

CREDO RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

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Directors' Report

Your directors present their report, together with the interim financial statements of The Group, being the company and its controlled entities, for the half year ended 31 December 2011.

DIRECTORS

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

Names	Position
Riccardo Vittino	Chairman
William Dix	Non-executive Director
Ian Hobson	Non-executive Director (resigned 31 January 2012)
Robert Kirtlan	Executive Director (appointed 30 November 2011)

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;
- up to 6,000,000 Deferred Consideration Shares, the issue of which is conditional upon the satisfaction of certain conditions (satisfied after 31 December 2011 – refer Events Occurring After Reporting Period);
- up to 10,000,000 Converting Performance Shares, convertible into Ordinary Shares upon the achievement of certain milestones.

A Burkina Faso based exploration services company has been appointed and has already initiated exploration work on the permits. The exploration activities are centered around Tyegana-1, Pepow and Sankora permits. Work includes soil sampling, mapping and interpretation of previous data and aeromagnetic surveys.

The Company continues to develop programs for the West Australian projects however limited work has been completed to date.

Events occurring after the reporting period

Following the execution of two further Permit Agreements by SSGBF, the 6,000,000 Deferred Consideration shares were issued and allotted to the Vendors of Riverglide Investments Pty Ltd.

The company also issued 5,584,875 shares at \$0.10 each to raise \$558,488 before costs as part of an overall raising of \$2.0 million before costs. The balance of the shares are to be issued subject to shareholder approval.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 31 December 2011 has been received and can be found on page 5 of the financial report.

This Directors Report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'R. Kirtlan', with a long horizontal flourish extending to the right.

Robert Kirtlan
Director

Dated 12 March 2012

12 March 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 review of the financial statements of Credo Resources Limited for the half year ended 31 December 2011, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

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



John P Van Dieren - FCA
Director

CREDO RESOURCES LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2011

	Half year ended	
	31 December	31 December
	2011	2010
	\$	\$
Other income	80,444	318
Administrative expense	(173,893)	(11,241)
Employee benefits expense	(21,475)	(134,073)
Depreciation and amortisation expense	(413)	-
Exploration expenditure written off and amortisation	(102,815)	-
Other expenses	(48,013)	(9,597)
Loss before income taxes	(266,165)	(154,593)
Income tax expense	-	-
Loss for the period	(266,165)	(154,593)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(266,165)	(154,593)
Earnings per share		
	Cents	\$
Basic loss per share	(1.02)	(30,919)
Diluted loss per share	(1.02)	(30,919)

CREDO RESOURCES LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents

2,632,886 2,867,214

Trade and other receivables

50,733 79,969

TOTAL CURRENT ASSETS

2,683,619 2,947,183

NON-CURRENT ASSETS

Plant and equipment

17,840 -

Exploration expenditure

2 2,949,354 334,682

TOTAL NON-CURRENT ASSETS

2,967,194 334,682

TOTAL ASSETS

5,650,813 3,281,865

LIABILITIES

CURRENT LIABILITIES

Trade and other payables

79,028 17,495

Deferred acquisition costs

398,058 -

TOTAL CURRENT LIABILITIES

477,086 17,495

NON CURRENT LIABILITIES

Deferred acquisition costs

530,744 -

TOTAL NON CURRENT LIABILITIES

530,744 -

TOTAL LIABILITIES

1,007,830 17,495

NET ASSETS

4,642,983 3,264,370

EQUITY

Issued capital

3 3,947,048 3,165,586

Reserves

4 1,189,531 326,215

Accumulated losses

(493,596) (227,431)

TOTAL EQUITY

4,642,983 3,264,370

CREDO RESOURCES LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2011

2011	ORDINARY	PERFORMANCE	ACCUMULATED	SHARE BASED	TOTAL
	SHARES	SHARES	LOSSES	PAYMENT RESERVE	
	\$	\$	\$	\$	
Balance at 1 July 2011	3,140,586	25,000	(227,431)	326,215	3,264,370
Total comprehensive loss for the half year	-	-	(266,165)	-	(266,165)
Shares issued during the half year	840,000	-	-	-	840,000
Vendor Performance shares issued during half year	-	14,000	-	-	14,000
Options issued during the half year	-	-	-	863,316	863,316
Transaction costs	(72,538)	-	-	-	(72,538)
Sub-total	767,462	14,000	(266,165)	863,316	1,378,613
Balance at 31 December 2011	3,908,048	39,000	(493,596)	1,189,531	4,642,983

2010	ORDINARY	SHARES TO BE	ACCUMULATED	SHARE BASED	TOTAL
	SHARES	ISSUED	LOSSES	PAYMENT	
	\$	\$	\$	RESERVE	
Balance at 1 July 2010	-	-	-	-	-
Total comprehensive income/(loss) for the half year	-	-	(154,593)	-	(154,593)
Shares issued during the half year	5	-	-	-	5
Vendor Performance shares issued during half year	-	-	-	-	-
Share subscription received in advance	-	175,000	-	-	175,000
Options issued during the half year	-	-	-	134,073	134,073
Sub-total	5	175,000	(154,593)	134,073	154,485
Balance at 31 December 2010	5	175,000	(154,593)	134,073	154,485

CREDO RESOURCES LIMITED
CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Half year ended	
	31 December 2011 \$	31 December 2010 \$
CASH FROM OPERATING ACTIVITIES:		
Interest received	73,095	171
Payments to suppliers and employees	(159,651)	-
Net cash provided by / (used in) operating activities	(86,556)	171
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash acquired after payment for acquisition of subsidiary	13,792	-
Purchase of property, plant and equipment	(19,962)	-
Payments for exploration expenditure	(141,602)	-
Net cash used in investing activities	(147,772)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share subscriptions received in advance	-	175,000
Payments for costs of raising capital	-	-
Net cash used by financing activities	-	175,000
Net increase (decrease) in cash held	(234,328)	175,171
Cash and cash equivalents at beginning of period	2,867,214	-
Cash and cash equivalents at end of period	2,632,886	175,171

CREDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the entity ended 30 June 2011 and any public announcements made by Credo Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in these consolidated interim financial statements as were applied in the most recent annual financial statements.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(B) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 *Related Party Disclosures (amendment)* effective 1 January 2011
- AASB 132 *Financial Instruments: Presentation (amendment)* effective 1 February 2010
- AASB Int 14 *Prepayments of a Minimum Funding Requirement (amendment)* effective 1 January 2011
- *Improvements to AASBs (May 2010)*

The adoption of the standards or interpretations is described below:

AASB 124 *Related Party Transactions (Amendment)*

The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 132 *Financial instruments: Presentation (Amendment)*

The AASB issued an amendment that alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

AASB Int 14 *Prepayments of a Minimum Funding Requirement (Amendment)*

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

The Group has not elected to early adopt any of the new standards or amendments that are issued but not yet effective.

CREDO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011

2 EXPLORATION AND EVALUATION EXPENDITURE

The following table details the movement in exploration and evaluation expenditure reported in the consolidated statement of financial position during the period.

	31 December 2011	30 June 2011
	\$	\$
Carrying amount at beginning of the period	334,682	-
Exploration and evaluation costs paid in cash	1,169,459	15,000
Goodwill arising on the acquisition of Riverglide Investments Pty Ltd (refer note 7)	1,548,028	347,142
Acquisition costs written off	(102,815)	(27,460)
	<u>2,949,354</u>	<u>334,682</u>

The recoupment of exploration and evaluation costs carried forward is dependent upon the successful development and commercialisation or sale of the areas of interests being explored and evaluated.

3 ISSUED CAPITAL

	31 December 2011	30 June 2011
	\$	\$
31,232,505 (June 2011: 25,232,505) Ordinary Shares	4,286,505	3,446,505
10,500,000 (June 2011: 500,000) Performance Shares	39,000	25,000
Share issue costs written off against issued capital	(378,457)	(305,919)
At reporting date	<u>3,947,048</u>	<u>3,165,586</u>

	31 December 2011		30 June 2011	
	No.	\$	No.	\$
(A) Movement in Ordinary shares				
At the beginning of the reporting period	25,232,505	3,446,505	-	-
At incorporation			5	5
Seed capital	-	-	10,000,000	400,000
Shares issued through IPO			14,582,500	2,916,500
Consideration for tenements	-	-	650,000	130,000
Issue of Vendor shares as part consideration for acquisition of Burkina Faso projects	6,000,000	840,000	-	-
At reporting date	<u>31,232,505</u>	<u>4,286,505</u>	<u>25,232,505</u>	<u>3,446,505</u>

(B) Movement in Performance Shares

At the beginning of the reporting period	500,000	25,000	-	-
Consideration for tenements	-	-	500,000	25,000
Issue of Vendor Performance shares as part consideration for acquisition of Burkina Faso projects	10,000,000	14,000	-	-
At reporting date	<u>10,500,000</u>	<u>39,000</u>	<u>500,000</u>	<u>25,000</u>

With respect to the issue of 500,000 performance shares, each performance share will convert into one ordinary share of Credo, once Ora Banda Gold Pty Ltd identifies a JORC compliant resource of not less than 250,000 ounces of gold within 5 years from the date of issue of performance shares.

With respect to the 10 million vendor performance shares in consideration for acquisition of the Riverglide Investments Pty Ltd, each vendor performance share will convert into one Credo share upon achievement of certain milestones by Riverglide and its subsidiary SSGBF. The milestone is the completion of an independent JORC and/or NI 43-101 compliance combined Mineral Resource Estimate of not less than 1 million ounces contained gold or gold equivalent on permits or the permit applications or permits which are the subject of the Further Permit Agreements

CREDO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011

	31 December 2011		30 June 2011	
	No.	\$	No.	\$
4 Reserves				
Movement in Share based payment Reserve :				
At the beginning of the reporting period	5,900,000	326,215	-	-
Expiring 16 January 2016 exercise price \$0.25			4,500,000	134,073
Expiring 16 January 2016 exercise price \$0.30			1,200,000	169,894
Expiring 28 February 2014 exercise price \$0.30			200,000	22,248
Expiring 6 December 2016 exercisable at 25 cents -Vendor options as part consideration for acquisition of Burkina Faso projects (note 7)	5,000,000	359,715		-
Expiring 6 December 2016 exercisable at 25 cents -Vendor Class A options as part consideration for acquisition of Burkina Faso projects exercise of which is conditional on the meeting of certain conditions (note 7)	6,000,000	431,658		-
Expiring 6 December 2016 exercisable at 25 cents -Advisor options to Forrest Capital Pty Ltd in consideration for services provided in relation to the acquisition of the Burkina Faso projects (note 7)	1,000,000	71,943		-
At reporting date	<u>17,900,000</u>	<u>1,189,531</u>	<u>5,900,000</u>	<u>326,215</u>

5 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

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

The Group is managed primarily on the basis that it has only two main operating segments, which involves the exploration of mineral resources in Australia and West Africa. All the Group's activities are interrelated, and discrete financial information is reported to the Board of Directors as two segments. Accordingly, all significant operating decisions are based upon analysis of the Group as two segments.

The financial results from these segments are equivalent to the financial statements of the Group as a whole.

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

	Corporate		Gold Australia		Gold Burkina Faso		Total	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	\$	\$	\$	\$	\$	\$	\$	\$
SEGMENT PROFIT AND LOSS								
Interest revenue	73,095	318	-	-	-	-	73,095	318
Total expenditure	(461,068)	(154,911)	(28,644)	-	(83,577)	-	(573,289)	(154,911)
Foreign exchange gain	-	-	-	-	7,349	-	7,349	-
Intersegment adjustments	226,680	-	-	-	-	-	226,680	-
	<u>(161,293)</u>	<u>(154,593)</u>	<u>(28,644)</u>	-	<u>(76,228)</u>	-	<u>(266,165)</u>	<u>(154,593)</u>
	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011
Total segment assets	\$	\$	\$	\$	\$	\$	\$	\$
Exploration expenditure	-	-	334,682	334,682	2,614,672	-	2,949,354	334,682
Current assets	2,581,117	2,947,183	-	-	102,502	-	2,683,619	2,947,183
Plant and Equipment	-	-	-	-	17,840	-	17,840	-
Current liabilities	(57,462)	(17,495)	-	-	(419,624)	-	(477,086)	(17,495)
Long term liabilities	-	-	-	-	(530,744)	-	(530,744)	-

CREDO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011

6 SHARE-BASED PAYMENTS

The Group issued 6,000,000 Vendor shares and 10,000,000 Vendor Performance shares. The Vendor shares were valued at the market price of the shares on the day of issue, that is, 14 cents each. 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. The Group granted 5,000,000 vendor options on 6 December 2011 as part of the consideration for the acquisition of Riverglide Investments Pty Ltd. On the same date, 1,000,000 advisor options with the same terms were issued to Forrest Capital Pty Ltd for services related to the transaction. Using the Black and Scholes Option valuation methodology, the fair value of the options issued were calculated using the following inputs:

Number of options:	6,000,000	Risk free interest rate:	3.38%
Exercise price:	AUD \$0.25	Share price at date of issue:	AUD \$0.14
Expected exercise date:	6 December 2016	Expected volatility:	75%
Each option was valued at AUD \$0.071943			

The Group also granted 6,000,000 Vendor Class A options to acquire fully paid shares in the Company, with the right of exercise being subject to the satisfaction of certain conditions.

Number of options:	6,000,000	Risk free interest rate:	3.38%
Exercise price:	AUD \$0.25	Share price at date of issue:	AUD \$0.14
Expected exercise date:	6 December 2016	Expected volatility:	75%
Each option was valued at AUD \$0.071943			

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

	Number	Weighted Average Exercised Price \$
Options outstanding as at 30 June 2011	5,900,000	0.26
Granted to vendors	5,000,000	0.25
Granted to consultants	1,000,000	0.25
Vendor Class A options	6,000,000	0.25
Options outstanding as at 31 December 2011	<u>17,900,000</u>	0.25

The weighted average remaining contractual life of options outstanding at period end was 4.64 years.

7 ACQUISITION OF RIVERGLIDE INVESTMENTS PTY LTD AND SUBSIDIARIES

On the 6th December 2011 Credo Resources Limited acquired 100% of the issued shares and options of Riverglide Investments Pty Ltd and its 100% held subsidiary South Shore Group Burkina Faso SARL (SSGBF) for a consideration of AUD\$1,645,373. SSGBF is the registered holder of certain exploration permits in Burkina Faso. The details of the consideration and net assets acquired are as follows :

	\$
6,000,000 ordinary shares	840,000
5,000,000 vendor options	359,715
6,000,000 vendor class A options	431,658
10,000,000 vendor performance shares	14,000
Cash	-
Total consideration	<u>1,645,373</u>
Assets and liabilities recognised as a result of the acquisition are as follows :	
Cash and cash equivalents	13,792
Property plant and equipment	17,580
Exploration and evaluation expenditure	813,769
Current Liabilities	(341,179)
Non Current Liabilities	(406,317)
Net identifiable assets acquired	<u>97,345</u>
Add: Deemed additional value of Exploration and Evaluation expenditure acquired	<u>1,548,028</u>
	<u>1,645,373</u>

Rob Kirtlan was a beneficiary of a proportion of the securities issued for the acquisition of Riverglide but was not associated with Credo at the time of the acquisition.

CREDO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011

8 EVENTS AFTER THE END OF THE REPORTING PERIOD

On the 22 February 2012 6,000,000 Deferred Consideration Shares were issued to the vendors of the Riverglide Investments Pty Ltd pursuant to the share sale agreement on the execution of two more permits in Burkina Faso.

The Company has embarked on a capital raising through the issue of up to 20 million shares at an issue price of \$0.10 per share to raise up to \$2.0 million before costs. The issue will take place in two tranches. The first tranche of 5,584,875 shares has been placed. The second tranche for the balance is subject to shareholder approval with a meeting to be held on 3 April 2012.

Other than the above there have been no material items, transactions or events subsequent to 31 December 2011 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

To the best of the Directors' knowledge and belief there have been no material items, transactions or events to 31 December 2011 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

9 Contingent Liabilities

Since the last annual reporting date there has been no material change to any contingent liabilities or contingent assets.

CREDO RESOURCES LIMITED

Directors' Declaration

1. The financial statements and notes, as set out on pages 6 to 14, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2011 and of the performance for the half year ended on that date of the consolidated group;

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

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



Robert Kirtlan
Director

Dated 12 March 2012

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Credo Resources Limited, which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Credo Resources Limited (the consolidated entity). The consolidated entity comprises both Credo Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Credo Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Credo Resources Limited on 12 March 2012.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 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
12 March 2012