

MARCH 2012 QUARTERLY REPORT

Highlights

- Magnetic and radiometric survey acquired for Wyloo
- Anomalous gold zones identified at Wyloo from desktop study
- Ongoing exploration program completed at Wyloo
- Application for government co-funded drilling submitted
- Listed option placement completed, fully subscribed

Cradle Resources Limited (CXX) is pleased to provide a quarterly report for the January to March period, 2012.

Exploration Activities

Wyloo Iron Ore & Gold Project

The Wyloo tenement package is approximately 150km west of Paraburdoo, straddling the geologic boundary between the Hamersley and Ashburton Basins. As Figure 7 (last page) shows, the tenement is located in an area which has seen successful exploration activity and delineation of both iron and gold resources in recent years.

The tenement hosts Marra Mamba Iron Formations of the emerging western Pilbara iron province, however work completed by previous explorers over the prospective geologic boundary has focused primarily on gold and base metals.

Initial iron exploration by Cradle has identified three distinct types of outcropping iron mineralisation. These units comprise:

- a) massive hematite associated with the Marra Mamba Iron Formation,
- b) goethite/limonite canga associated with the Marra Mamba Iron Formation, and
- c) hematite associated with conglomerate units of the Mt McGrath Formation.

In addition, the tenement hosts a number of historical gold workings targeting high grade shears associated with the Marra Mamba Iron Formation and historical surface geochemistry along the Hamersley/Ashburton Basins contact zone.

Fast Facts

ASX Code	CXX, CXXO
Issued Shares (CXX)	27.5M
Listed Options (CXXO)	13.75M
Unlisted Options	10.25M
Market Capitalisation	\$3.6M
Cash on Hand	\$2.13M

Directors & Management

Michael Ashforth:	Chairman
Evan Cranston:	Director
Brendan Cummins:	Director
Patrick Walta:	CEO

Company Highlights

- Tight capital structure
- Experienced Board
- Two Pilbara exploration projects
- Targeting:
 - African bulk commodity acquisitions
 - Pilbara asset expansion

Key Projects

- Wyloo Iron Ore & Gold Project – Pilbara
- Booyeema Base Metal Project – Pilbara

Iron Exploration

During the quarter, Cradle completed the acquisition and analysis of aerial magnetic survey data for the Wyloo tenement, producing a number of magnetic, radiometric and terrain images. The detailed survey data (50m line spacing) was flown by previous holders of the tenement to aid gold exploration.

Figure 1 highlights the magnetic features from the reduced to pole total magnetic intensity data for the Wyloo tenement. The magnetic highs are typically associated with the strongly magnetic southwest dipping banded iron formations.

As expected the aeromagnetic survey has been useful in understanding the continuity of the banded iron formations but also confirms the location of a number of N to NE-trending breaks in the stratigraphy.

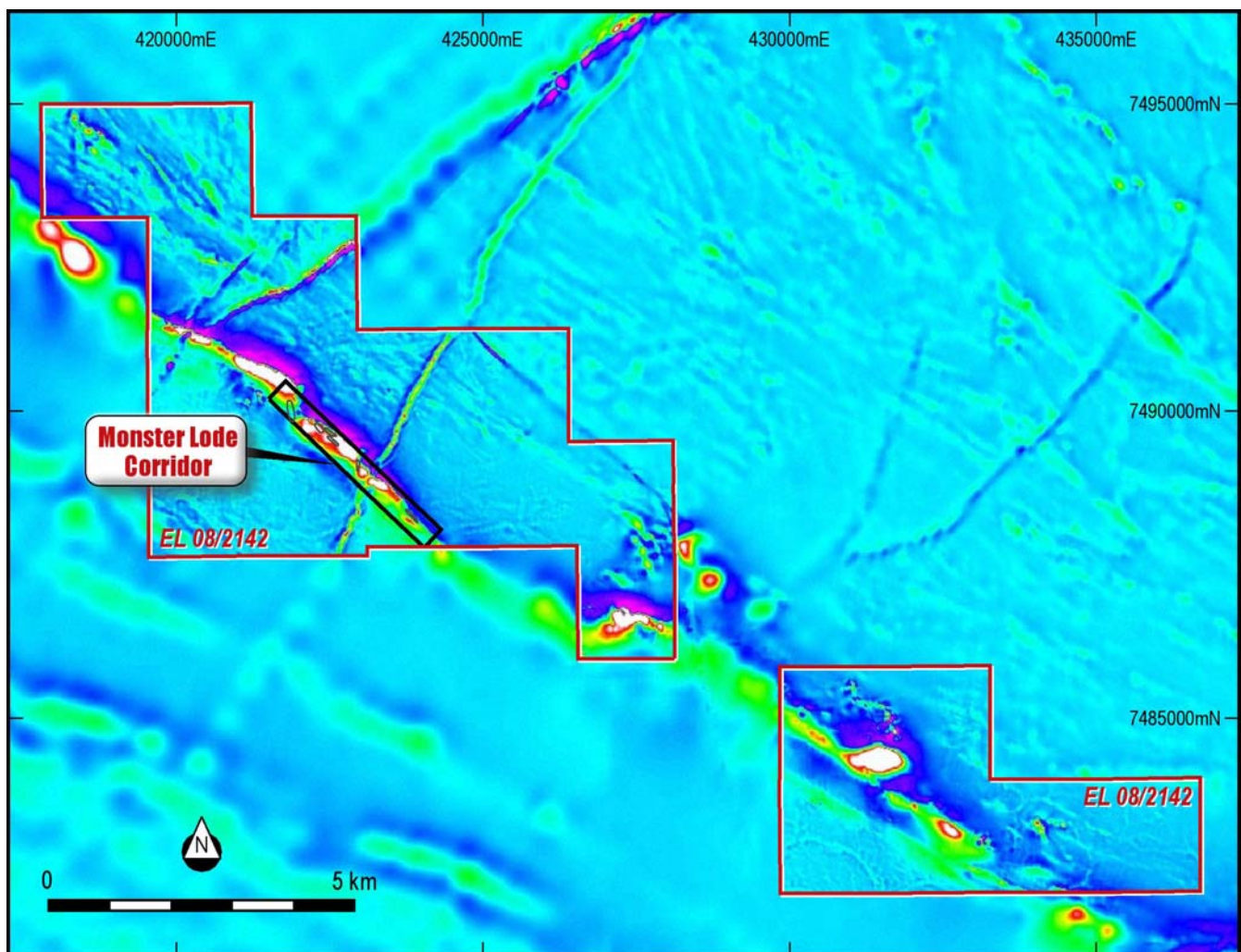


Figure 1: First vertical derivative of the reduced to pole (RTP) total magnetic intensity data for the Wyloo tenement

Gold Exploration

During the quarter, Cradle completed a desktop study comprising a review of the historical gold exploration conducted on the Wyloo tenement. The objective of the study was to identify target areas for follow up rock chip sampling and mapping.

Historical gold exploration at Wyloo initially centered on the Monster Lode prospect area (Figures 4, 5 and 6 overleaf). Mineralisation at the Monster Lode comprises a series of steeply plunging quartz ladder stockworks within a narrow shear zone associated with sulphides and anomalous arsenic. The prospect has been previously explored using a combination of soil and rock chip geochemistry and follow-up RC drilling. Surface rock chip samples suggest a strong nugget effect which has been confirmed with RC drilling yielding highly erratic results.

Re-evaluation of the historical rock chip data has helped delineate low level surface gold anomalies, extending in 3.5km x 0.4km along the Monster Lode Corridor to the south east tenement boundary. This area has been drill tested with 40 shallow RAB holes averaging 40m depth and 38 RC holes averaging 67m depth. Further analysis is required to understand the lithological and structural controls on this widespread gold anomalism.

Six target zones have been identified for follow up exploration. Figure 2 displays the historical rock chip data associated with each target zone (delineated Zone A to F) with summary statistics also presented in Table 1 (overleaf). The results of the selective historical rock chip assays are encouraging and indicate widespread gold mineralisation within the corridor with variably oriented higher grade zones. Further surface geochemistry will be completed in future programs.

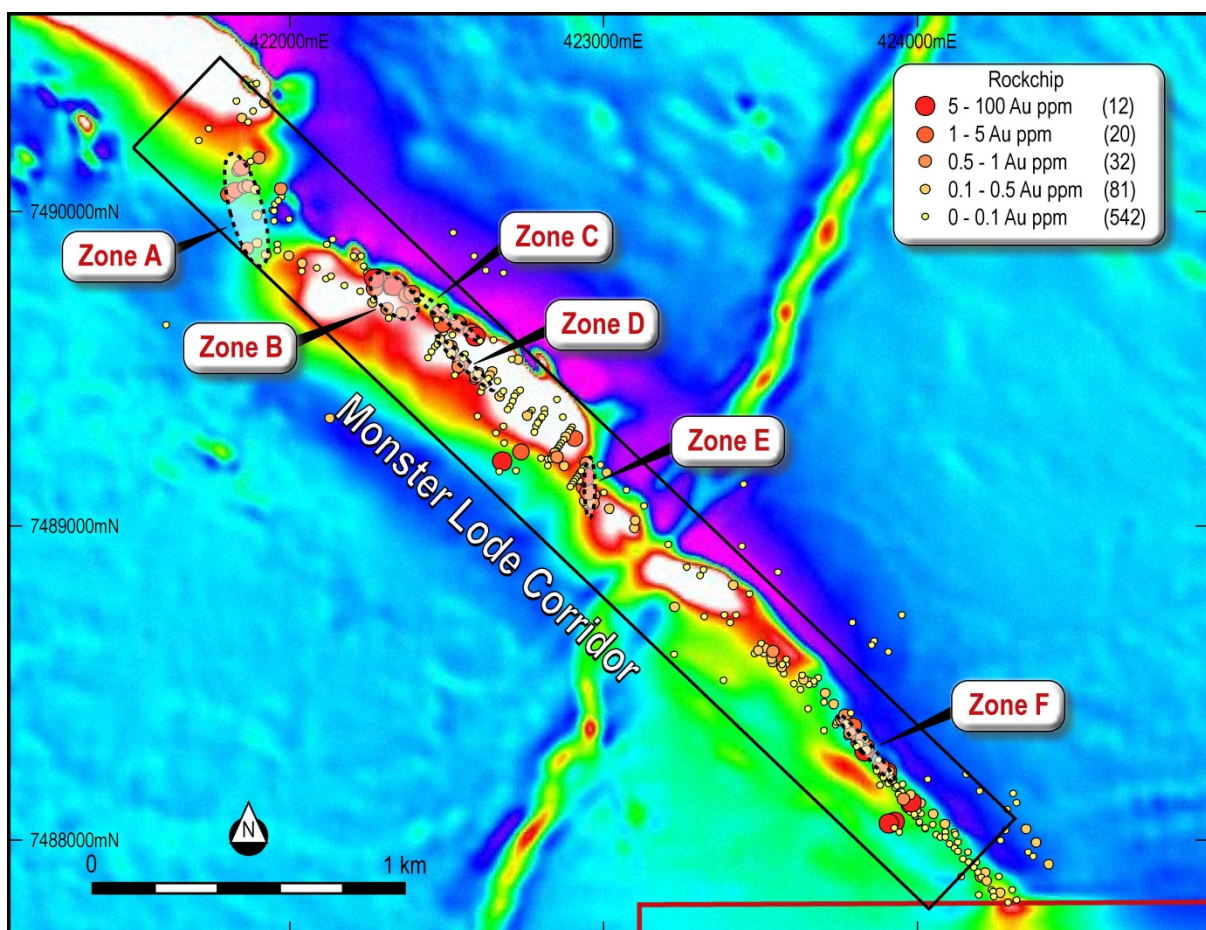


Figure 2: Monster Lode Corridor and target zones with historical rock chip samples over the first vertical derivative of the RTP magnetic intensity image

Table 1: Historical rock chip results of gold target zones at Wyloo

Area	Average (Au ppm)	Median (Au ppm)	Maximum (Au ppm)	Number	Length (m)	Width (m)
Zone A	0.92	0.65	3.57	12	350	100
Zone B	10.70	2.97	39.10	8	200	100
Zone C	2.01	1.54	6.32	8	270	30
Zone D	0.49	0.31	2.30	13	250	30
Zone E	1.27	0.81	6.02	10	190	40
Zone F	4.14	0.38	75.94	22	280	30
Entire Corridor Zone	0.97	0.04	75.94	326	3500	400

Within the Monster Lode Corridor the study also revealed a number of other prospects with coincident gold and arsenic anomalies hosted in strongly ferruginous quartz breccias zones within sediments of the Ashburton Formation (see Figure 3). This style of mineralisation is similar to that of the Northern Star Resources (ASX: NST) Mt Olympus gold deposit (8.2Mt @ 2.6g/t Au) situated to the south east of Paraburdoo, also hosted in Ashburton Formation sediments.



Figure 3: Ferruginous quartz breccias outcrop



Figure 4: Shear hosted quartz stockwork at the Monster Lode with historic workings in red boxes



Figures 5 & 6: Quartz stockwork and historic workings

Cradle recently completed a field trip to Wyloo to follow up on the gold and additional iron ore targets generated through the review of historical data and magnetic survey analysis. A total of 24 rock chip samples were taken and are currently undergoing laboratory analysis. Cradle will provide full details of the analytical results when they become available.

In addition, Cradle has completed an application for government co-funding assistance for drilling of iron and gold prospects at the Wyloo tenement. Processing of applications is expected to be completed in May and June 2012.

Booyeema Base Metals Project

The Booyeema tenement is approximately 70km south-west of Karratha. The tenement is located within an interpreted corridor of known mineralization which contains significant mines and deposits including Radio Hill (4Mt @ 0.89% Cu & 0.51% Ni) and Munni Munni (24Mt @ 2.9g/t PGMs).

During the quarter, no further exploration activity was conducted on the Booyeema tenement.

Based on the results received to date and the remote location of Booyeema, the board of Cradle has determined shareholder funds would be better utilized in other areas of the business. Cradle has now initiated a divestment program for the tenement.

Corporate Activities

During the quarter, Cradle completed the non-renounceable pro-rata offer of listed options as planned in the IPO Prospectus. The entitlements offer was on a basis of one option for every two shares held, at an issue price of \$0.01 per option. The exercise price of the options is \$0.20 with an expiry on the third anniversary of issue date.

The offer closed on 19 January 2012, raising an additional \$137,500 before costs. The listed options are now tradable under the ASX code CXXO.

Other Activities

Cradle continued its program of due diligence and review of new resource opportunities for potential investment. The Company's acquisition strategy is primarily targeting highly prospective greenfields bulk commodity projects in Africa with good access to infrastructure and near term production potential. In addition, Cradle continues to target bulk commodity projects in the Pilbara.

For further information please contact:

Patrick Walta, CEO

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Competent Person's Statement

The details contained in the document that pertains to exploration results, ore and mineralisation is based upon information compiled by Mr Brendan Cummins, a Non-Executive Director of Cradle. Mr Cummins is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Cummins has consented in writing to the inclusion in the report of the matters based on the information in the form and context in which it appears.

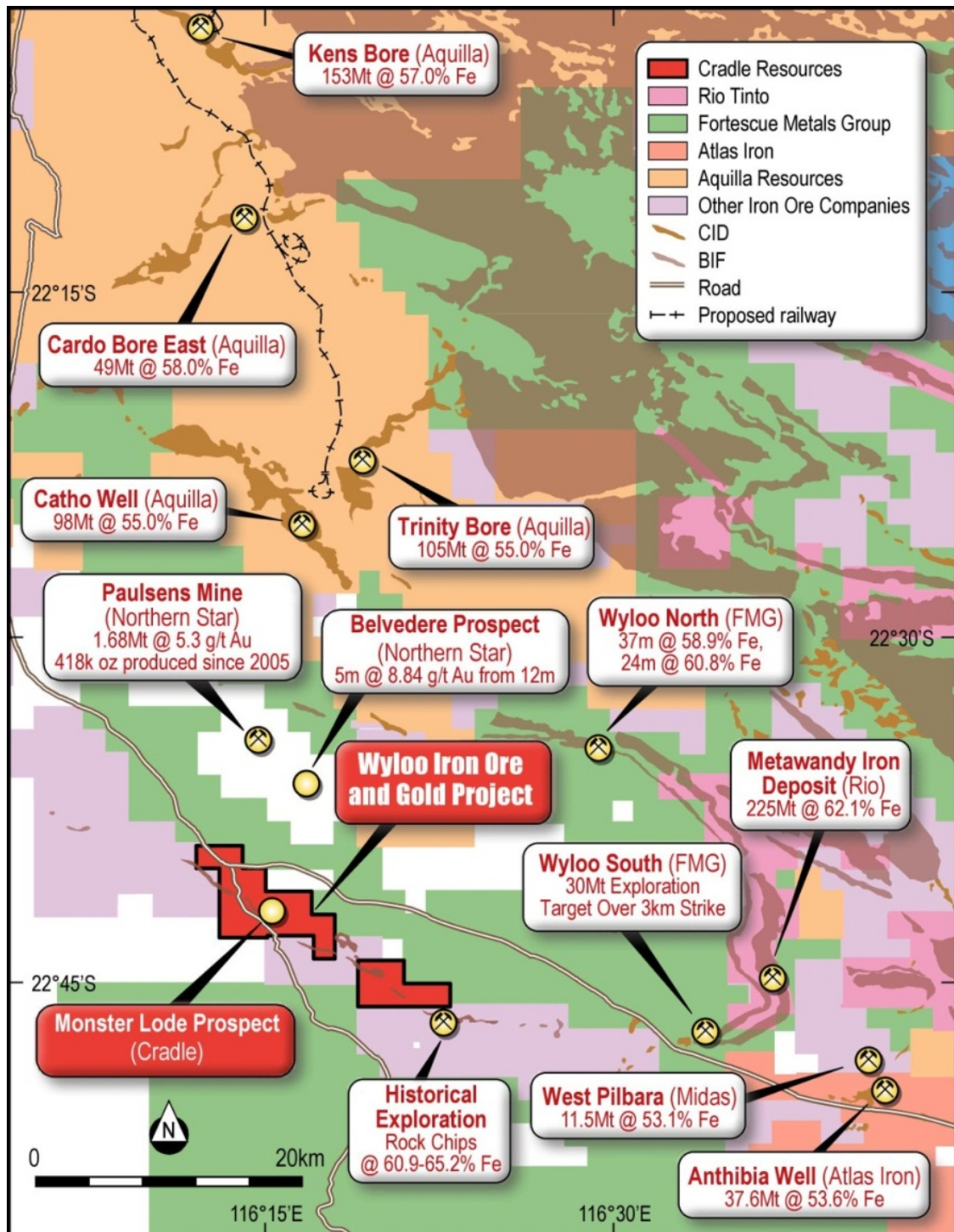


Figure 7: Wyloo tenement and surrounding exploration activity