for a further two (2) permits that are subject to renewal and four (4) that are subject to permit grant. The Company has recently executed contracts over two new permits, Taonsgo and Zaongo and has also made application for the Naffoh permit which is contiguous to the Bourzanga, Pepow and Sanare Permits (see Figure 1).

The Company has carried out significant soil sampling and reconnaissance mapping of most permits which are under full contractual standing. Results for many of these programs are still awaited as the laboratory analysis situation in Burkina Faso and West Africa in general is over loaded with some results being delayed for five months or more.

The Company undertook drilling at three prospects in the period of review, Prospect A (Peotenga) on the Tyegana 1 permit, Prospect A (Damesma) on the Sebila permit and Prospect A (Pisselle) on the Bourzanga permit. Assays have been undertaken on the basis of four metre composite samples and will be re-assayed on a one metre basis where appropriate.

Initial results from both the Tyegana 1 and Sebila drilling programs are considered to be encouraging given this maiden drilling program is first pass in nature. Interpretation of these results is suggesting future drilling is required at both prospects and field programs will recommence in November or December following the wet season (July – November).

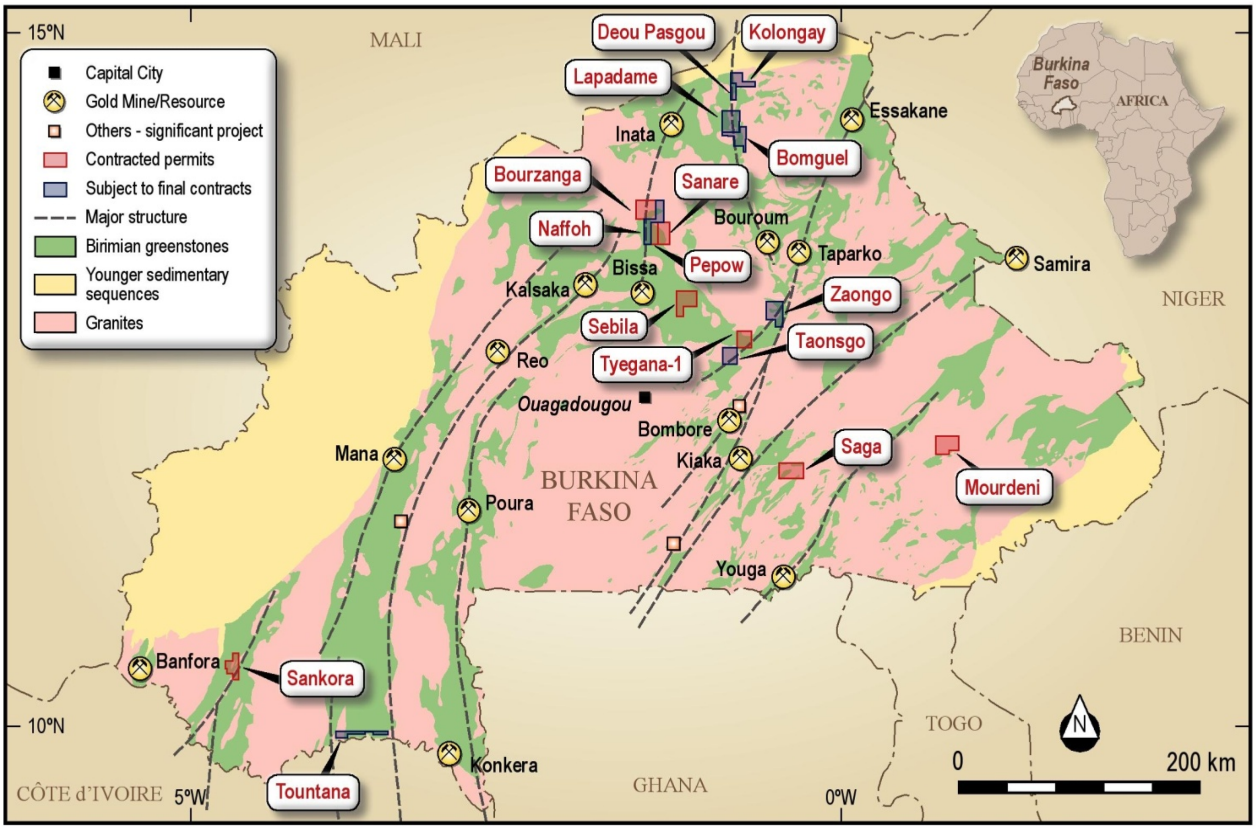

Figure 1: Burkina Faso Permit Location Map

Tyegana 1 Permit

The first soil sampling program was completed in December 2011 and results received in late January 2012. A broad mineralised zone over 1.2km was identified and remained open in all directions. A follow up, step out soil sampling program was completed in February and results are pending.

The zone of artisanal workings, mostly developed on approx. 10 – 20cm thick quartz – sulphide veins, is hosted by intensely sericite altered metasediments. The quartz veins are foliation parallel and near vertical. The artisanal workings extend east – west for approximately 400m and cover a zone approximately 300 metres wide.

Credo completed a program of 24 RC holes totalling 2303 metres at the Peotenga prospect, designed to test below the artisanal workings and also to the east and west where soil sampling indicated gold anomalous extensions. The holes were generally drilled on traverses spaced at 160 metre intervals over a strike length of 1040 metres.

Anomalous gold was intercepted in several drill holes with significant values recorded in two holes. TYRC002 intersected two mineralised zones, down dip of the artisanal workings at the western end of the area. TYRC014 intersected a single mineralised zone interpreted to represent a sub parallel mineralised horizon to the south.

Best intercepts were 8m @ 11g/t and 8m @ 3.1 g/t and can be seen in the attached Figures 2 and 3. Mineralisation in this zone extends over approximately fifty metres in width and remains open along strike .

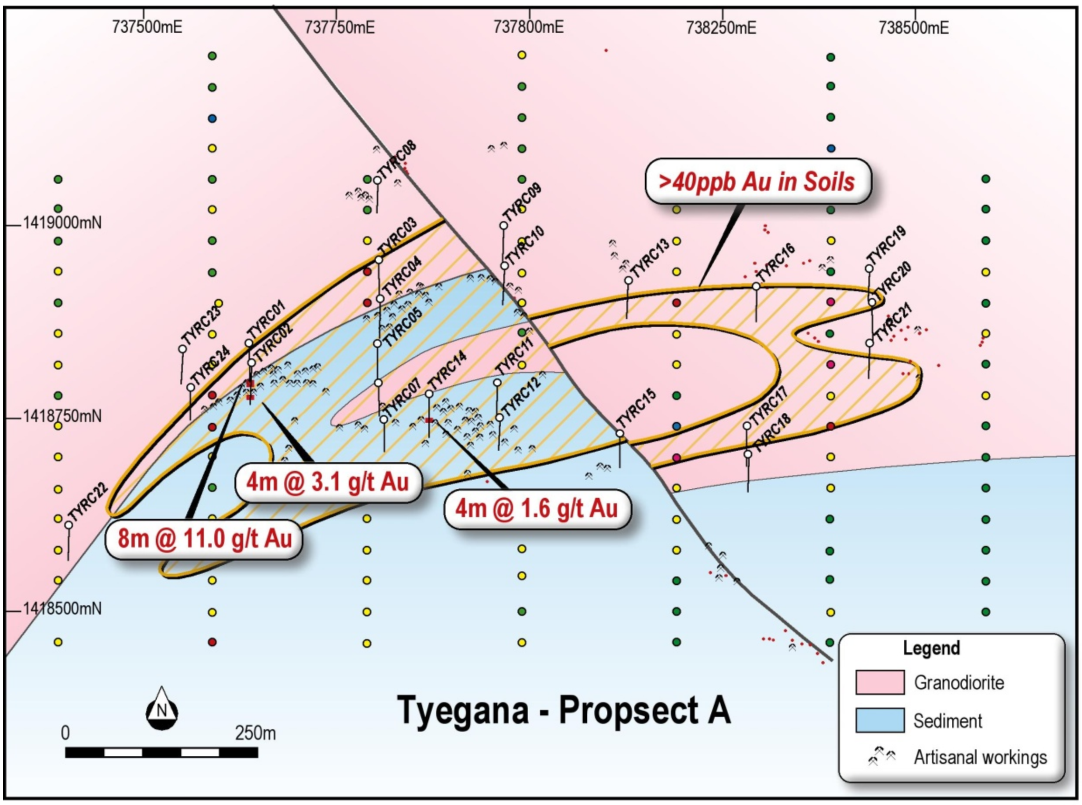

Figure 2: Tyegana 1 – Plan View of Drilling Prospect A

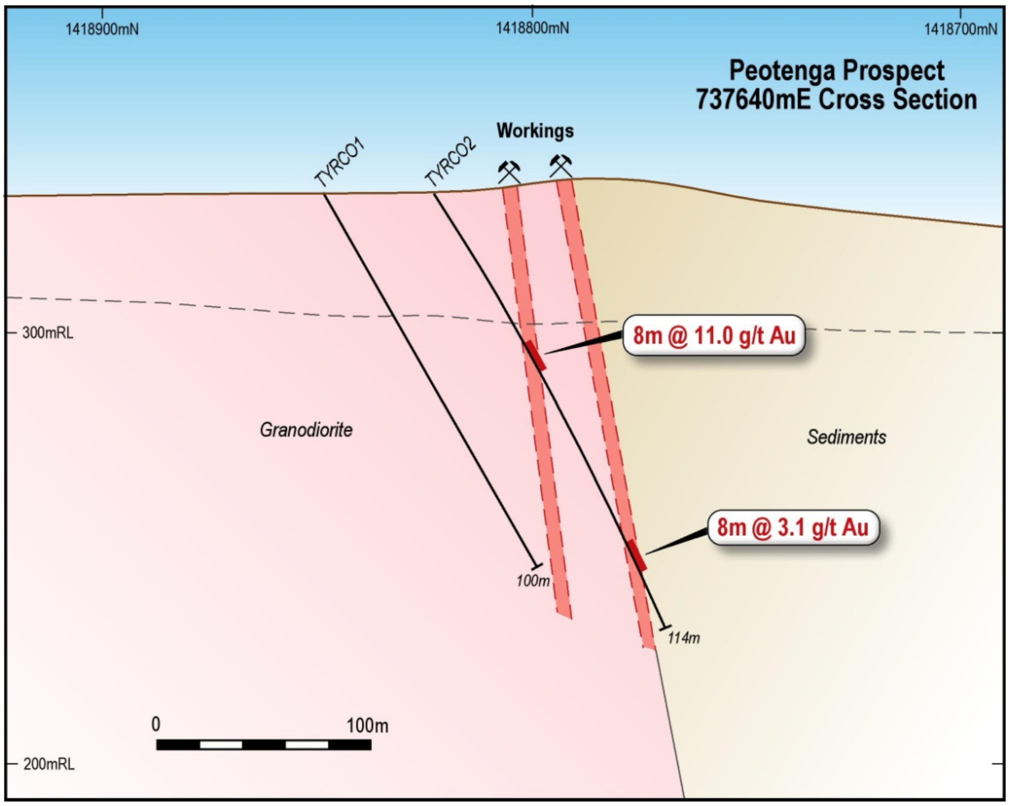

Figure 3: Tyegana 1 Cross Section

Tyegana 1 permit also abuts the recent West African Resources Limited discovery which they have named Sartenga (Figure 4). Sartenga appears to be on a structure which trends through the Tyegana 1 permit. Soil sampling has been undertaken in the area of interest and results are awaited.

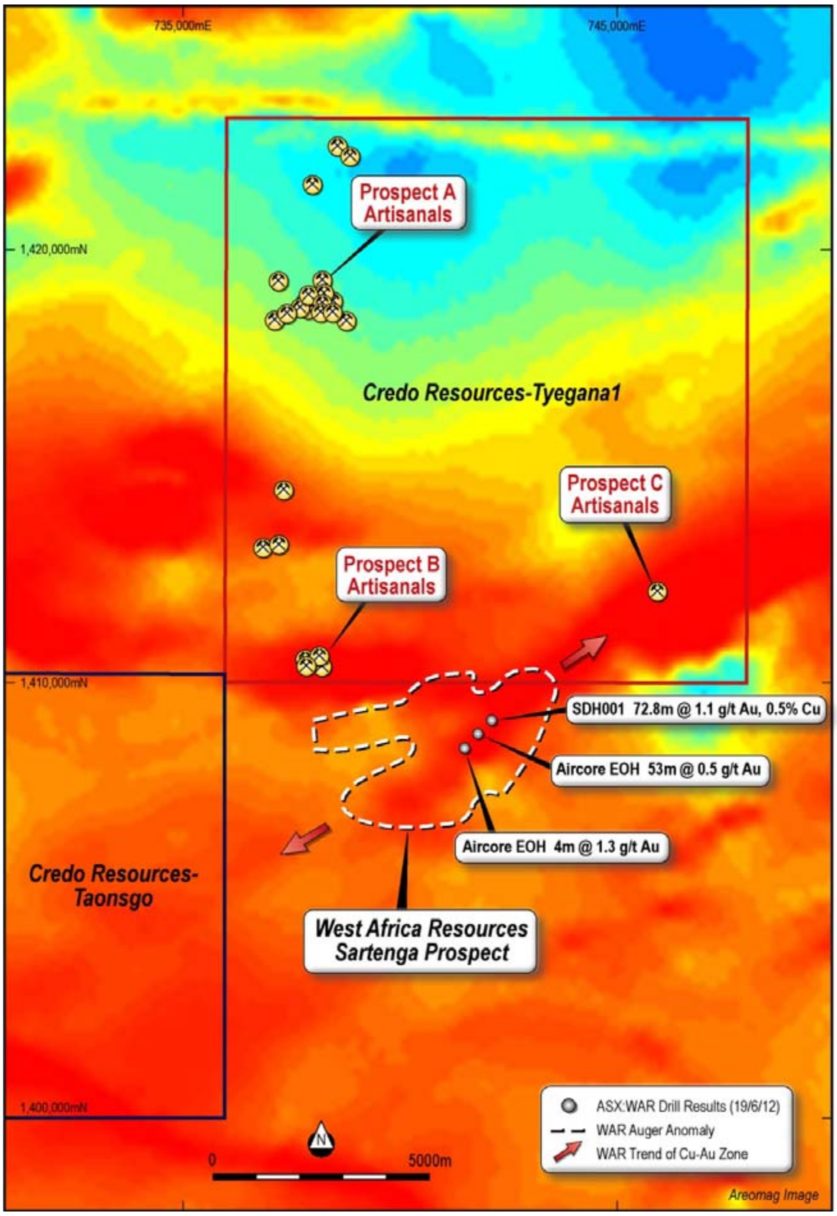

Figure 4: Tyegana 1 showing prospects and the West Africa Resources Sartenga Project

Sebila Permit

The Sebila permit was recently renewed for a further 3 years and work has commenced with a review of previous data, regional mapping and an initial program of RC drilling.

Previous soil sampling undertaken by Riverstone Resources Inc (a Canadian listed Company which holds other permits and continues to work in Burkina Faso) was obtained and has been added to the Company's data base. The Damesma Prospect (Figure 5) was identified by Riverstone during their regional soil geochemical program in an area with no previous artisanal activity. Riverstone excavated several trenches across the soil geochemical anomaly and channel sampling produced wide intersections of strongly anomalous gold mineralisation over a strike length of approximately 300 metres, along a low ridge.

Mineralisation at Damesma is developed in narrow quartz – carbonate – sulphide veins in a sheared dolerite unit. The dolerite is masked along strike to the east and west by transported alluvial cover. No evidence of artisanal activity was seen in the vicinity of the ridge.

Credo Resources completed 7 reverse circulation (RC) holes totalling 680 metres, testing the quartz vein suite, on three traverses at 160 metre centres. Drill holes intersected broad zones of altered dolerite with minor pyrite and quartz veining. One hole, SERC002 returned significant widths of moderate grade gold mineralisation within two zones. A further hole, SERC007 intersected a broad zone of low grade gold mineralisation which may represent the same horizon as one of those intersected in SERC002. The mineralised horizons are open down dip and to the east and west.

Full drill results are located in the quarterly activities report released 31 July 2012.

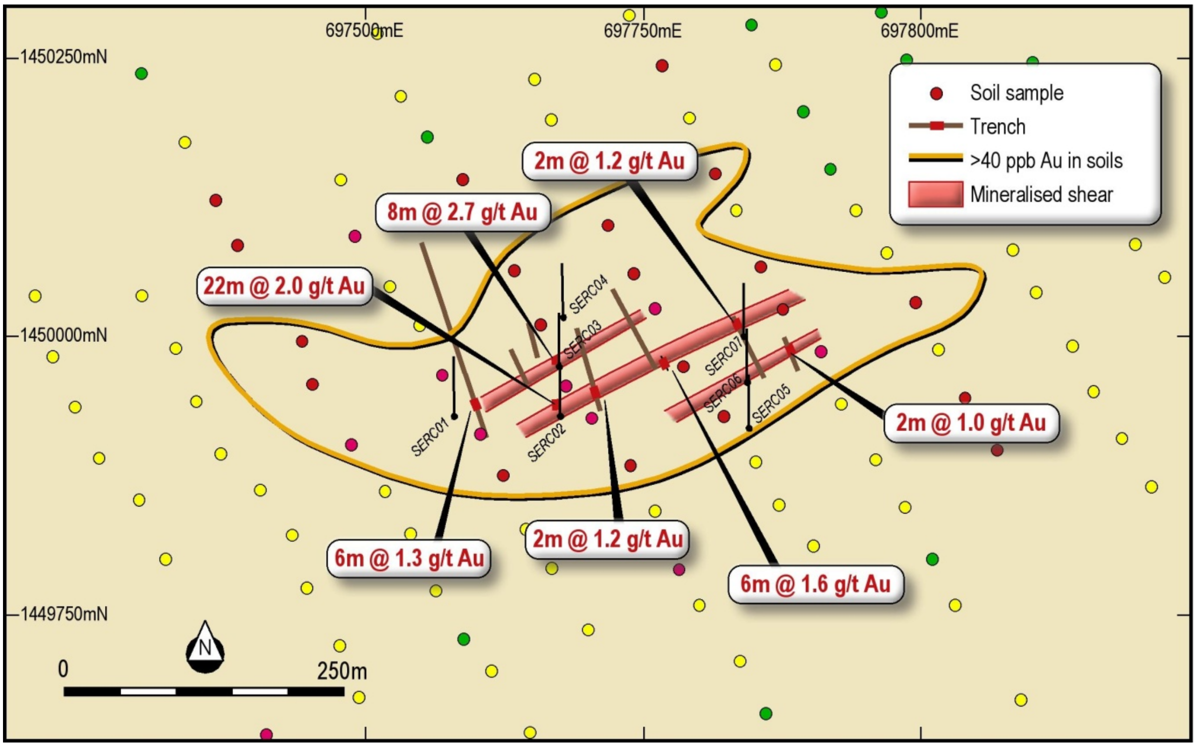

Figure 5: Sebila Permit; Prospect A Plan View of Drill Results over Soil and Trench Results

Bourzanga Permit (Figure 6)

Credo has recently commenced work on the Bourzanga permit following its renewal at the Ministry of Mines. Work completed to date includes a program of lithological and structural mapping of artisanal workings at Pissele and a reconnaissance soil sampling program across parts of the permit to verify previous soil sample results.

The artisanal activity at Pissile extends over an area with a north – south strike length of 600 metres, and includes at least three sub-parallel structures across a width of approximately 200m. Mineralisation consists of quartz – sulphide veins hosted within sheared mafic and amphibolitic rocks. The quartz veins are approximately 2 – 5 cm wide, foliation parallel and appear to strike north – south.

A program of reverse circulation drilling was completed late in the quarter and results are expected during the September quarter. Twenty two holes were completed for a total of 2130 metres. A program of auger geochemical drilling commenced subsequent to the end of the quarter. This will cover areas previously soil sampled and will also extend to the north into areas with no geochemical sample coverage.

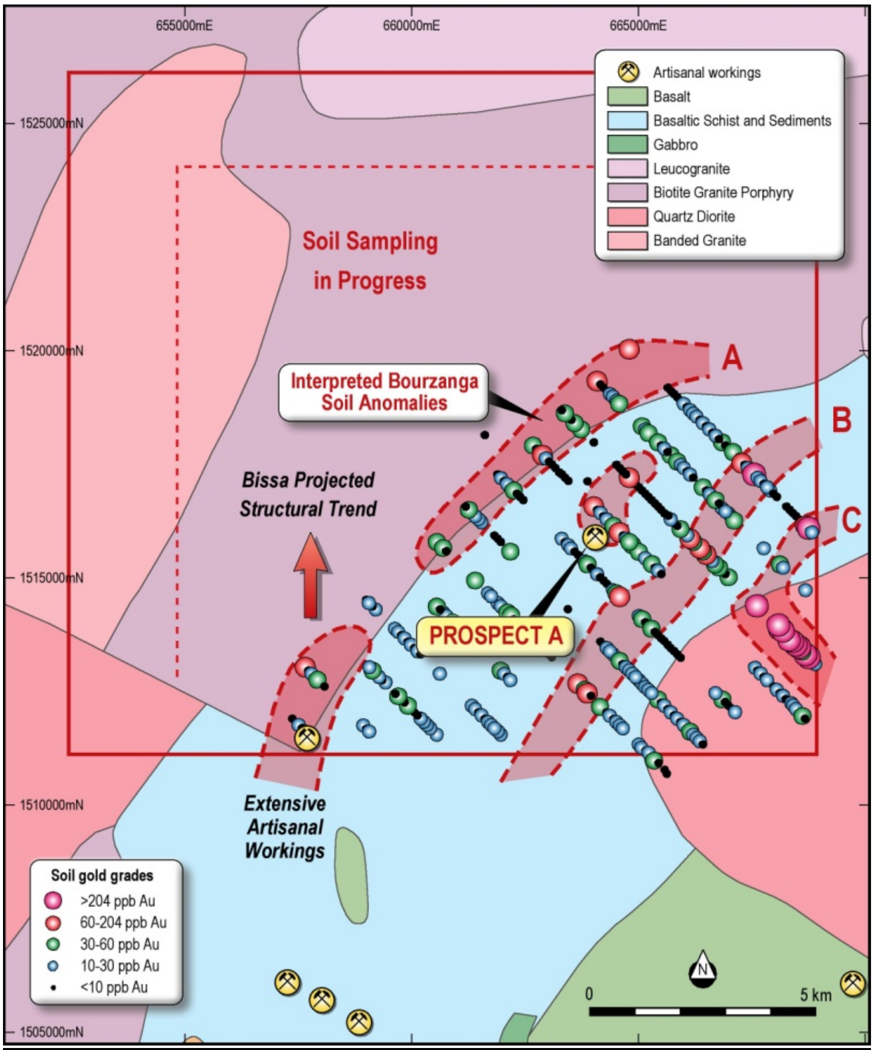

Figure 6: Bourzanga Permit showing Prospect A and soil gold values

Pepow Permit (Figure 7)

Abandoned artisanal workings at Pepow are oriented north – south and extend for approximately 150m along a sheared amphibolite – metasediment contact. Gold mineralisation is developed in 2 – 5cm wide, quartz – sulphide veins along or close to this contact.

In December 2011 our local exploration contractor, SEMS Exploration, completed a program of soil sampling at 200 x 40m spacings (210 samples collected) along a zone 600m wide by 1,200m long which included the area of the workings and the strike extensions of the shear. The samples were assayed for gold by 1,000gm bottle roll analysis, and for As, Cu and Zn by aqua regia digest and AAS finish.

The gold results (shown below) show a several wide zones of anomalism, with the zones being open in many directions. This program has been followed up with a larger soil sampling program extending the coverage to the north, south and west. The samples have been sent to the laboratory and results are expected in the near future.

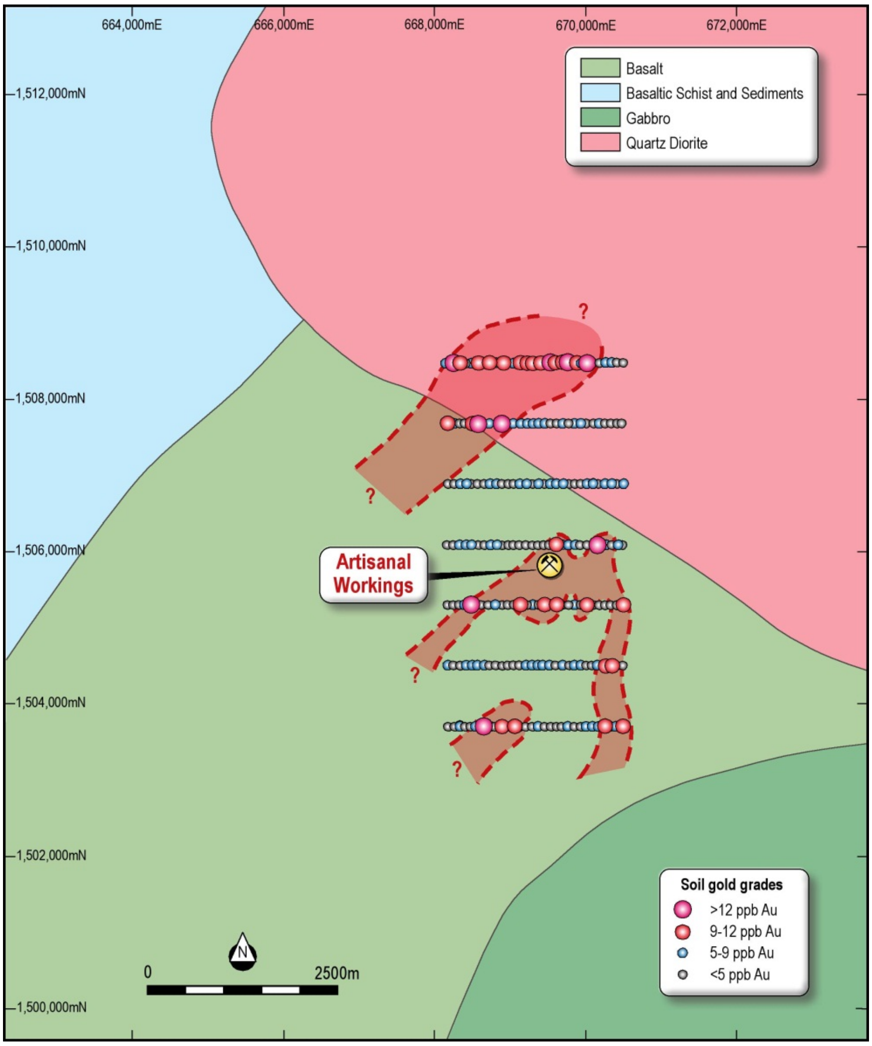

Figure 7: Pepow Permit soil grid with interpreted structures

Western Australia

Kalgoorlie, Ora Banda Tenements

Data compilation and assessment work has commenced on the Companies tenement areas in the Kalgoorlie Region. Work will focus on following up on previously completed work and preparing targets for drilling.

Quotes have been sought to provide detailed aeromagnetics coverage over the Companies tenements in the region. All gold deposits in the region are structurally controlled and the aeromagnetics coverage, along with good quality mapping, will provide the basis for an important structural interpretation of the area.

Your directors present their report on Credo Resources Limited ('the Company') and its subsidiaries ('the Group' or 'the Consolidated Entity') for the year ended 30 June 2012.

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

NAMES	POSITION	APPOINTED/RESIGNED
Mr Riccardo Vittino	Chairman	Appointed 3 December 2010
Mr William Dix	Non-Executive Director	Appointed 3 December 2010
Mr Rob Kirtlan	Executive Director	Appointed 30 November 2011
Mr Ian Hobson	Non-Executive Director	Appointed 2 December 2010 Resigned 31 January 2012

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

COMPANY SECRETARY

Mr Lloyd Flint is a Chartered Accountant with over 20 years' experience in the corporate and financial services arena. He has held a number of management and senior administrative positions as well as providing corporate advisory services as a consultant to corporate clients. He was appointed on 8 February 2012.

Ian Hobson held the position of Company Secretary from 2 December 2010 until 8 February 2012.

PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the Group was mineral exploration.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The consolidated loss of the Group for the financial year after providing for income tax amounted to $1,741,594 (2011 - $227,431).

During the year the Company completed the agreement to acquire a 100% interest in Riverglide Investments Pty Ltd, which holds extensive interests in gold permits in Burkina Faso on 6 December 2011.

Work performed during the year has focused on the projects in Burkina Faso. A detailed review of operations is included at the front of the annual report.

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 at 30 June 2012 are $5,763,408 (2011 - $3,264,370).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company issued 20,000,000 shares to institutional and sophisticated investors to raise $2,000,000 before costs of the issue. In addition it issued 12,000,000 shares at a deemed value of 13.5 cents each totalling $1,620,000 for the completion of the acquisition of Riverglide Investments Pty Ltd.

No other significant changes in the Group's state of affairs occurred during the financial year other than as noted above.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial 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, State legislation and in accordance with the Mining Code in Burkina Faso. 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 Riccardo Vittino	Non Executive Chairman (appointed 3 December 2010)
Experience	Mr Vittino has over 25 years experience in the resources sector with a focus on corporate and financial management. He graduated from the University of Western Australian with a Bachelor of Commerce degree in 1985 and began his career in the mining industry in 1988 as Company Secretary for Helix Resources Limited. During his 18 year tenure at Helix, Mr Vittino was involved with various IPOs and joint ventures both local and international. He left Helix in 2006 as CEO to pursue a role in South Africa as Finance Director of Central Rand Gold Ltd. He was responsible for overseeing Central Rand Gold's listing on the Main Board of the LSE and the JSE in 2007 and its subsequent progress to pre-feasibility and commencement of trial mining. Mr Vittino returned to Perth in 2008 to focus on personal interests. He has held numerous non-executive Director roles including Diamond Ventures NL and Platinum Australia Limited. He is a Fellow of the Australian Institute of Company Directors. *Current Directorships of ASX listed companies :* Fitzroy Resources Ltd – appointed 4 August 2010.

Directorships of ASX listed companies held in the last three years :

Nil

Interest in Shares and Options: 500,000 options exercisable at $0.25 expiring 16 January 2016; 500,000 ordinary shares.

Mr William Dix: Non-Executive Director

(appointed 3 December 2010)

Experience: Mr Dix is a geologist with 16 years experience in base metal, uranium and gold exploration and mining. He holds a Bsc and Msc (Geology) from Monash University and is a member of AusIMM. Formerly Exploration Manager for Apex Minerals NL he led a successful exploration team that was responsible for significantly growing gold resources at all of Apex Minerals NL's projects.

Previously, Mr Dix spent 7 years with LionOre Mining International where he was a District Supervising Geologist in Western Australia. During his time with LionOre Mining International, Mr Dix was part of the team that discovered the Waterloo Nickel Mine and delineated the 2 million ounce Thunderbox Gold Project.

Mr Dix has a proven track record of successful project and team management and also has extensive experience in commercial activities including capital raisings, mergers, acquisitions and divestments.

Current Directorships of listed companies :

Fitzroy Resources Ltd – appointed 4 August 2010

Directorships held in the last three years :

Nil

Interest in Shares and Options: 1,500,000 options exercisable at $0.25 expiring 16 January 2016; 350,000 ordinary shares.

Mr Rob Kirtlan: Executive Director

(appointed 30 November 2011)

Experience: Mr Kirtlan has over 20 years company management experience and spent 7 years in global mining investment banking in Perth, Sydney and New York working for major global investment banks with a specialist role in the mining and natural resources sector. He has a background in finance and management with small companies. He was a founding shareholder and director of Cooper Energy Limited, an exploration and production oil and gas company, was also a director and shareholder of NGM Resources Limited for 6 years until it was acquired by Paladin Energy Limited and is a shareholder and director of Aviva Corporation Limited.

Current Directorships of ASX listed companies :

Aviva Corporation Ltd – appointed 1 June 2002.
RMG Ltd – appointed 29 April 2011

Directorships of ASX listed companies held in the last three years :

NGM Resources – resigned 31 December 2010

Interest in Shares and Options: 1,725,000 options exercisable at $0.25 expiring 6 December 2016; 3,450,000 performance shares; 2,070,000 Class A options; 4,710,000 ordinary shares.

Mr Ian Hobson	Non-Executive Director (appointed 2 December 2010, resigned 31 January 2012) Mr Hobson is a chartered accountant and chartered secretary with 25 years' experience in the finance and mining exploration industries. He has been a director of various exploration companies and currently acts as company secretary and CFO for five ASX listed companies, predominately in the mining exploration and services industries. Mr Hobson is also experienced in providing corporate advisory and reconstruction services. Mr Hobson did not currently hold directorships of any ASX listed companies at the time of his resignation.
Interest in Shares and options	At the time of resignation Mr Hobson had interests in 500,000 options exercisable at $0.25 expiring 16 January 2016; 350,000 ordinary shares.
Mr Lloyd Flint	Company Secretary (appointed 8 February 2012) Lloyd Alan Flint, BA, FINSIA and MBA is a Chartered Accountant with over 20 years' experience in the corporate and financial services arena. He has held a number of management and senior administrative positions as well as providing corporate advisory services as a consultant to corporate clients.
Interest in Shares and options	Nil.

Meetings of Directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Riccardo Vittino	8	8	1	1
Mr William Dix	8	8	1	0
Mr Ian Hobson	7	7	0	0
Mr Rob Kirtlan	2	2	1	1

There were 8 Circular Resolutions signed off during the year.

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 total premium has not been disclosed since it is prohibited under the terms of the contract.

OPTIONS

At the date of this report, the unissued ordinary shares of Credo Resources Limited under option, including those options issued during the year and since 30 June 2012 to the date of this report, are as follows:

2012

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
Opening Balance			5,900,000
6 December 2011	6 December 2016	0.25	12,000,000
24 April 2012	19 April 2015	0.25	500,000
24 April 2012	6 December 2016	0.25	1,000,000
Closing Balance			19,400,000

2011

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
Opening Balance			-
3 December 2010	16 January 2016	0.25	4,500,000
28 February 2011	31 March 2016	0.30	1,200,000
28 February 2011	8 April 2014	0.30	200,000
Closing Balance			5,900,000

During the year ended 30 June 2012 and to the date of this report, no ordinary shares of Credo Resources Limited were issued on the exercise of options granted.

PERFORMANCE SHARES

At the date of this report there are 10,500,000 performance shares which may be converted to 10,500,000 ordinary shares in achieving certain performance investments.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings 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 proceedings during the year.

NON-AUDIT SERVICES

No amounts were paid to the auditor in respect of non-audit services during the year.

The following fees were paid or payable to Stantons International during the year ended 30 June 2012:

	2012	2011
	$	$
Audit and review of the financial reports	43,140	12,000
Non – audit services	-	7,000
	43,140	19,000

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 22 of the financial report.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The remuneration policy of Credo Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Credo Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.

- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

The performance of key management personnel is measured against criteria agreed annually with each director and is based predominantly on workload, responsibility and creation of shareholders' value. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

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 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.

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.

2012	**POSITION HELD AS AT**	**NON-SALARY CASH-BASED INCENTIVES**	**OPTIONS/ RIGHTS**	**FIXED SALARY/FEES**	**TOTAL**
KEY MANAGEMENT PERSONNEL	**30 JUNE 2012**	**%**	**%**	**%**	**%**
Mr Riccardo Vittino	Chairman	-	-	100	100
Mr William Dix	Non-Executive Director	-	-	100	100
Mr Ian Hobson	Non-Executive Director and Company Secretary (Resigned 31 January 2012)	-	-	100	100
Mr Robert Kirtlan	Executive Director (Appointed 30 November 2011)	-	-	100	100

2011	**POSITION HELD AS AT**	**NON-SALARY CASH-BASED INCENTIVES**	**OPTIONS/ RIGHTS**	**FIXED SALARY/FEES**	**TOTAL**
KEY MANAGEMENT PERSONNEL	**30 JUNE 2011**	**%**	**%**	**%**	**%**
Mr Riccardo Vittino	Chairman	-	71	29	100
Mr William Dix	Non-Executive Director	-	88	12	100
Mr Ian Hobson	Non-Executive Director and Company Secretary	-	30	70	100
Simon Robertson	Non-Executive Director (Resigned 2 December 2010)	-	-	100	100

The employment terms and conditions of key management personnel and group executives are formalised upon each director's appointment. All directors are remunerated on a monthly basis with no fixed term or termination benefits. Base rates for Mr Vittino and Mr Dix are $3,000 per month and Mr Kirtlan is being paid $10,000 per month as consultancy fees although this is likely to change as the operations of the Group become more active.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of 3 months' notice prior to termination of contract. No termination payments are generally payable. A contracted person deemed employed on a permanent basis may terminate their employment at any time.

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2012

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.

Table of Benefits and Payments for the Year Ended 30 June 2012

		Salary, fees and leave $	Other $	Pension and superannuation $	Other $	Shares/ Options $	Total $	% of Remuneration as options
Key Management Personnel								
Mr Riccardo Vittino	2012	24,000	-	-	-	-	24,000	-
Mr William Dix	2012	24,000	-	-	-	-	24,000	-
Mr Ian Hobson	2012	55,916	-	-	-	-	55,916	-
Mr Robert Kirtlan	2012	60,000	-	-	-	-	60,000	-
Total	2012	163,916	-	-	-	-	163,916	

Table of Benefits and Payments for the Period Ended 30 June 2011

		Salary, fees and leave $	Other $	Pension and superannuation $	Other $	Shares/ Options $	Total $	% of Remuneration as options
Key Management Personnel								
Mr Riccardo Vittino	2011	6,219	-	-	-	14,900	21,119	70.55
Mr William Dix	2011	5,971	-	248	-	44,700	50,919	87.79
Mr Ian Hobson	2011	34,963	-	-	-	14,900	49,863	29.88
Simon Robertson	2011	2,500	-	-	-	-	2,500	-
Total	2011	49,653	-	248	-	74,500	124,401	

Mr Hobson's remuneration is in relation to his services provided as Company Secretary and as a board member. Mr Hobson resigned as a director on 31 January 2012.

SECURITIES RECEIVED THAT ARE NOT PERFORMANCE RELATED

No members of key management personnel received securities during the year which were 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

No options and bonuses were granted as remuneration to key management personnel and other executives in the year ended 30 June 2012.

No options issued as remuneration options have been exercised during the 2012 financial year and no options have lapsed..

There have not been any alterations to the terms or conditions of any grants since grant date.

The terms and conditions relating to options and bonuses granted as remuneration in 2011 to key management personnel and other executives during the period are as follows:

	REMUNERATION TYPE	GRANT DATE	GRANT VALUE $	PERCENTAGE VESTED DURING THE PERIOD %	PERCENTAGE FORFEITED DURING PERIOD %	PERCENTAGE REMAINING AS UNVESTED %
Key Management Personnel						
Mr Riccardo Vittino	Options	3 December 2010	14,900	100	-	-
Mr William Dix	Options	3 December 2010	44,700	100	-	-
Mr Ian Hobson	Options	3 December 2010	14,900	100	-	-

All options were issued by Credo Resources Limited and entitle the holder to 1 ordinary share in Credo Resources Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

Details of the options granted as remuneration to those key management personnel and executives listed in the previous table are as follows:

GRANT DATE	ISSUER	ENTITLEMENT ON EXERCISE	DATES EXERCISABLE	EXERCISE PRICE $	VALUE PER OPTION AT GRANT DATE $	AMOUNT PAID/PAYABLE BY RECIPIENT $
3 December 2010	Credo Resources Limited	1:1 Ordinary shares in Credo Resources Limited	On or before 16/01/2016	0.25	0.0298	-

Option values at grant date were determined using the Black-Scholes method.

END OF REMUNERATION REPORT

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

Mr Robert Kirtlan
Director

Dated 27 September 2012

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

27 September 2012

Board of Directors
Credo Resources Limited
Unit 1, 245 Churchill Avenue,
SUBIACO, WA 6008

Dear Directors

RE: CREDO RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Credo Resources Limited.

As Audit Director for the audit of the financial statements of Credo Resources Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

John P Van Dieren - FCA
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 $	6 JULY 2010 TO 30 JUNE 2011 $
Finance income		141,791	56,476
Share based payments to directors and promoters		-	(134,073)
Administrative expenses		(645,529)	(90,369)
Exploration expenditure		(826,927)	(59,465)
Employment expense		(136,588)	-
Depreciation		(9,864)	-
Other expenses		(291,609)	-
Foreign exchange gain/(loss)		27,132	-
Profit (loss) before income taxes		(1,741,594)	(227,431)
Income tax expense	2	-	-
Profit (loss) from continuing operations		(1,741,594)	(227,431)
Other comprehensive income/(loss) for the year			
Foreign currency translation differences		(166,575)	-
Total comprehensive income/(loss) for the year		(1,908,169)	(227,431)
Profit / (loss) from continuing operations attributable to members of the parent entity		(1,741,594)	(227,431)
Total comprehensive income / (loss) attributable to members of the parent entity		(1,908,169)	(227,431)
Earnings per share			
Basic earnings (loss) per share (cents)	10	(4.89)	(2.70)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	NOTE	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	2,975,193	2,867,214
Trade and other receivables	4	233,134	79,969
TOTAL CURRENT ASSETS		3,208,327	2,947,183
NON-CURRENT ASSETS			
Exploration expenditure	5	2,947,879	334,682
Plant and equipment	6	73,317	-
TOTAL NON-CURRENT ASSETS		3,021,196	334,682
TOTAL ASSETS		6,229,523	3,281,865
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7(a)	462,755	17,495
Provisions	7(b)	3,360	-
TOTAL CURRENT LIABILITIES		466,115	17,495
TOTAL LIABILITIES		466,115	17,495
NET ASSETS		5,763,408	3,264,370
EQUITY			
Issued capital	8	6,670,414	3,165,586
Reserves	9	1,062,019	326,215
Accumulated losses		(1,969,025)	(227,431)
TOTAL EQUITY		5,763,408	3,264,370

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

CREDO RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

2012

	ORDINARY SHARES $	PERFORMANCE SHARES $	ACCUMULATED LOSSES $	RESERVES $	TOTAL $
Balance at 30 June 2011	**3,140,586**	**25,000**	**(227,431)**	**326,215**	**3,264,370**
Profit (loss) attributable to members of the parent entity	-	-	(1,741,594)	-	(1,741,594)
Foreign currency translation reserve	-	-	-	(166,575)	(166,575)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(1,741,594)**	**(166,575)**	**(1,908,169)**
Shares issued during the year	3,620,000	14,000	-	-	3,634,000
Transaction costs	(129,172)	-	-	-	(129,172)
Share based payments	-	-	-	902,379	902,379
Sub-total	**3,490,828**	**14,000**	**(1,741,594)**	**735,804**	**2,499,038**
Balance at 30 June 2012	**6,631,414**	**39,000**	**(1,969,025)**	**1,062,019**	**5,763,408**

2011

	ORDINARY SHARES $	PERFORMANCE SHARES $	ACCUMULATED LOSSES $	RESERVES $	TOTAL $
Balance at 6 July 2010 - Date of Incorporation	**-**	**-**	**-**	**-**	**-**
Profit (loss) attributable to members of the parent entity	-	-	(227,431)	-	(227,431)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(227,431)**	**-**	**(227,431)**
Shares issued during the period	3,446,505	25,000	-	-	3,471,506
Transaction costs	(305,919)	-	-	-	(305,920)
Share based payments	-	-	-	326,215	326,215
Sub-total	**3,140,586**	**25,000**	**(227,431)**	**326,215**	**3,264,370**
Balance at 30 June 2011	**3,140,586**	**25,000**	**(227,431)**	**326,215**	**3,264,370**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 $	2011 $
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(1,545,592)	(147,218)
Interest received		136,705	18,846
Net cash provided by (used in) operating activities	19	(1,408,887)	(128,372)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for acquisition of exploration assets		(285,168)	(15,000)
Payments for fixed assets		(83,181)	-
Net cash acquired on acquisition of subsidiary		13,792	-
Net cash provided by (used in) investing activities		(354,557)	(15,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		2,000,001	3,316,505
Payment of share issue costs		(128,578)	(305,919)
Net cash from financing activities		1,871,423	3,010,586
Net increase (decrease) in cash and cash equivalents held		107,979	2,867,214
Cash and cash equivalents at beginning of the year		2,867,214	-
Cash and cash equivalents at end of the year	3	2,975,193	2,867,214

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

This financial report includes the consolidated financial statements and notes of Credo Resources Limited and its controlled entities (“the Group”).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Credo Resources Limited is a 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 was approved on 24 September 2012.

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 Credo Resources Limited at the end of the reporting period. A controlled entity is any entity over which Credo Resources 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 16 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) PRINCIPLES OF CONSOLIDATION (CONTINUED)

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.

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 dale 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

(C) 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, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) INCOME TAX (CONTINUED)

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.

The company and its wholly-owned Australian subsidiaries have not implemented the tax consolidation legislation.

(E) EMPLOYEE BENEFITS

Provision is made for the group'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 national government bonds with terms to maturity that match the expected timing of cashflows.

(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.

(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 except for South Shore Group (SSGBF), which is incorporated in Burkina Faso, West Africa, have Australian dollars as their functional currency. The functional currency

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) FOREIGN CURRENCY TRANSACTIONS AND BALANCES (CONTINUED)

of SSGBF is XOF (West African Franc).

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 period-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 period-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.

(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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) FINANCIAL INSTRUMENTS (CONTINUED)

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) FINANCIAL INSTRUMENTS (CONTINUED)

(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. 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 are 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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) FINANCIAL INSTRUMENTS (CONTINUED)

(v) *Financial liabilities (continued)*

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.

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

CLASS OF FIXED ASSET	USEFUL LIFE
Plant and Equipment	3 - 15 years
Motor Vehicles	3 – 5 years
Buildings	3 – 5 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

(K) EXPLORATION AND DEVELOPMENT EXPENDITURE

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced

The future recoverability of capitalised acquisition expenditure is dependent on an number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

(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.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) IMPAIRMENT OF ASSETS (CONTINUED)

Non-financial assets, other than inventories, deferred tax assets, assets from employee benefits, 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.

1 Summary of Significant Accounting Policies (continued)

(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.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to ready for its intended use are capitalised as part of the cost of the asset.

Other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of finance charges and interest expenses calculated using the effective interest method, and include exchange differences arising from foreign currency borrowings to the extent that they are regarded as interest cost adjustments.

(q) 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.

(r) Critical Accounting Estimates and Judgments

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.

1 Summary of Significant Accounting Policies (continued)

(R) Critical Accounting Estimates and Judgments (continued)

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 judgments - Exploration and Evaluation Expenditure

The Group has capitalised significant acquisition expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Key judgments – 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 20. 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The following new and revised Accounting Standards and Interpretations have, where applicable, been adopted in the current year but have had no significant effect on the amounts reported or disclosures.

STANDARDS AFFECTING PRESENTATION AND DISCLOSURE

Amendments to AASB 7 'Financial Instruments" Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'	AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards.
AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	Interpretation 114 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119.
AASB 2009-12 'Amendments to Australian Accounting Standards'	The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures (2009).
AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations.
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(T) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on The Group follows:

At the date of the authorization of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2. 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(T) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

- simplifying the requirements for embedded derivatives;

- removing the tainting rules associated with held-to-maturity assets;

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- 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 other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(T) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the 'special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Group.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(T) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is not expected to significantly impact the Group.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

2 INCOME TAX EXPENSE

(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:

	2012 $	2011 $
Current tax	-	-
Deferred tax	-	-
	-	-

(B) THE PRIMA FACIE TAX ON PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX AS FOLLOWS:

	2012 $	2011 $
Loss from continuing operations before income tax expense	(1,741,594)	(227,430)
Tax at the Australian tax rate of 30%	(522,478)	(68,229)
Add:		
- Tax effect of amounts not deductible (taxable) in calculating taxable income	20,378	51,760
- Deferred tax asset not brought to account on tax losses and temporary differences	502,100	16,469
Income tax attributable to entity	-	-

(C) UNRECOGNISED DEFERRED TAX ASSETS

	2012 $	2011 $
Temporary differences	111,637	-
Tax losses – revenue	832,940	-
	944,577	-
Offset against deferred tax liabilities	(101,930)	-
Deferred tax assets not brought to account	842,647	-

(D) UNRECOGNISED DEFERRED TAX LIABILITIES

	2012 $	2011 $
Temporary differences	(101,930)	-
Offset by deferred tax assets	101,930	-
	-	-

3 CASH AND CASH EQUIVALENTS

	2012	2011
	$	$
Cash at Bank	1,475,193	167,214
Term Deposits	1,500,000	2,700,000
	2,975,193	2,867,214

4 TRADE AND OTHER RECEIVABLES

	2012	2011
	$	$
CURRENT		
Trade & other receivables	32,270	-
Prepayments	9,650	-
Deposits paid	149,505	-
Other receivables	41,709	79,969
	233,134	79,969

No receivables are impaired.

5 EXPLORATION EXPENDITURE

	2012	2011
	$	$
Exploration expenditure capitalised - at cost		
Balance at beginning of year	334,682	-
Acquisition costs paid via share based payments	2,328,028	347,142
Acquisition costs paid in cash	285,169	15,000
Less: Acquisition costs written off	-	(27,460)
	2,947,879	334,682

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

6 PLANT AND EQUIPMENT

At 30 June 2012	Office Equipment	Computer Equipment	Motor Vehicle	Exploration Equipment	Total
Cost or fair value	12,978	11,051	42,090	17,963	84,082
Accumulated depreciation	(2,089)	(1,886)	(6,354)	(436)	(10,765)
Net book amount	10,889	9,165	35,736	17,527	73,317
Year ended 30 June 2012					
Opening net book amount	-	-	-	-	-
Additions	12,978	11,051	42,090	17,963	84,082
Disposals	-	-	-	-	-
Depreciation charge for the year	(2,089)	(1,886)	(6,354)	(436)	(10,765)
Closing net book amount	10,889	9,165	35,736	17,527	73,317

7 TRADE AND OTHER PAYABLES

	2012 $	2011 $
(a) Trade and Other Payables		
Amounts payable to key management personnel	18,900	4,000
Trade payables	409,097	13,039
Other payables	34,758	456
	462,755	17,495

	2012 $	2011 $
(b) Provisions		
Annual Leave	3,360	-
	3,360	-

8 ISSUED CAPITAL

	2012 $	2011 $
Ordinary shares	7,066,505	3,446,505
Performance shares	39,000	25,000
Share issue costs written off against issued capital	(435,091)	(305,919)
	6,670,414	3,165,586

ORDINARY SHARES

Shares issued during the year

	2012 $	2012 No.	2011 $	2011 No.
July 1 Opening Balance	3,140,586	25,232,505	-	-
Seed capital	-	-	5	5
Seed capital	-	-	175,000	4,375,000
Seed capital	-	-	225,000	5,625,000
Shares issued via IPO	-	-	2,916, 500	14,582,500
Issued in consideration for tenements	-	-	130,000	650,000
Consideration for Riverglide Acquisition	1,620,000	12,000,000	-	-
Capital Raising – 1st Tranche	558,487	5,584,875	-	-
Capital Raising – 2nd Tranche	1,441,513	14,415,125	-	-
Cost of Issue	(129,172)	-	(305,919)	-
June 30 Closing Balance	6,631,414	57,232,505	3,140,586	25,232,505

PERFORMANCE SHARES

	2012 $	2012 No.	2011 $	2011 No.
July 1 Opening Balance	25,000	500,000(i)	-	-
Issued in consideration for tenements	-	-	25,000	500,000
Issue of Vendor Performance shares as part consideration for acquisition of Burkina Faso projects	14,000	10,000,000(ii)	-	-
	39,000	10,500,000	25,000	500,000

8 ISSUED CAPITAL (CONTINUED)

The ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. Ordinary shares entitle shareholders to a vote at general meetings.

The performance shares do not participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held nor do they entitle shareholders to a vote at general meetings.

(i) In 2011, the Group issued 250,000 performance shares in consideration for the Boomerang Dam tenements and 250,000 performance shares in consideration for the Fair Adelaide tenements. The performance shares convert to ordinary shares once Ora Banda Gold Pty Ltd identifies a JORC compliant resource or not less than 250,000 ounces of gold at the respective tenements within 5 years from the date of issue of the performance shares. The accounting value ascribed to the performance shares was 25% of the IPO listing price per share.

(ii) In 2012, 10,000,000 converting performance shares were issued to the vendor as part consideration for acquisition of Burkina Faso Project, converting to 1 Credo Share upon the completion of an independent JORC and/or NI 43-101 compliant combined Mineral Resource Estimate of not less than 1,000,000 ounces of contained gold or gold equivalent on the Burkina Faso Permits. The performance share were issued at a deemed value of $0.0014 per share.

CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintain optimal return to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity commensurate with the business risk. Given the nature of the Group's operations, capital is normally raised through the issue of new shares to provide for future exploration and business opportunities. Management has current plans to issue further shares and provide funds for existing programs and business opportunities.

OPTIONS

(i) For information relating to Credo Resources 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 20.

(ii) For information relating to options issued to key management personnel during the year, refer to Note 20.

The total number of options outstanding at 30 June 2012 is 19,400,000

9 RESERVES

	2012 $	2011 $
Option Reserves	1,228,594	326,215
Translation Reserves	(166,575)	-
	1,062,019	326,215

OPTION RESERVE

	2012 $	2012 No.	2011 $	2011 No.
July 1 Opening Balance	326,215	5,900,000	-	-
Options exercisable at 25 cents on 15 January 2016 escrowed to 8 April 2013	-	-	134,073	4,500,000
Options exercisable at 30 cents on 31 March 2016 escrowed to 1 April 2012	-	-	169,894	1,200,000
Options exercisable at 30 cents on 8 April 2016 escrowed to 08 April 2012	-	-	22,248	200,000
Options exercisable at 25 cents on 6 December 2016 escrowed to 06 December 2012	359,715	5,000,000	-	-
Options exercisable at 25 cents on 6 December 2016 escrowed to 06 December 2012	431,658	6,000,000	-	-
Options exercisable at 25 cents on 6 December 2016	71,943	1,000,000	-	-
Options exercisable at 25 cents on 6 December 2016	36,004	1,000,000	-	-
Options exercisable at 25 cents on 19 April 2015 vesting after 12 months	3,059	500,000	-	-
	1,228,594	19,400,000	326,215	5,900,000

The option reserve records items recognised as expenses over the vesting period on valuation of employee share options.

10 EARNINGS PER SHARE

	2012	2011
	$	$
Earnings used to calculate basic EPS	(1,741,594)	(227,431)

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2012	2011
	No.	No.
Weighted average number of ordinary shares outstanding during the year - No. used in calculating basic EPS	35,591,714	8,404,938
Weighted average number of dilutive performance shares on issue	6,155,738	123,288
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	41,747,452	8,528,226

There are no dilutive options on issue.

Diluted earnings per share is the same as basic earnings per share as the Group incurred a loss for the year and therefore is not considered dilutive.

11 COMMITMENTS

EXPLORATION EXPENDITURE COMMITMENTS

Payable:	2012	2011
	$	$
- not later than 12 months	467,729	100,782
- between 12 months and 5 years	990,368	352,978
- later than 5 years	-	-
	1,458,097	453,760

The total commitments of $1,458,097 include commitments of USD in respect of the purchase price of various tenements in Burkina Faso. The Group can withdraw from these tenement purchase agreements at any stage. The Group is not obliged to pay any further contribution on any expenditure required to ensure that the permit remains in good standing.

12 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	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	3	2,975,193	2,867,214
Trade and other receivables	4	233,134	79,969
Total Financial Assets		3,208,327	2,947,183
Financial Liabilities			
Trade and other payables	7	466,115	17,495
Total Financial Liabilities		466,115	17,495

The carrying amounts of these financial instruments approximate their fair values.

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 ensure capital can be raised in advance of shortages. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit expose 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.

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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 National Australia Bank.

(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 3 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.

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) LIQUIDITY RISK (CONTINUED)

Financial liability and financial asset maturity analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	466,115	17,495	-	-	466,115	17,495
Total contractual outflows	466,115	17,495	-	-	466,115	17,495
Financial assets - cash flows realisable						
Trade and other receivables	233,134	79,969	-	-	233,134	79,969
Total anticipated inflows	233,134	79,969	-	-	233,134	79,969

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 $12,500. 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 Term Deposit earns interest income at a rate of 5.42% p.a.

ii. Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group seeks to mitigate the effect of its foreign currency exposure by seeking the best foreign exchange rate when transferring Australian dollar to Western African France (XOF).

The Group's exposure to foreign exchange risk at the reporting date is limited to the transfer of funding from Australian head office to fund the Burkina Faso operations, which mainly related to the intercompany loan account.

The Burkina Faso subsidiaries are not exposed to foreign exchange risk as all transactions are denominated in its functional currency being XOF.

13 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.

Due to the acquisition of Riverglide Investment Pty Ltd, which holds extensive interests in gold permits in Burkina Faso on 6 December 2011, the Consolidated Entity started operating in both Australia and Burkina Faso and prepares reports internally by geographical locations.

Geographical Segments 2012	**Australia**	**Burkina Faso**	**Unallocated**	**Total**
Segment revenue	-	-	141,791	141,791
Segment result Profit(loss)	(27,149)	(817,389)	(897,056)	(1,741,594)
Segment assets	334,682	3,107,324	2,787,517	6,229,523
Segment liabilities	-	369,862	96,254	466,115
Segment acquisition of assets	-	2,696,849	430	2,697,279
Segment amortisation and depreciation	-	10,335	430	10,765
Segment exploration expenditure expensed to Income Statement	27,149	556,709	202,477	826,927

14 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 2012.

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

	2012	**2011**
	$	**$**
Short-term employee benefits	163,916	49,653
Retirement benefits	-	248
Share-based payments	-	74,500
	163,916	124,401

14 INTERESTS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 year is as follows:

30 JUNE 2012	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	VESTED AND UNEXERCISABLE
Mr Riccardo Vittino	500,000	-	-	-	500,000	-	500,000	-
Mr William Dix	1,500,000	-	-	-	1,500,000	-	1,500,000	-
Mr Ian Hobson	500,000	-	-	-	500,000	-	500,000	-
Mr Robert Kirtlan	-	-	-	3,795,000(i)	3,795,000	3,795,000	3,795,000	-
	2,500,000	-	-	3,795,000	6,295,000	3,795,000	6,295,000	-

(i) 1,725,000 Options exercisable at 25 cents on 06/12/2016; 2,070,000 Class A options. These are vendor securities per shareholder approval at AGM held on 30 November 2011.

30 June 2011	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
Mr Riccardo Vittino	-	500,000	-	-	500,000	500,000	500,000	-
Mr William Dix	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000	-
Mr Ian Hobson	-	500,000	-	-	500,000	500,000	500,000	-
	-	2,500,000	-	-	2,500,000	2,500,000	2,500,000	-

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The number of ordinary shares in Credo Resources Limited held by each key management person of the Group during the year is as follows:

14 INTERESTS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS (CONTINUED)

	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
30 June 2012					
Mr Riccardo Vittino	500,000	-	-	-	500,000
Mr William Dix	350,000	-	-	-	350,000
Mr Ian Hobson	350,000	-	-	-	350,000
Mr Robert Kirtlan	-	-	-	4,710,000[(i)]	4,710,000
	1,200,000	-	-	4,710,000	5,910,000

(i) Vendor securities per shareholder approval at AGM held on 30 November 2011.

	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD
30 June 2011					
Mr Riccardo Vittino	-	-	-	500,000	500,000
Mr William Dix	-	-	-	350,000	350,000
Mr Ian Hobson	-	-	-	350,000	350,000
	-	-	-	1,200,000	1,200,000

The number of performance shares in Credo Resources Limited held by each key management person of the Group during the year is as follows:

	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
30 June 2012					
Mr Riccardo Vittino	-	-	-	-	-
Mr William Dix	-	-	-	-	-
Mr Ian Hobson	-	-	-	-	-
Mr Robert Kirtlan	-	-	-	3,450,000[(i)]	3,450,000
	-	-	-	3,450,000	3,450,000

14 INTERESTS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS (CONTINUED)

(i) Vendor securities per shareholder approval at AGM held on 30 November 2011.

	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD
30 June 2011					
Mr Riccardo Vittino	-	-	-	-	-
Mr William Dix	-	-	-	-	-
Mr Ian Hobson	-	-	-	-	-
	-	-	-	-	-

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 18: Related Party Transactions.

15 AUDITOR'S REMUNERATION

	2012 $	2011 $
Remuneration of the auditor of the parent entity for:		
- Audit and review services	43,140	12,000
- Preparation of the Investigating Accountants Report	-	7,000
	43,140	19,000

16 CONTROLLED ENTITIES

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 2012	PERCENTAGE OWNED (%)* 2011
Parent Entity:			
Credo Resources Limited	Australia		
Subsidiaries of legal parent entity:			
Ora Banda Gold Pty Ltd	Australia	100	100
Riverglide Investments Pty Ltd	Australia	100	-
South Shore Group Burkina Faso SARL	Burkina Faso	100	-

* Percentage of voting power is in proportion to ownership

ACQUISITIONS/DISPOSALS OF CONTROLLED ENTITIES

During the year, Credo Resources Limited acquired a 100% interest in Riverglide Investments Pty Ltd, which holds extensive interests in gold permits in Burkina Faso.

In 2011, Ora Banda Gold Pty Ltd was incorporated by the parent as a wholly owned subsidiary.

17 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2012.

18 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.

18 RELATED PARTY TRANSACTIONS (CONTINUED)

INTERCOMPANY LOANS

At 30 June 2012, Credo Resources Limited has made loans to its subsidiary Ora Banda Gold Pty Ltd in the amount of $420,628 (2011: $393,479), Riverglide Investments Pty Ltd in the amount of $364,697 (2011: Nil) and South Shore Group in Burkina Faso in the amount of $980,214 (2011: Nil). The loans are interest free and payable on demand. The directors of Credo Resources Limited have fully provided for the loans at 30 June 2012.

DIRECTORS' REMUNERATION

For information relating to related party transactions with key management personnel during the financial year, refer to Note 14.

TRANSACTIONS WITH OTHER RELATED PARTIES

Apart from the acquisition of Riverglide Investments Pty Ltd on 30 November 2011, Robert Kirtlan was a beneficiary of a proportion of securities issued for acquisition of Riverglide but was not associated at the time of acquisition. There have been no other transactions with other related parties for the year ended 30 June 2012.

19 CASH FLOW INFORMATION

(A) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	2012 $	6 JULY 2010 TO 30 JUNE 2011 $
Net (loss)/income for the year	(1,741,593)	(227,431)
Non-cash flows in loss		
Share based payments	-	134,073
Tenement acquisition costs written off	-	27,460
Foreign exchange translation difference	(56,486)	-
Depreciation	9,864	-
Foreign exchange gain	(27,133)	-
Share based payment	111,006	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(153,165)	(79,969)
Increase/(decrease) in trade and other payables	448,620	17,495
	(1,408,887)	(128,372)

(B) NON-CASH FINANCING AND INVESTING ACTIVITIES

The Group made non-cash payments to vendors in consideration of exploration assets and an option to acquire exploration assets. Details can be found in notes 5, 8 and 20.

20 SHARE-BASED PAYMENTS

2012

The Group made three tranches of share based payments comprising options issued during the year. The options were valued under the Black Scholes option valuation model using the following inputs.

Date	Number of options	Exercise price	Expiring date	Risk free interest rate	Stock Price	Expected volatility	Discount Price	Value per option
6/12/2011	5,000,000(i)	$ 0.25	6-Dec-16	3.38%	$ 0.14	75%	-	$0.0719
6/12/2011	6,000,000(ii)	$ 0.25	6-Dec-16	3.38%	$ 0.14	75%	-	$0.0719
6/12/2011	1,000,000(iii)	$ 0.25	6-Dec-16	3.38%	$ 0.14	75%	-	$0.0719
18/04/2012	1,000,000(iv)	$ 0.25	6-Dec-16	3.38%	$ 0.11	71.47%	20%	$0.0360
18/04/2012	500,000(v)	$ 0.25	19-Apr-15	3.26%	$ 0.11	71.47%	20%	$0.0245

20 SHARE-BASED PAYMENTS (CONTINUED)

(i) 5,000,000 options were granted to the vendor as part consideration for acquisition of Burkina Faso projects.

(ii) 6,000,000 class A options were granted to the vendors as part consideration for acquisition of Burkina Faso projects.

(iii) 1,000,000 options were granted to the advisor in consideration for the services provided in relation to the acquisition of the Burkina Faso projects.

(iv) 1,000,000 options were granted to the introducer on the Burkina Faso projects pursuant to agreement.

(v) 500,000 employee incentive options were granted.

Apart from the above, the Group has also issued 10,000,000 vendor performance shares as part consideration for acquisition of Burkina Faso projects. The Vendor Performance shares were valued at 14 cents each and discounted by 99% based on the ultimate probability that the performance hurdles might be met.

2011

The Group made three tranches of share based payments comprising options issued during the period. The options were valued under the Black Scholes option valuation model using the following inputs.

Date	Number of options	Exercise price	Expiring date	Risk free interest rate	Stock Price	Expected volatility	Discount Price	Value per option
3/12/2010	4,500,000(i)	$ 0.25	16-Jan-16	4.75%	$ 0.20	100%	20%	$0.0298
28/02/2011	1,200,000(ii)	$ 0.30	16-Jan-16	4.75%	$ 0.20	100%	-	$0.1400
28/02/2011	200,000(iii)	$ 0.30	28-Feb-14	4.75%	$ 0.20	100%	-	$0.1100

(i) 4,500,000 options were granted to the directors of the Group and to promoters. Directors received 2,500,000 and the promoters received 2,000,000.

(ii) 1,200,000 options were granted to the vendors of the Boomerang Dam, Fair Adelaide and Bardoc North Tenements.

(iii) 200,000 options were granted to the vendors of the Dixie Tenement.

20 SHARE-BASED PAYMENTS (CONTINUED)

A summary of the movements of all company options issued is as follows:

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding as at 1 July 2011	5,900,000	$0.26
Options granted in 2012	13,500,000	$0.25
Options outstanding as at 30 June 2012	19,400,000	$0.25

The weighted average remaining contractual life of options outstanding at year end was 4.12 years (2011: 3.59 years).

Included in the consolidated statement of comprehensive income is Nil (2011:$134,073) relating, in full, to equity-settled share-based payment transactions for options issued to directors and promoters. A further $2,425,373 (2011: $347,142) were share-based payments in respect of the acquisition of Burkina Faso projects (2011: the purchase of acquisition of tenements in South Australia). These share based payments are comprised of performance shares valued at $14,000 (2011: $25,000) and ordinary share valued at $1,620,000 (2011: $130,000) and options valued at $791,373 (2011: $192,142).

21 EVENTS AFTER THE END OF THE REPORTING PERIOD

Two additional permits have been joint ventured with payment to vendors made amounting to AUD50,000 have been with commitments incurred over 3 years of approximately remaining AUD300,000.

Apart from these, there has not arisen in the interval between the end of the year and this report an item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of the those operations or the state of affairs of the Group, in future financial years.

22 PARENT ENTITY

The following information has been extracted from the books and records of the parent, Credo Resources Limited and has been prepared in accordance with Australian Accounting Standards.

22 PARENT ENTITY (CONTINUED)

The financial information for the parent entity, Credo Resources Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

	2012	2011
	$	$
Assets		
Current assets	5,201,093	2,947,183
Non-current assets	-	-
Total Assets	5,201,093	2,947,183
Liabilities		
Current liabilities	96,253	17,495
Total Liabilities	96,253	17,495
Equity		
Issued capital	6,670,414	3,165,586
Accumulated losses	(2,794,169)	(562,113)
Share based payment reserve	1,228,595	326,215
Total Equity	5,104,840	2,929,688
Total loss for the year/(2011-period from incorporation)	(2,232,057)	(562,113)
Total comprehensive income	(2,232,057)	(562,113)

CONTINGENT LIABILITIES

The parent entity has no contingent liability as at 30 June 2012 as disclosed in note 17.

CONTRACTUAL COMMITMENTS

The parent entity has no commitments as at 30 June 2012 other than to fund the commitments of its subsidiaries that are disclosed in note 11.

23 COMPANY DETAILS

The registered office and principal place of business of the company is:

Credo Resources Limited

Unit 1, 245 Churchill Avenue

Subiaco WA 6008

Credo Resources Limited

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 23 to 63, 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 2012 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 year ended 30 June 2012 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the year comply with the Accounting Standards; and

   (c) the financial statements and notes for the 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.

Mr Rob Kirtlan

Director

Dated 27 September 2012

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CREDO RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Credo Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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 judgement, 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 that gives a true and fair view 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 company'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

Opinion

In our opinion:

(a) the financial report of Credo Resources Limited 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 2012 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 20 of the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 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

Opinion
In our opinion the remuneration report of Credo Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
27 September 2012

ADDITIONAL SHAREHOLDER INFORMATION

Credo Resources Limited – Corporate Governance
Board Composition

The skills, experience and expertise relevant to the position of each director, and board committee member, who is in office at the date of the annual report and their term of office are detailed in the Director's report.

The company has two independent directors.

When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

	Recommendation	Current Practice
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.credoresources.com.au in the Corporate Governance statement.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy is available at www.credoresources.com.au in the Corporate Governance statement.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied The Board Charter is available at www.credoresources.com.au in the Corporate Governance statement. No formal appraisal of management was conducted.
2.1	A majority of the board should be independent directors.	Satisfied. Two of the three board members are considered to be independent. The Board considers that given the size and nature of the Company the current Board is appropriate.
2.2	The chair should be an independent director.	Satisfied.

		Mr Ric Vittino is an independent Chairman.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.
2.4	The board should establish a nomination committee.	Not Satisfied. The nomination committee consists of the full Board. The Board consider that given the current size of the Board (3), this function is efficiently achieved with full Board participation.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.credoresources.com.au in the Corporate Governance statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied The composition of the Board changed with effect from January 2012. No formal appraisal was conducted.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of Conduct is available at www. credoresources.com.au in the Corporate Governance statement.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy which includes requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually the objectives and progress in achieving them.	Satisfied. The Diversity Policy is available at www. credoresources.com.au in the Corporate Governance statement. The policy delineates the Company's approach to diversity but there are no measurable objectives on gender diversity. Measurable objectives are difficult to establish as there is a reliance on contract staff at the current stage of the Company's cycle.
3.3	Companies should disclose annually the measurable objectives set for achieving gender	Not satisfied

	diversity and progress towards achieving them.	The Company has only one permanent staff other than the members of the board of directors.
3.4	Companies should disclose annually the proportion of woman employees in the whole organisation, women in senior executive positions and women on the board	Satisfied Of the four positions excluding the directors, two are held by women, a contract geological and a contract accounting position are currently held by women.
3.5	Companies should provide the information indicated in the guide to reporting on principle 3.	Satisfied
4.1	The board should establish an audit committee.	Not Satisfied. The audit committee consists of the full Board. The Board consider that given the current size of the Board (3), this function is efficiently achieved with full Board participation.
4.2	The audit committee should be structured so that it: • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members	Not satisfied. The audit committee is to be established at an appropriate time. The audit committee consists of the full Board of which only two directors are non executive.
4.3	The audit committee should have a formal charter.	Satisfied.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at www. credoresources.com.au in the Corporate Governance statement.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Satisfied
6.1	Companies should design a communications policy for promoting effective communication	Satisfied.

	with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Shareholders communication strategy is available at www. credoresources.com.au in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Satisfied
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Not Satisfied. Risk management program is available at www. credoresources.com.au in the Corporate Governance statement but is yet to be established.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Not Satisfied. Management have yet to design and implement risk management matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The board has received the relevant assurances from the CEO and the CFO in accordance with sec 295A.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Satisfied
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board consider that given the current size of the Board (3), this function is efficiently achieved with full Board participation.
8.2	The remuneration committee should be structured so that it : • consists of a majority of independent directors	Not Satisfied. The Board has only two independent, non

	• is chaired by an independent director • has at least three members	executive directors.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of Directors' remuneration is disclosed in the prospectus dated 1 February 2011 and in the remuneration report included in the directors report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	The remuneration committee charter is at www. credoresources.com.au in the Corporate Governance statement.

Further information about the Company's corporate governance practices is set out on the Company's website at www. credoresources.com.au

ADDITIONAL SHAREHOLDER INFORMATION

The additional information is current at 24 September 2012

Top 20 Shareholders :

Rank	Name	Holding	%
1	CITICORP NOMINEES PTY LIMITED	4,450,000	7.78%
2	ARK SECURITIES & INVESTMENTS PTY LTD	3,000,000	5.24%
2	ALCHINA MAHAMADOU	3,000,000	5.24%
3	SOUTH SHORE GROUP PTY LTD	2,280,000	3.98%
4	NEFCO NOMINEES PTY LTD	2,000,000	3.49%
5	HALSON CORPORATION PTY LTD	1,900,000	3.32%
6	ANNE ROLLEY	1,500,000	2.62%
6	DELRIO PTY LTD	1,500,000	2.62%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,400,000	2.45%
8	TISIA NOMINEES PTY LTD	1,360,000	2.38%
9	PERSHING AUSTRALIA NOMINEES PTY LTD	1,300,000	2.27%
10	EYEON INVESTMENTS PTY LTD	1,280,000	2.24%
10	JACQUELINE CECILIA HOGAN	1,280,000	2.24%
11	KINGS PARK CAPITAL PTY LTD	1,225,000	2.14%
12	STEPHEN PARTNERS PTY LTD	1,100,000	1.92%
13	NORONEKE MASTER FUND LTD	1,000,000	1.75%
13	MR THOMAS HENDERSON & MRS DEBRA HENDERSON	1,000,000	1.75%
13	BT PORTFOLIO SERVICES LIMITED	1,000,000	1.75%
14	BANNABY INVESTMENTS PTY LTD	800,000	1.40%
15	SKINK RESOURCES PTY LTD	760,000	1.33%
16	SCINTILLA CAPITAL PTY LTD	720,000	1.26%
16	SPECTRUM METALLURGICAL CONSULTANTS PTY LTD	720,000	1.26%
17	TRIANON INVESTMENTS PTY LTD	700,000	1.22%
18	RICKENBACKER CAPITAL INVESTMENTS PTY LTD	690,000	1.21%
19	MR THOMAS FRITZ ENSMANN	681,629	1.19%
20	SEASPIN PTY LTD	537,290	0.94%
	TOTAL	**37,183,919**	**64.97%**
	Balance of Register	**20,048,586**	**35.03%**
	Grand TOTAL	**57,232,505**	**100.00%**

HOLDINGS DISTRIBUTION

Range	Securities	%	No of Holders	%
100,001 and Over	49,707,271	86.85	73	17.85
10,001 to 100,000	6,002,050	10.49	147	35.94
5,001 to 10,000	1,510,303	2.64	152	37.16
1,001 to 5,000	11,721	0.02	3	0.73
1 to 1,000	1,160	0.00	34	8.31
Total	57,232,505	100.00	409	100.00
UNMARKETABLE PARCELS			39	9.53

Substantial Shareholders:

Shareholder Name	Votes	%
R Kirtlan	4,710,000	8.2%
P Rolley	4,140,000	7.2%

ADDITIONAL SHAREHOLDER INFORMATION

RESTRICTED SECURITIES

Ordinary shares subject to escrow	End of restriction period
6,000,000	6 December 2012
6,000,000	22 February 2013
8,000,000	7 April 2013

UNQUOTED SECURITIES

There are 6 holders of 4,500,000 unlisted options expiring 16 January 2015 exerciseable at $0.25 subject to escrow to 7 April 2012.
Holders of more than 20% :

Name	Holding	%
WILLIAM ROBERT DIX	1,500,000	33.33%
KINGS PARK CAPITAL PTY LTD	1,000,000	22.22%

There are 4 holders of 1,200,000 unlisted options expiring 31 March 2016 exerciseable at $0.30c
Holders of more than 20% :

Name	Holding	%
CRUSADER RESOURCES LTD	500,000	41.67%
ZETEK RESOURCES PTY LTD	250,000	20.83%
WESTERN RESOURCES PTY LTD	250,000	20.83%

There is one holder of 200,000 options expiring 8 April 2016 exerciseable at $0.30c

Name	Holding	%
PETERBOROUGH NOMINEES PTY LTD	200,000	100.00%

There are 2 holders of 500,000 unlisted performance shares with performance hurdles relating to west Australian projects.

Name	Holding	%
GOLDEARTH ENTERPRISES PTY LTD	250,000	50.00%
CRUSADER RESOURCES LTD	250,000	50.00%

There are 4 holders of 5,000,000 unlisted options exerciseable at $0.25c expiring 6 December 2016 escrowed to 6 December 2012.
Holders of more than 20% :

Name	Holding	%
ARK SECURITIES & INVESTMENTS PTY LTD	1,725,000	34.50%
ALCHINA MAHAMADOU	1,250,000	25.00%
DELRIO PTY LTD	1,725,000	34.50%

There are 2 holders of 2,000,000 unlisted options exerciseable at $0.25c expiring 6 December 2016

Name	Holding	%
JK NOMINEES PTY LTD	1,000,000	50.00%
TISIA NOMINEES PTY LTD	1,000,000	50.00%

ADDITIONAL SHAREHOLDER INFORMATION

There are 4 holders of 6,000,000 class A options exerciseable at $0.25c expiring 6 December 2016 escrowed to 6 December 2012.
Holders of more than 20% :

Name	**Holding**	**%**
ARK SECURITIES & INVESTMENTS PTY LTD	2,070,000	34.50%
ALCHINA MAHAMADOU	1,500,000	25.00%
DELRIO PTY LTD	2,070,000	34.50%

There is one holder of 500,000 options exerciseable at $0.25c expiring 19 April 2015

Name	**Holding**	**%**
M SHUGG	500,000	100.00%

There are 4 holders of 10,000,000 performance shares escrowed to 6 December 2012 with performance hurdles relating to Burkina Faso projects.
Holders of more than 20% :

Name	**Holding**	**%**
ARK SECURITIES & INVESTMENTS PTY LTD	3,450,000	34.50%
ALCHINA MAHAMADOU	2,500,000	25.00%
DELRIO PTY LTD	3,450,000	34.50%

Use of Funds

The Company has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

Voting rights

Each fully paid ordinary share carries voting rights of one vote per share.

Tenement Schedule

Prospect	**Tenement Number**	**Interest**
Mt Vetters	E 24/0178	100%
Mt Vetters	E 24/0179	100%
Fair Adelaide	P 24/4051	80%
Fair Adelaide	P 24/4052	80%
Fair Adelaide	P 24/4053	80%
Fair Adelaide	P 24/4054	80%
Fair Adelaide	P 24/4055	80%
Fair Adelaide	P 24/4056	80%
Fair Adelaide	P 24/4057	80%
Fair Adelaide	P 24/4058	80%
Fair Adelaide	P 24/4059	80%
Wycheproof East	P 24/4471	100%
Bardoc North	P 24/4487	100%
Boomerang Dam	P 27/1702	100%
Boomerang Dam	P 27/1703	100%
Boomerang Dam	P 27/1704	100%
Boomerang Dam	P 27/1705	100%
Boomerang Dam	P 27/1706	100%