



ACN 149 637 016

**INTERIM REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2011**

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CORPORATE DIRECTORY

Directors	Michael Ashforth Chairman Brendan Cummins Non-Executive Director Evan Cranston Non-Executive Director
Company Secretary	Ian Gregory
Principal Place of Business and Registered Office	Suite 23, 513 Hay Street, Subiaco WA 6008 Phone: +61 8 6143 1869 Fax: +61 8 9388 8824 Email: admin@cradleresources.com.au
Solicitors	Hardy Bowen Lawyers Level 1, 28 Ord Street, West Perth WA 6005
Auditors	Ernst & Young 11 Mounts Bay Road, Perth WA 6000
Accountants	Acute Business Services Level 2, 15 Labouchere Road, South Perth WA 6151
Stock Exchange	Australian Securities Exchange Limited ASX Code : CXX / CXXO
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway, Applecross WA 6153 Phone: +61 8 9315 2333 Fax: +61 8 9315 2233
Internet Address	www.cradleresources.com.au

DIRECTORS' REPORT

The Board of Directors of Cradle Resources Limited ("Cradle" or "the Company") has pleasure in presenting its report on the Company for the half-year ended 31 December 2011

1. Directors and Company Secretary

The names of the directors and company secretary in office at any time during or since the end of the report period are:

Brendan Cummins	Non-Executive Director	(02/03/2011 – Current)
Evan Cranston	Non-Executive Director	(28/06/2011 – Current)
Bernado Da Veiga	Company Secretary	(02/03/2011 – 01/07/2011)
Bernado Da Veiga	Director	(02/03/2011 – 26/07/2011)
Ian Gregory	Company Secretary	(01/07/2011 – Current)
Michael Ashforth	Chairman	(26/07/2011 – Current)

2. Financial Position

The net assets of the Company have increased from \$206,923 as at 30 June 2011 to \$2,403,846 as at 31 December 2011. This increase is largely due to an increase in cash as a result of the issue of ordinary shares.

The Directors believe the Company is in a position to expand and grow its current operations.

3. Financial Results

The net loss of the Company after income tax for the financial period amounted to \$263,785.

The Company has not reached a stage in its development where it is generating an operating profit. All of the Company's efforts go into project exploration and development.

At the end of the financial period the Company had cash on hand of \$2,147,833. The Company raised funds of \$2,400,000 less costs of \$139,292 from the issue of equity in the current period. More information of the operating result, financial position and cash flow movements are included in the Financial Statements.

4. Dividends

No dividend has been declared or paid by the Company since the start of the financial period and the directors do not at present recommend a dividend.

5. Review of Operations

During the period, the Company undertook the following activities:

- On the 1st of July 2011, Bernardo da Veiga resigned as Company Secretary. Ian Gregory was appointed as Company Secretary on the same day.
- On the 4th of July 2011, the Company entered into an employment contract with Chief Executive Officer Patrick Walta.
- On the 26th of July 2011, Bernardo da Veiga resigned as Non-Executive Director. Michael Ashforth was appointed as Non-Executive Chairman on the same day.
- On the 9th of September, the Company exercised its option agreements to acquire both the Wyloo and Booyeema tenements through the issuance of 1,000,000 ordinary shares at \$0.20 and a total cash consideration of \$40,000.
- On the 12th of September, the Company completed the raising of \$2,400,000 through the issuance of 12,000,000 ordinary shares at \$0.20 per share as part of an Initial Public Offer.
- On the 16th of September 2011, the Company successfully listed on the Australian Securities Exchange.
- On the 11th of November 2011, the Company relinquished 50% of its Booyeema tenement in accordance with compulsory surrender requirements of the exploration licence (50% relinquishment on the 4th anniversary of licence commencement).
- On the 19th of December 2011, the Company announced a non-renounceable pro-rata offer of listed options. The offer was based on the issue of 1 option for every 2 shares held at an issue price of \$0.01 per option.
- During the September to December quarter of 2011, the Company completed initial exploration campaigns at both its Wyloo and Booyeema tenements in the Pilbara.

6. Events occurring after the reporting date

There were no significant changes in the state of affairs of the Company other than the following:

- A Non-renounceable offer of Listed Options dated 19th December 2011 resulted in 13,750,000 Listed Options being issued on 25th January 2012. The Options were issued at \$0.01 with an exercise price of \$0.20 and an expiry date of 24th January 2015, raising \$137,500 in cash before costs.
- The Title of Tenement E08/2142 was lodged with the Department of Mines & Petroleum on the 25th February 2012. Cradle had previously exercised the option agreement to take control of the tenement on the 9th September 2011, however the transfer of title could only occur after the previous owner, Ilmenite Resources Pty Ltd, had held the tenement for over one year.

7. Auditors' Independence Declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.



Auditor's Independence Declaration to the Directors of Cradle Resources Limited

In relation to our review of the financial report of Cradle Resources Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
13 March 2012

Signed in accordance with a resolution of directors.



Michael Ashforth
Chairman

Signed at Perth this 13/03/2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

	Notes	31 December 2011 \$
Revenue	3	36,759
Expenses		
Administration		36,067
Depreciation and amortisation expense	6	632
Professional fees		30,980
Business development expenses		1,648
Public and investor relations expenses		100
Exploration and evaluation expenditure		91,625
Employee benefits expense		139,492
Loss before income tax expense		<u>(263,785)</u>
Income tax benefit		-
Loss after income tax benefit for the period attributable to the owners of Cradle Resources Limited		<u>(263,785)</u>
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the owners of Cradle Resources Limited		<u><u>(263,785)</u></u>
Loss per share		
Basic earnings / (loss) per share (cents)		(1.18)
Diluted earnings / (loss) per share (cents)		(1.18)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Notes	31 December 2011 \$	30 June 2011 \$
Assets			
Current Assets			
Cash and cash equivalents	4	2,147,833	206,896
Trade and other receivables		12,262	2,343
Prepayments		6,006	11,946
Total current assets		<u>2,166,101</u>	<u>221,185</u>
Non Current Assets			
Exploration and evaluation	5	253,220	13,220
Property, plant and equipment	6	2,374	-
Prepayments		-	46
Total non-current assets		<u>255,594</u>	<u>13,266</u>
Total Assets		<u>2,421,695</u>	<u>234,451</u>
Liabilities			
Current Liabilities			
Trade and other payables		9,849	11,528
Accrued expenses	7	8,000	16,000
Total current liabilities		<u>17,849</u>	<u>27,528</u>
Total liabilities		<u>17,849</u>	<u>27,528</u>
Net Assets		<u>2,403,846</u>	<u>206,923</u>
Equity			
Issued Capital			
Contributed equity	8	2,695,288	234,580
Accumulated losses	9	(291,442)	(27,657)
Total Equity		<u>2,403,846</u>	<u>206,923</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance as at 30 June 2011	234,580	(27,657)	206,923
Other comprehensive income for the half-year, net of tax	-	-	-
Loss after income tax expense for the half-year	<u>-</u>	<u>(263,785)</u>	<u>(263,785)</u>
Total comprehensive loss for the half-year	-	(263,785)	(263,785)
Transactions with owners in their capacity as owners: Contributions of equity, net of transaction costs	<u>2,460,708</u>	<u>-</u>	<u>2,460,708</u>
Balance as at 31 December 2011	<u><u>2,695,288</u></u>	<u><u>(291,442)</u></u>	<u><u>2,403,846</u></u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Notes	31 December 2011 \$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)		(163,406)
Payments for exploration and evaluation		(152,810)
Interest received		36,759
Interest and other finance costs paid		(18)
		<hr/>
Net cash used in operating activities		(279,475)
Cash flows from investing activities		
Payments for exploration and evaluation		(40,000)
Payments for property, plant and equipment		(3,006)
		<hr/>
Net cash used in investing activities		(43,006)
Cash flows from financing activities		
Gross proceeds from issue of shares		2,400,000
Share issue costs		(136,582)
		<hr/>
Net cash from financing activities		2,263,418
Net increase/(decrease) in cash and cash equivalents		<hr/> 1,940,937
Cash and cash equivalents at the beginning of the financial half-year		206,896
Cash and cash equivalents at the end of the financial period	4	<hr/> <hr/> 2,147,833

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Corporate information

The interim financial statements of Cradle Resources Limited ("the Company") for the six months ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 12/03/2012.

Cradle Resources Limited is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Stock Exchange from 16 September 2011.

The nature of the operations and principal activities of the Company are mineral exploration and project development.

Note 2. Basis of preparation of half-year financial statements

Basis of preparation

Cradle Resources Limited was incorporated on the 2nd March 2011 and therefore no comparative information exists for the statement of comprehensive income, statement of changes in equity and statement of cashflows. The financial statements as at 30 June 2011 have been used as a comparative where appropriate.

The interim financial statements for the six months ended 31 December 2011 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2011.

New Standards, interpretations and amendments thereof, adopted by the Company

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2011.

The following standards have been applied for the first time from 1 July 2011:

Reference	Title	Application date of standard	Application date for Company
AASB 124 (Revised)	<p>The revised AASB 124 <i>Related Party Disclosures (December 2009)</i> simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</p> <p>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</p> <p>(c) The definition now identifies that, whenever a person or</p>	1 January 2011	1 July 2011

Reference	Title	Application date of standard	Application date for Company
	entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other		
AASB 2009-12	<p>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]</p> <p>Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.</p> <p>In particular, it amends AASB 8 <i>Operating Segments</i> to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.</p>	1 January 2011	1 July 2011
AASB 2010-4	<p>Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]</p> <p>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.</p> <p>Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p>	1 January 2011	1 July 2011
AASB 2010-5	<p>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]</p> <p>This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.</p> <p>These amendments have no major impact on the requirements of the amended pronouncements.</p>	1 January 2011	1 July 2011

New Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective, have not been early adopted by the company for the interim reporting period ended 31 December 2011. The Directors have not determined the impact that the adoption of the new Australian Accounting Standards and Interpretations in future periods will have on the financial performance of the Company.

Segment Reporting

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

The Company operates in a single operating segment, in one geographical location. The operations of the Company consist of mineral exploration within Australia.

Mineral Exploration and Evaluation Expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are 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 reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where 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.

No amortisation is charged during the exploration and evaluation phase. Amortisation is charged on commencement of commercial production. Exploration and evaluation assets are tested for impairment annually or when there is an indication of impairment, until commercially viable mineral resources are established. Upon establishment of commercially viable mineral resources exploration and evaluation assets are tested for impairment when there is an indicator of impairment. Subsequently the assets are stated at cost less impairment provision.

Note 3. Revenue

	31 December 2011
	\$
Interest	36,759
Total Revenue	36,759

Note 4. Current assets - cash and cash equivalents

For the purpose of the interim statement of cash flows, cash and cash equivalents are comprised of the following:

	31 December 2011	30 June 2011
	\$	\$
Cash at bank	127,833	206,896
Short term deposits	2,020,000	-
Total cash and cash equivalents	<u>2,147,833</u>	<u>206,896</u>

Note 5. Non-current assets - exploration and evaluation

	31 December 2011	30 June 2011
	\$	\$
Exploration and evaluation - at cost	<u>253,220</u>	<u>13,220</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. In September 2011 the Company exercised its option agreements to acquire both the Wyloo and Booyeema tenements through the issuance of 1,000,000 ordinary shares at \$0.20 and a total cash consideration of \$40,000.

Note 6. Non-current assets – Property, plant and equipment

	31 December 2011
	\$
Property, plant and equipment	<u>2,374</u>
Balance at 30 June 2011	0
Additions	3,006
Depreciation expense	<u>(632)</u>
Balance at 31 December 2011	<u><u>2,374</u></u>

Note 7. Current liabilities – accrued expenses

	31 December 2011	30 June 2011
	\$	\$
Audit Fees	8,000	16,000

Note 8. Equity – contributed

	31 December 2011
	\$
Ordinary shares - fully paid	2,695,288

Movements in ordinary share capital

Details	No of shares	Issue price	31 December 2011 \$
Balance at 30 June 2011	14,500,000		234,580
Share issue – 9 th September 2011	1,000,000	0.2	200,000
Share issue – 12 th September 2011	12,000,000	0.2	2,400,000
- Less cost relating to share issue	-		(139,292)
Balance at 31 December 2011	27,500,000		2,695,288

Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par values. Accordingly, the parent entity does not have authorised capital or par value in respect to its issued shares.

Options

At 31 December 2011 there were 10,250,000 options with an exercise price of \$0.20 and an expiry date of 31/05/2016. All options are subject to escrow for a period of 24 months from the date of quotation.

No options were exercised during the period.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Note 9. Equity - accumulated losses

	31 December 2011
	\$
Accumulated losses at 30 June 2011	(27,657)
Loss after income tax expense for the period	<u>(263,785)</u>
Accumulated losses at the end of the financial period	<u><u>(291,442)</u></u>

Note 10. Commitments and contingencies

Estimated commitments for which no liabilities were included in the financial statements are as follows:

Ongoing lease commitments

Not later than one year	\$12,000
Later than one year and not later than five years	-
Total minimum lease repayments	\$12,000

The lease commitment is for the lease of Cradle's registered offices in Subiaco, the contract was entered into on 1 July 2011.

Remuneration commitments

Not later than one year	\$296,697
Later than one year and not later than five years	-
Total remuneration commitments	\$296,697

On the date of listing on the ASX, 16th September 2011, the following contracts with the Cradle Resources Limited directors became effective:

Director	Date Contract Signed
Michael Ashforth	26 July 2011
Brendan Cummins	2 March 2011
Evan Cranston	28 June 2011

Exploration expenditure commitments

Not later than one year	52,500
Later than one year and not later than five years	20,000
Total exploration expenditure commitments	72,500

On 9th September 2011 the Company exercised its Option agreements with Helix Resources Limited for the purchase of Exploration Licence E47/1090 for consideration of 200,000 shares issued to the Vendor. The size of this Tenement was subsequently reduced by 50%. Ownership interest remained unchanged.

The Company exercised its Option agreement with Ilmenite Resources Pty Ltd on the 9th September 2011 for the purchase of Exploration License E08/2142 for consideration of 800,000 shares issued to the Vendor and a cash payment of \$40,000.

There are no contingent assets or liabilities.

Note 12. Related party transactions

Transactions with related parties

During the half year to 31 December 2011 Acute Business Services provided accounting and business services to the Company with the fees totalling \$22,500 plus GST. In a prior period Spencer Broad was a director of the Company and is currently a director of Acute Business Services.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Note 13. Events occurring after the reporting date

A Non-renounceable offer of Listed Options dated 19th December 2011 resulted in 13,750,000 Listed Options being issued on 25th January 2012. The Options were issued at \$0.01 with an exercise price of \$0.20 and an expiry date of 24th January 2015, raising \$137,500 in cash before costs.

The Title of Tenement E08/2142 was lodged with the Department of Mines & Petroleum on the 25th February 2012. Cradle had previously exercised the option agreement to take control of the tenement on the 9th September 2011, however the transfer of title could only occur after the previous owner, Ilmenite Resources Pty Ltd, had held the tenement for over one year.

DIRECTORS' DECLARATION

In accordance with the resolution of the Directors of Cradle Resources Limited, I state that:

In the opinion of the Directors:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134 *interim Financial Reporting* and the *Corporations Regulations 2001*
 - b. giving a true and fair view of the Company's financial position as at 31 December 2011 and performance.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Michael Ashforth
Chairman

Dated this 13th day of March 2012

INDEPENDENT REVIEW REPORT



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To the members of Cradle Resources Limited

Report on the Half-Year Financial Report

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

Directors' Responsibility for the Half-Year Financial Report

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

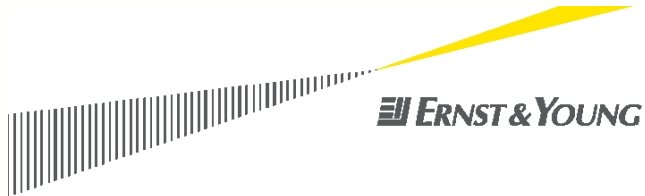
Auditor's Responsibility

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 Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 Cradle Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



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 Cradle 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 Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Gavin Buckingham
Partner
Perth
13 March 2012