Titleholder: Universal Splendour Investment

Operator: Predictive Discovery Limited

Titles/Tenements: EL 27426

Annual Report

Tenement Manager/Agent: AMETS

Corporate author: Predictive Discovery Limited

Target Commodities: uranium and gold

Date of report: 23rd December 2011

Datum/Zone: GDA94/MGA53

250 000 Map sheet: Calvert Hills

100 000 Map sheets: Coanjula, Nicholson River

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SYNOPSIS

Predictive Discovery Limited (**PD**) has explored EL 27426 for uranium and gold mineralisation based on strong similarities in the geological setting there with that of the large Westmorland uranium field in North West Queensland.

PD signed a farm-in agreement with Universal Splendour Investments Pty Ltd on 4th February 2011 under which it is entitled to the right to earn a 75% interest in the EL by expenditure of $400,000. PD can earn up to 75% in a discovery of U, Cu, Au or rare earths.

Exploration until November 2011 has consisted of geophysical data analysis, gravity survey and interpretation, numerical modelling with Predictore™, target selection and reverse circulation drilling and assay.

A total of 5 holes were drilled and 10 samples consisting of 5 metre composite RC chips were assayed. All drilled samples were measured for radioactivity. No anomalous mineralisation was detected in any of the drilling.

TENURE

EL27426 consists of 38 sub blocks and was granted to Universal Splendour Investments Pty Ltd on the 23/12/2009 for a period of 6 years. EL27426 covers 99.35 sq. km. Tenement location is shown in Figure 1 below.

INTRODUCTION

The area of interest is situated in a remote outback location with difficult, seasonal, vehicular access and large distances from service centres.

Location and Access

The tenement is situated In the Northern Territory on Benmara Station, a 400+ km^2 pastoral property at the north eastern end of the Barkly Plateau. Access to the homestead is provided from Calvert Road via formed gravel road. The closest fuel and food supplies are over 300km from Benmara. Access within the EL is afforded by station tracks and cleared fence lines.

Physiography Climate and Vegetation

The tenement is part of the Gulf falls and uplands bioregion comprising undulating terrain with scattered low, steep hills of Proterozoic rocks. The soils are mainly skeletal and shallow sands. Generally the area comprises open flat plain, laterite upland plains with isolated low-moderate relief hilly areas dominated by open woodland. Grevillea and Acacia scrub with Spinifex predominate on sandy uplands. Ephemeral gullies drain the prospect areas and flow into Dinner Creek and Snake Creek. The licence area is dominated by open woodland on Tenosols.

The climate is sub tropical, with wet summers and warm dry winters. Heavy rainfall during the summer months can cause substantial access problems, with vehicular access into the principal areas of interest impossible between December and March and sometimes for several months before, and or after that period.

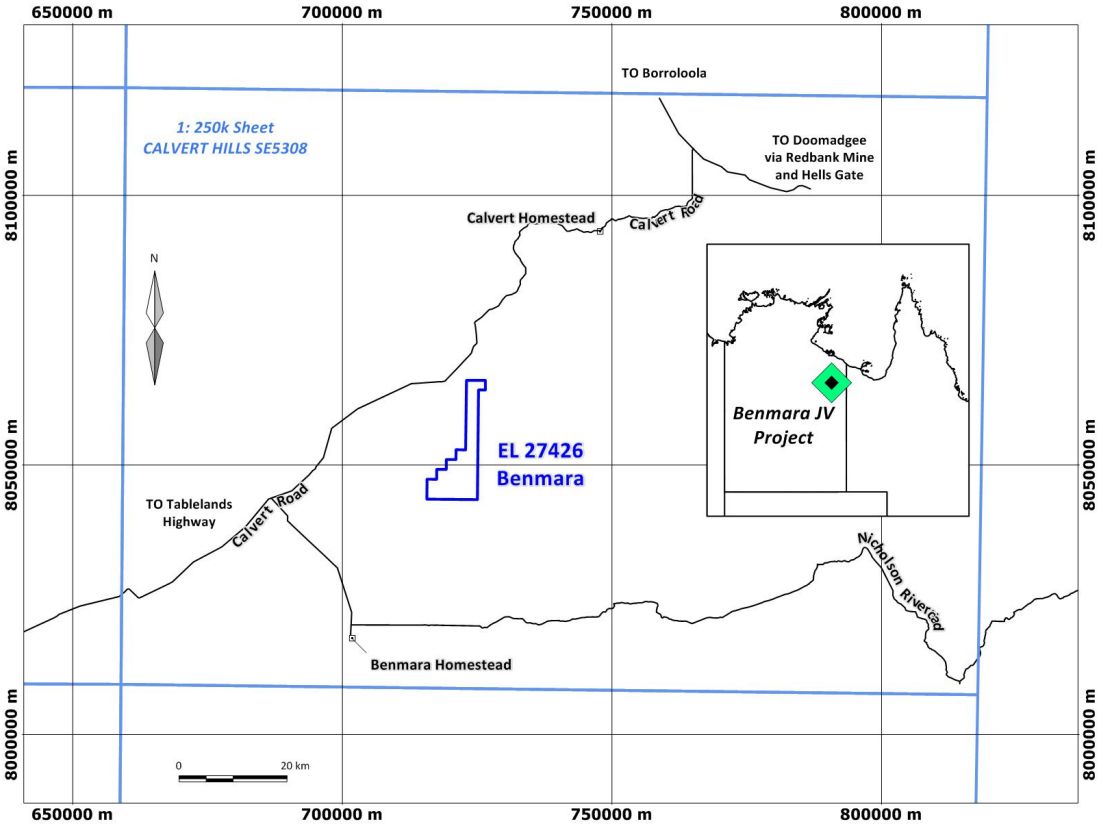

Figure 1 EL27426 - Locality Plan. GDA94 – MGA53

GEOLOGICAL SETTING

The Benmara area is underlain by rocks of the McArthur Basin resting unconformably on granites and metamorphic rocks of the Murphy Inlier. Within EL27426, much of the Proterozoic stratigraphy is overlain by Cretaceous and Cambrian fluvial sediments, respectively the Bukalara Sandstone and Mullaman Beds.

Mapped faults in the Murphy Inlier generally strike west to north-west (Figure 2), however the majority of the McArthur Basin sediments are concealed under cover and therefore structure in those rocks can only be inferred from regional geophysical data.

The Seigal Volcanics do not outcrop in the immediate area, however are inferred underneath Cambrian and Recent cover on the basis of a characteristically rugged character in first vertical derivative magnetics which can be observed in areas where they do outcrop and their stratigraphic relationship with the Westmoreland Conglomerate, which does outcrop in the area.

Faults generally exhibit WNW and NW strikes with the latter offsetting the former.

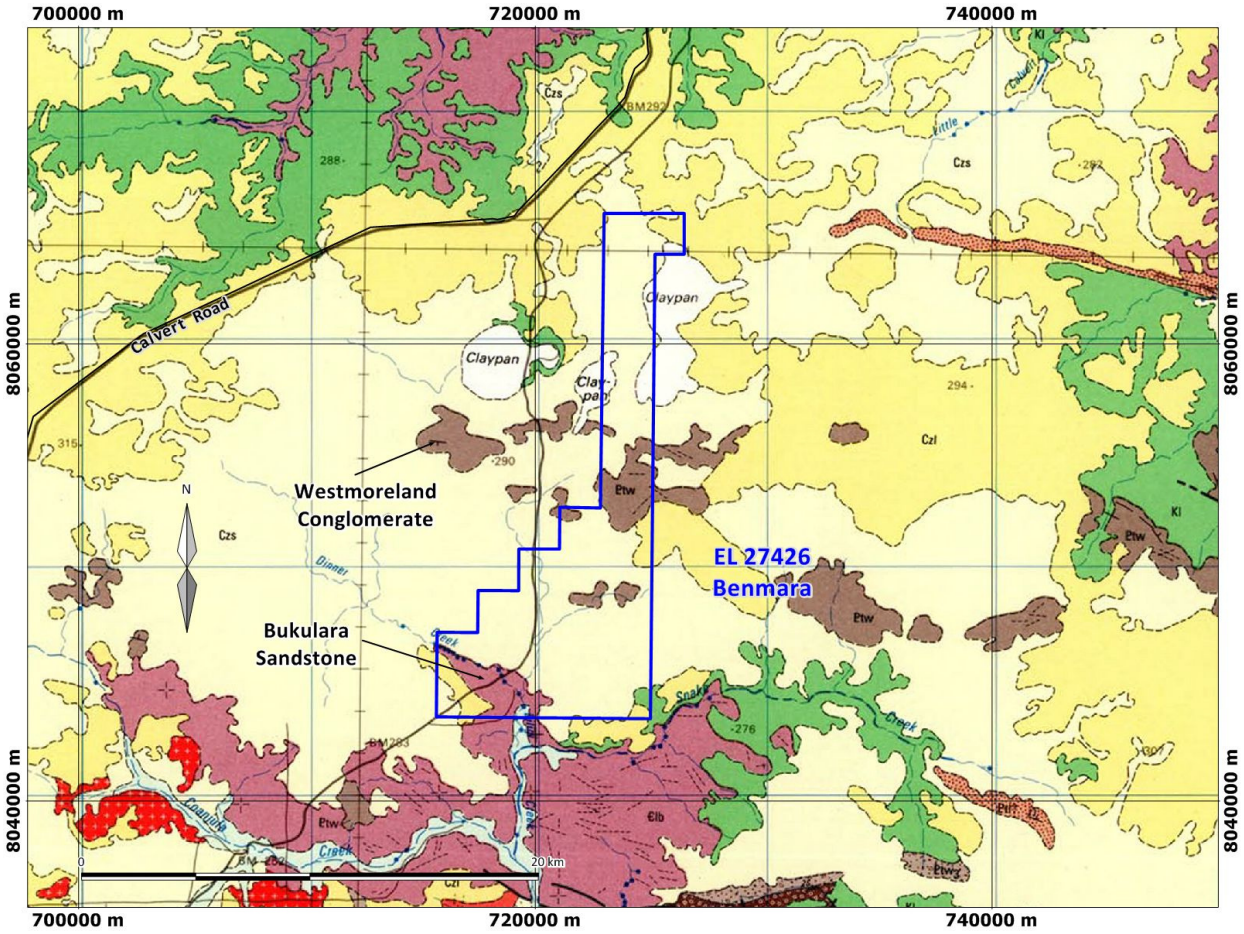

Figure 2 Geology of EL27426 from Calvert Hills 1:250,000 Geology Map

PREVIOUS EXPLORATION

Historic Exploration

Past exploration has been firmly focused on diamond and base metal work despite its proximity and geological similarity to good uranium deposits. Initial uranium exploration was documented in 1953, however little work has been undertaken since the late 50's, early 60's. Stockdale, Normandy, Rio and Ashton carried out the majority of exploration within the area post 1980. A list of previous exploration Company Reports has been provided as Appendix 2.

Uranium exploration over the Project area has been minimal. Major exploration or mining company work activity during the early to mid 1970s included airborne and ground magnetic/radiometric surveys, water bore and rock sampling.

NEW EXPLORATION – 2011 Predictive Discovery Ltd

Predictive Discovery Ltd - 2011

Work completed in 2011 was focused on obtaining the required information in order to plan drilling for concealed Westmoreland-style targets beneath Cambrian and Recent cover in the northern half of the EL. The work consisted of the following:

- Target identification based on processed aeromagnetics of adjoining tenement EL24645 comprising the remainder of the Benmara Project.

- Ground gravity survey on one selected target area. It was designed to provide a data set to enable construction of representative 3D models of the geology in the target area. The ground gravity survey was conducted by Haines Surveys Pty Ltd, based in South Australia.

- Reverse circulation drilling of 323 metres in 5 vertical holes and assay of 10 x 5 metre composite samples.

Target Identification

According to the ore formation model which PD is following in its exploration at Benmara (e.g. Wall, 2006), the best targets are those in which reduced iron-bearing lithologies (i.e. those containing Fe2+ minerals) are likely to have been in contact with uranium-bearing oxidized fluids which circulated either through the Westmoreland Conglomerate or along permeable structures.
The primary target is Westmoreland-style (that is mineralisation formed in the Westmoreland Conglomerate in close proximity to contacts with either the Seigal Volcanics or dolerite dykes). Potential also exists for "classic" unconformity-style uranium mineralisation along the Westmoreland Conglomerate-Murphy Inlier contact.

Analysis of the aeromagnetic data including interpretation of the likely subsurface geology has highlighted one important target area. A number of linear features, interpreted as structural dislocations, are apparent in the magnetic images and these were used to determine areas of interest for more detailed evaluation

Ground Gravity Survey

A total of 169 stations were collected during October 2011 in an area designated Block 9. The gravity survey produced results that were broadly similar with the magnetics, suggesting that a large dense mass of oxidised dolerite or mafic volcanics is not likely to be present - contrary to the earlier expectations.

The gravity stations displayed on Figure 4, were on several lines, widely separated and the data was not considered adequate for gridding, however some profiles were generated and are included here as Appendix A in the Greenfield Geophysics report describing the results, submitted with this report as Appendix 1.

The located gravity survey data in ASEG GDF2 format is included with this report.

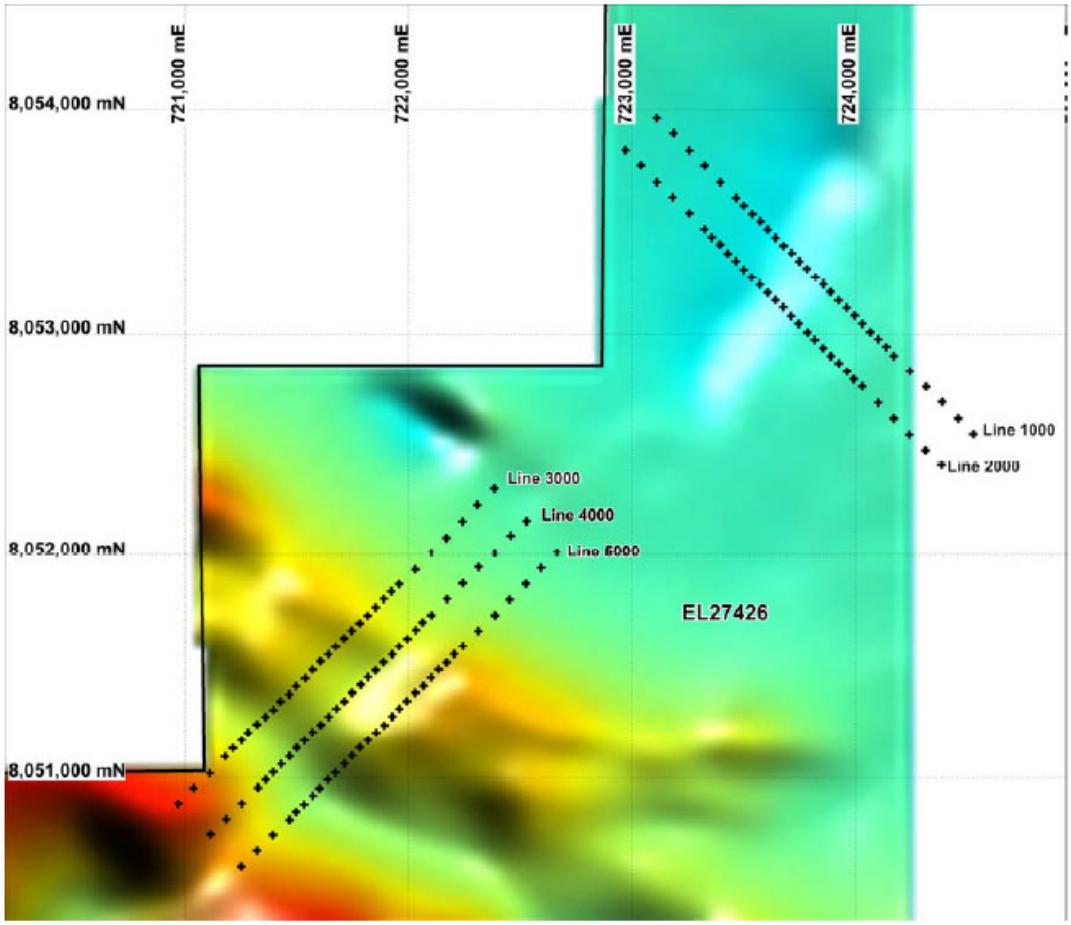

Figure 3 Block 9, Gravity Station locations

Geophysical Inversion Modeling

An extensive modelling exercise was undertaken by Antoinette Stryk and Peter Betts of PGN Geoscience. In addition to the modelling undertaken by PGM, Greenfields Geophysics also attempted to generate 2D models on specific flight lines to estimate depth to magnetic basement as a guide for drilling. Since modelling was only attempting to estimate depth to basement, the models used measured TMI profiles (and the first vertical derivative of TMI) only, while recognising that remanence would probably distort the apparent dip and susceptibility.

The TMI image surrounding Block 9 shows two sub parallel bands of magnetic highs trending WNW – ESE and dislocated by apparent faulting and possible demagnetising alteration in the immediate area of interest. These dislocations make magnetic modelling difficult and prone to errors, particularly since the most useful models are 2D. Consequently it was decided to try to develop 2D models for these same features further west, away from these dislocations, where the 2D approximation seems more reasonable.

The flight line chosen for modelling (Line 301061) extends beyond the boundary of EL27426, into the adjacent EL24645, and data from both tenements was used to develop 2D models. Although the models are centred a significant distance west of the main area of interest as shown in Figure 5, it was considered that the depth to magnetic source could be extrapolated to guide drilling in Block 9.

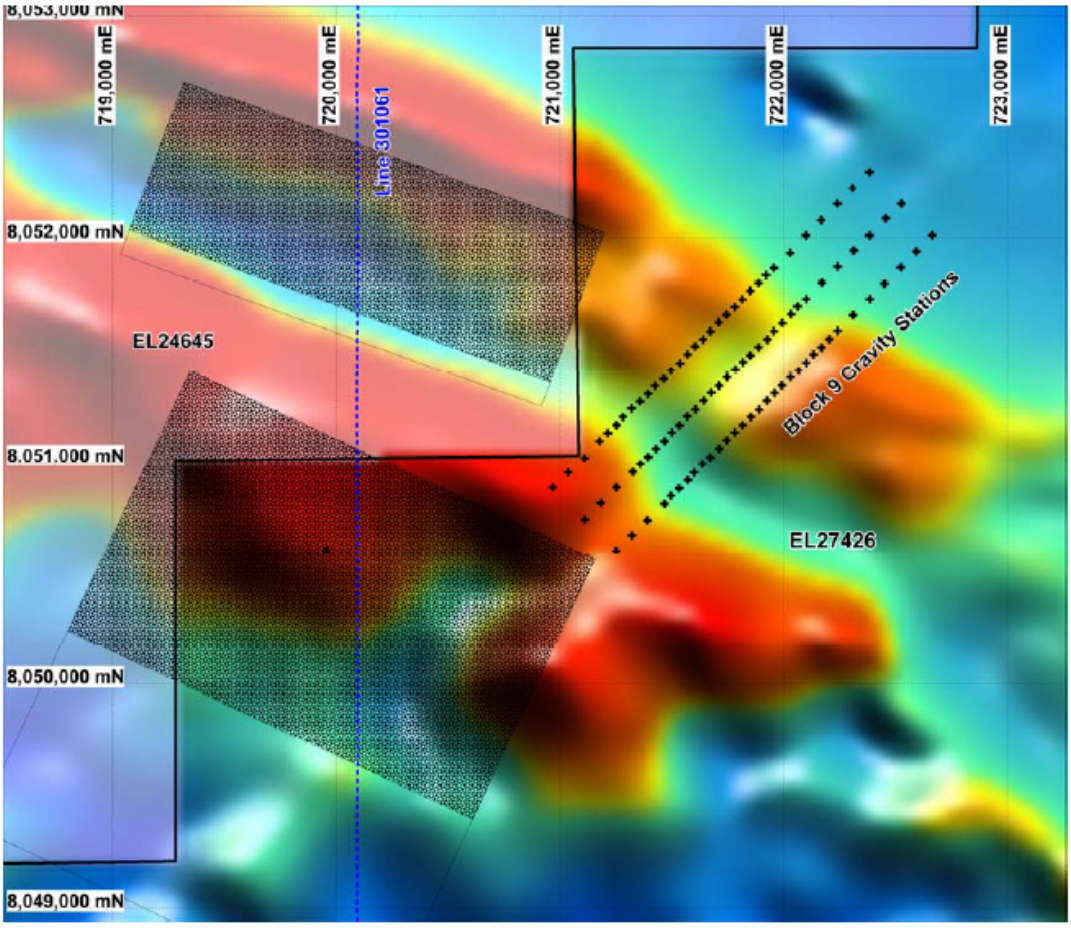

Figure 4 Block 9 Gravity Station locations

AAPA Survey

An AAPA survey was conducted in June 2011 to identify any sacred sites in the areas where drilling was planned. No additional sites were recognised and clearance was reached.

Drilling

Drilling was contracted to Mount Isa based Tom Browne Drilling Services that provided a track mounted multi-purpose rig with 6 metre RC rods, 140 mm (5 1/2 inch) hammer bit and RC depth capability of approximately 150m. Drilling took place in October 2011. There were 323 RC percussion metres drilled in 5 holes.

The 5 RC holes were drilled to test the depth of the Bukalara Formation, and identify the position of an interpreted Westmoreland / Seigel Volcanics faulted contact. All the holes terminated in Seigel Volcanics. The planned deeper RC/diamond hole to test the Westmoreland near the possible fault was not considered justified.

The late start in the year meant that the traditional "build up" weather had begun. Very hot days with rising humidity building to afternoon thunder storms. The effects of the storms ranged from rain and wind affected camp and boggy tracks to downtime waiting for storms to pass and finally bogged equipment during demobilisation.

Site Preparation

Access tracks were improved and extended and drilling pads were cleared with sumps excavated at two of the collar locations. This work was carried out by a Katherine based grading contractor, John Mora using his grader in combination with a D4 dozer on hire from Benmara Station. Sudden adjustments to the anticipated collar positions based on shallower target depths ensuing from the results of the pilot holes necessitated rapid installation of extra pads. Collar locations were installed and measured using a hand held GPS.

Reverse Circulation Percussion

Details of the RC drillholes are listed in Table 1 below. Good sample recovery and size was delivered for the majority of drilling with only a few samples lost due to excessive water. Collar locations are shown in the following Figure 5. No sections were produced for this drilling as the disappointing assay results provide no basis for continuing work. Drillhole logs are included with this report in GGIC tab delimited ASCII format.

HOLE	EAST_GDA94	NORTH_GDA94	DEPTH	AZIMUTH (mag)	Dip
B4RC1	722050	8051360	77	Vertical	90
B4RC2	722050	8051435	66	Vertical	90
B4RC3	722050	8051510	60	Vertical	90
B4RC4	722050	8051600	54	Vertical	90
B4RC5	722050	8051700	66	Vertical	90

Table 1 Benmara Percussion RC drillhole locations.

Site Rehabilitation

Drillhole site rehabilitation consisted of cutting PVC collars below ground level and insertion of an oversize tapered concrete plug which was then covered with mounded earth. Drilled samples are dozed into the dried out sumps and then covered over with the preserved material excavated from the sump during preparation. Finally the area is returned to natural surface contour and compacted areas ripped by dozer.

Sampling

Due to the expectation that a large amount of the drilling would be through potentially barren rocks in order to reach target zones, RC samples were collected in buckets and laid out in rows of piles. A supply of large plastic bags was provided in the event that any of the percussion samples warranted collection for future use. Additionally, approximately 300 grams was collected from each RC metre in zip-lock plastic bags as a reference sample stored at site and each metre was sieved and collected into plastic chip trays. Each sample was examined using the Exploranium GR-135G gamma spectrometer in survey mode and later in assay mode with results recorded and included with drillhole data files.

As an added precaution against inaccuracy in the radiometric scanning and to provide analyses for gold and a larger suite of elements, samples were collected from RC metre piles by spear into 5 metre composites. Sampling was carried out across sediment mafic contacts.

Assay

A total of 10 Samples were delivered to ALS Laboratories in Mount Isa for preparation (crushing and pulverising to 75 micron) and analysis. Multi-element method ME-MS41 by aqua regia digest and ICP-MS and ICP-AES analysis for 51 elements was used. A full list of elements and units is shown below. Assay results are included in GGIC tab delimited ASCII format with this report.

Ag	Al	As	Au	B	Ba	Be	Bi	Ca	Cd	Ce
ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm
Co	Cr	Cs	Cu	Fe	Ga	Ge	Hf	Hg	In	K
ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	%
La	Li	Mg	Mn	Mo	Na	Nb	Ni	P	Pb	Rb
ppm	ppm	%	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm
Re	S	Sb	Sc	Se	Sn	Sr	Ta	Te	Th	Ti
ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%
Tl	U	V	W	Y	Zn	Zr				
ppm	ppm	ppm	ppm	ppm	ppm	ppm				

Table 2 Analytical Method – ALS Labs (ME-MS41) – List of elements

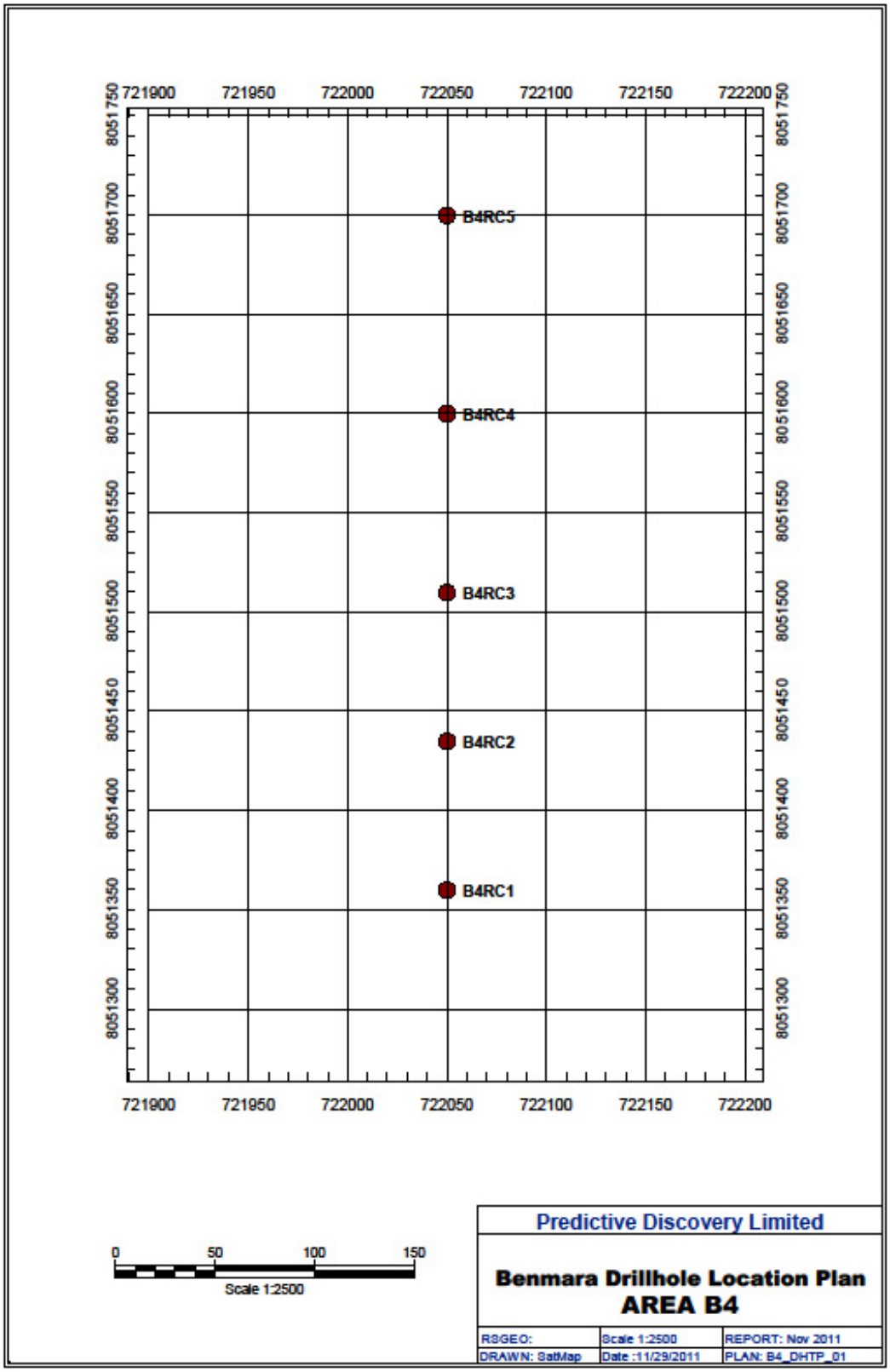

Figure 5 Benmara EL27426 Drillhole Collar Locations

CONCLUSION

No anomalous uranium or gold was detected. No anomalous radioactivity was detected during the campaign. Further study of the airborne radiometric and aeromagnetic data is required to establish drilling targets.

REFERENCES

Ahmad, M and Wygralak, A S, 1989: Geological map: 1: 250,000 Sheet (SE53-08 Calvert Hills)

Lally, J H and Bajwah, Z U, 2006: Uranium Deposits of the Northern Territory. ***Northern Territory Geological Survey, Report 20, 87p.***

Wall V J, 2006: Unconformity-related uranium systems: Downunder and over the top. ***ASEG Extended Abstracts 2006, 1–12.***

Exploration Expenditure

Exclusive of tenement rentals and tenement management fees, expenditure on the EL during the year has been $107,032, broken up as follows:

Cost category	$
Geophysics, geophysical processing and interpretation	17,684
RC Drilling, site preparation, geochemical analysis	84,794
Community relations/AAPA survey	4554
TOTAL:	**$107,032**