

CREDO RESOURCES LIMITED
ACN 145 040 857
SUPPLEMENTARY PROSPECTUS

Section 1 Important Information

This is a Supplementary Prospectus that should be read in conjunction with the prospectus dated 1 February 2011 (**Original Prospectus**) issued by Credo Resources Limited ACN 145 040 857. This Supplementary Prospectus is dated 25 March 2011. A copy of this Supplementary Prospectus was lodged with ASIC and ASX on 25 March 2011. ASIC and ASX do not take any responsibility for the contents of this Supplementary Prospectus.

Section 2 Supplementary Information

Performance Shares

As part of the Company's listing process, the ASX has indicated a supplementary prospectus should be lodged disclosing the terms of the performance shares to be issued on acquisition of several of the Projects.

Section 7 of the Original Prospectus contained a summary of material contracts to which the Company is a party. Three contracts, namely the Sale and Purchase Agreements for the Boomerang Dam Project and Fair Adelaide Project together with the Option Agreement for the Dixie Project (**Key Contracts**), contain terms whereby the Company is required to issue performance shares which convert to ordinary fully paid shares in the capital of the Company (**Shares**) upon achieving specific performance milestones (**Performance Shares**).

The terms and conditions listed below apply to the Performance Shares being issued by the Company and are to be read in conjunction with the details of the Key Contracts contained in Section 7 of the Original Prospectus:

The Terms & Conditions of the Performance Shares

1. Dividend

Performance Shareholders are not entitled to a dividend.

2. Conversion

The Performance Shares will convert into Shares in accordance with this clause 2.

(a) Conversion of Performance Shares

Subject to clause 2(c), each Performance Share will convert into one Share upon the satisfaction, prior to the date 5 years from issue (**Expiry Date**), of the Performance Milestone.

(b) Conversion after Expiry Date

Subject to clause 2(c), if the Performance Milestone is not met by 5.00pm (Perth time) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Performance Shares on issue into one Share.

(c) Takeover Provisions

If the conversion of Performance Shares (or part thereof) under clause 2(a) would result in any person being in contravention of Section 606(1) then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of Section 606(1).

The Performance Shareholders shall give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under clause 2(a) may result in the contravention of Section 606(1) failing which the Company shall assume that the conversion of Performance Shares (or part thereof) under clause 2(a) will not result in any person being in contravention of Section 606(1).

The Company will (but is not obliged to) by written notice request the Performance Shareholders to give notification to the Company in writing within seven (7) days if they consider that the conversion of Performance Shares (or part thereof) under clause 2(a) may result in the contravention of Section 606(1). If the Performance Shareholders do not give notification to the Company within seven (7) days that they consider the conversion of Performance Shares (or part thereof) under clause 2(a) may result in the contravention of Section 606(1) then the Company shall assume that the conversion of Performance Shares (or part thereof) under clause 2(a) will not result in any person being in contravention of Section 606(1).

(d) After Conversion

The Shares issued on conversion of any Performance Share will as and from 5.00pm (WST) on the date of allotment rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares upon the date of conversion. Shares issued on conversion of the Performance Shares must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Performance Shares are freely tradeable, without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.

3. Issue of Shares for No Consideration

The Company shall allot and issue Shares immediately upon conversion of the Performance Shares for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.

4. Reconstruction

In the event of any reconstruction, consolidation or division into (respectively) a lesser or greater number of securities of the Shares, the Performance Shares shall be reconstructed, consolidated or divided in the same proportion as the Shares are reconstructed, consolidated or divided and, in any event, in a manner which will not result in any additional benefits being conferred on the Performance Shareholders which are not conferred on the Shareholders.

5. Winding Up

If the Company is wound up prior to conversion of all of the Performance Shares into Shares then the Performance Shareholders will have no right to participate in surplus assets or profits of the Company on winding up.

6. Non-transferable

The Performance Shares are not transferable.

7. Copies of Notices and Reports

The Performance Shareholders (in that capacity) shall have no right to receive notices, reports and audited accounts and to attend general meetings of the Company.

8. Voting Rights

The Performance Shareholders shall have no right to vote, subject to the Corporations Act.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares.

10. Quotation

The Performance Shares are unquoted. No application for quotation of the Performance Shares will be made by the Company

Whilst the terms and conditions of the Performance Shares are consistent between the contracts, the performance milestones vary as follows:

1. Sale and Purchase Agreement – Boomerang Dam Project

Performance Milestone

Performance Milestone means Ora Banda successfully defining a JORC Code compliant Indicated Mineral Resources of not less than 250,000 ounces of gold in respect to any or all of the Boomerang Dam Tenements (which must be prepared or reviewed, confirmed and signed off by an independent consultant with appropriate experience appointed by Ora Banda).

2. Sale and Purchase Agreement – Fair Adelaide Project

Performance Milestone

Performance Milestone means Ora Banda successfully defining a JORC Code compliant Indicated Mineral Resources of not less than 250,000 ounces of gold in respect to any or all of the Fair Adelaide Tenements (which must be prepared or reviewed, confirmed and signed off by an independent consultant with appropriate experience appointed by the Company).

3. Option Agreement – Dixie Project

Performance Milestone

Performance Milestone means the Company successfully defining a JORC Code compliant Indicated Mineral Resources of not less than 250,000 ounces of gold in respect to the Dixie Tenement (which must be prepared or reviewed, confirmed and signed off by an independent consultant with appropriate experience appointed by the Company).

Section 3 General

All other information contained in the Original Prospectus remains unchanged. Words and phrases as defined in the Original Prospectus have a corresponding meaning in this Supplementary Prospectus.

Section 4 Applications for Securities

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed for Securities under the Original Prospectus.

Section 5 Directors' Consents and Authorisations

Each Director of Credo Resources Limited has given and has not, at the date of this Supplementary Prospectus, withdrawn his written consent to the lodgement with the ASIC of this Supplementary Prospectus.

This Supplementary Prospectus is signed for and on behalf of Credo Resources Limited by:

A handwritten signature in black ink, appearing to read 'Ian Hobson', written in a cursive style.

Ian Hobson
Director

Dated: 25 March 2011

This document is important and should be read in its entirety and in conjunction with the Original Prospectus. If you do not understand its contents, you should consult your professional adviser without delay.