



ACN 149 637 016

ANNUAL REPORT

2012

CONTENTS

CORPORATE DIRECTORY	2
DIRECTORS' REPORT.....	3
INDEPENDENT AUDITORS DECLARATION	15
CORPORATE GOVERNANCE	16
STATEMENT OF COMPREHENSIVE INCOME	21
STATEMENT OF FINANCIAL POSITION	22
STATEMENT OF CHANGES IN EQUITY.....	23
STATEMENT OF CASH FLOWS	24
NOTES TO THE FINANCIAL STATEMENTS	25
DIRECTORS' DECLARATION	42
INDEPENDENT AUDITORS REPORT	43
SHAREHOLDER INFORMATION	45
ADDITIONAL INFORMATION.....	48

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") submits their report on the Company for the year ended 30 June 2012.

1. Directors and Company Secretary

All directors have been in office for the entire period unless otherwise stated. The names of the directors in office at any time during or since the end of the report period are:

Michael Ashforth Chairman Appointed 26/07/2011

Evan Cranston Non-Executive Director

Brendan Cummins Non-Executive Director

Bernado Da Viega Non-Executive Director Resigned 26/07/2011

The names of the company secretary in office at any time during or since the end of the period is:

Ian Gregory Company Secretary Appointed 01/07/2011

Bernado Da Viega Company Secretary Resigned 01/07/2011

Mr Michael Ashforth

Michael Ashforth is an Executive Director of Macquarie Capital (Australia) Limited. He was formerly a Managing Director of Gresham Advisory Partners Limited. Mr Ashforth has advised on a wide range of mergers and acquisitions transactions for Australian and international clients across a wide range of industry sectors. He has extensive experience in transactions across the resources sector.

Mr Ashforth is also Non-Executive Chairman of Castle Minerals Limited, where he was appointed 05 September 2005. He has not served as a director of any other listed company during the past three years.

Mr Evan Cranston

Evan Cranston is a corporate lawyer with over 7 years' experience specialising in corporate and mining law. Evan holds a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia and was admitted as a barrister and solicitor of the Supreme Court of Western Australia.

Mr Cranston has broad experience in the areas of capital raisings, initial public offerings, tenement acquisition agreements, mineral rights agreements, joint ventures, mergers and acquisitions, corporate governance, the ASX listing rules and the Corporations Act.

Mr Cranston is currently an Executive Director of Boss Resources Limited, where he was appointed 02 May 2012. Mr Cranston is also currently a Non-Executive Director of Carbine Resources Limited, where he was appointed 23 March 2010.

On 02 April 2012 Mr Cranston resigned from the position of Corporate Director for Ampella Mining Limited (appointed 01 April 2009).

Other than that mentioned above, he has not served as a director of any other listed company during the past three years.

Mr Brendan Cummins

Brendan Cummins has over 17 years world wide experience in the mining industry as both a mine and exploration geologist. The majority of his experience has been in exploration geology, resource definition, project evaluation and acquisition having worked on a range of precious metal, base metal and industrial minerals projects throughout Australia and overseas.

Mr Cummins is currently an executive of Westoria Capital and Director of Westoria Resource Investments Ltd, a private mineral resources investment group that sources, evaluates and funds early stage resource projects.

Mr Cummins graduated from the University of Western Australia with First Class Honours in Geology. He is a member of the Society of Economic Geologists (SEG) and the Australian Institute of Geoscientists (AIG).

During the last three years Mr Cummins has not served as a director of any other listed company.

Mr Ian Gregory

Mr Ian Gregory holds a Bachelor of Business from Curtin University and has over 28 years' experience in the provision of company secretarial and business administration services in a variety of industries, including exploration, mining, mineral processing, oil and gas, banking, insurance and aquaculture. Ian is a consulting Company Secretary and provides services to a number of listed and private companies.

Before commencing his own consulting service, Mr Gregory was a Company Secretary of the Iluka Resources Limited Group for six years and prior to that the Company Secretary of IJB Australia Bank Limited, the Australian operations of the Industrial Bank of Japan, for twelve years. He was also a Company Secretary of Griffin Coal Mining group of companies for four years.

Mr Gregory has been the Chairman of the Western Australian Branch Council of the Institute of Chartered Secretaries and Administrators and served on the National Council of that body.

2. Principal Activities

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

3. Financial Position

The net assets of the Company have increased from \$206,923 as at 30 June 2011 to \$2,255,963 as at 30 June 2012.

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

4. Financial Results

The net loss of the Company after income tax for the financial period amounted to \$532,922 (2011: \$27,657).

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 \$2,047,785 (2011: \$206,896). More information of the operating result, financial position and cash flow movements are included in the Financial Statements.

5. 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.

6. Review of Operations

During the period, the Company undertook the following activities:

- On 01 July 2011, Bernardo da Veiga resigned as Company Secretary. Ian Gregory was appointed as Company Secretary on the same day.
- On 04 July 2011, the Company entered into an employment contract with Chief Executive Officer Patrick Walta.
- On 26 July 2011, Bernardo da Veiga resigned as Non-Executive Director. Michael Ashforth was appointed as Non-Executive Chairman on the same day.
- On 09 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.
- On 12 September 2011, 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 16 September 2011, the Company successfully listed on the Australian Securities Exchange.
- On 11 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 19 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.
- On 25 January 2012, the non-renounceable offer of listed options was completed, resulting in 13,750,000 listed options being issued. 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.
- On 25 February 2012, the Title of Tenement E08/2142 was lodged with the Department of Mines & Petroleum. 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.
- During the December to March quarter of 2012, the Company completed an exploration campaign its Wyloo tenement in the Pilbara.

- On 01 June 2012, the Company received an approval notice for a government co-funded exploration drilling application for the Wyloo tenement. The notice approved the application for \$66,400 in funding assistance.
- During the year, the Company continued an active program of investment due diligence on mineral exploration opportunities.

7. Environmental Regulations and Performance

The Company is required to carry out the exploration and evaluation of its mining tenements in accordance with state government Acts and Regulations.

In regard to environmental consideration, the Company is required to obtain approval from state regulatory authorities before any exploration requiring ground disturbance is carried out. It is normally a condition of such regulatory approval that any area of ground disturbed during the Company's activities is rehabilitated in accordance with the various guidelines. There have been no significant breaches of these guidelines.

8. Likely Developments

Other than as referred to in this report, further information as to likely developments in the operations of the Company and likely results of those operations would, in the opinion of Directors, be speculative.

9. Significant Changes in the State of Affairs

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

- Capital raising of \$2,400,000 through the issuance of 12,000,000 fully paid ordinary shares by way of company IPO.
- Capital raising of \$137,500 through the issuance of 13,750,000 listed options by way of a non-renounceable right issue

10. Significant Events after Balance Date

There were no significant events after balance date.

11. Share Options

As at the date of this report, there were 24,000,000 unissued ordinary shares under options. Refer to the remuneration report for further details of the options outstanding.

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

Options purchased by the Directors during and since the end of the period are as follows:

Grant Date	Recipient Director	Total Number of Options	Purchase Price	Strike Price	Expiry Date
24/01/2012	Michael Ashforth	750,000	\$0.01	\$0.20	24/01/2015
24/01/2012	Brendan Cummins	250,000	\$0.01	\$0.20	24/01/2015
24/01/2012	Evan Cranston	225,000	\$0.01	\$0.20	24/01/2015
24/01/2012	Bernado Da Viega (Resigned)	25,000	\$0.01	\$0.20	24/01/2015

12. Directors interests

The relevant beneficial interest of each director in the ordinary share capital of the Company shown in the register of director's shareholdings at the date of this report is as follows:

	Opening Balance	Purchased during the period	Closing Balance
Michael Ashforth	1,500,000*	-	1,500,000
Evan Cranston	450,000	-	450,000
Brendan Cummins	500,000	-	500,000
Bernado Da Viega (Resigned)	50,000**	-	50,000
Total	2,500,000	-	2,500,000

There were no shares issued to Directors during the period.

The relevant beneficial interest of each director in options over ordinary share capital of the Company shown in the register of directors' option holdings at the date of this report is as follows:

	Opening Balance	Purchased/ Issued during the period	Exercised during the period	Closing Balance
Michael Ashforth*	1,000,000*	750,000	-	1,750,000
Evan Cranston	1,000,000	225,000	-	1,225,000
Brendan Cummins	-	250,000	-	250,000
	Opening Balance	Purchased/ Issued during the period	Exercised during the period	Closing Balance
Bernado Da Viega (Resigned)	250,000**	25,000	-	275,000
Total	2,250,000	1,250,000	-	3,500,000

* Michael Ashforth's interest on the date of appointment of Director was 1,500,000 shares and 1,000,000 options.

** Bernado Da Viega's interest on the date of resignation as Director was 50,000 shares and 250,000 options.

13. Directors meetings

The number of board meetings held during the year and the number of meetings attended by each director were as follows:

Number of meetings held:	5
Number of meetings attended:	
<i>Michael Ashforth</i>	5
<i>Evan Cranston</i>	5
<i>Brendan Cummins</i>	5

14. Insurance and indemnity of officers

Under the Company's constitution and to the extent permitted by law, the Company must indemnify each relevant officer against:

- (i) a liability of that person; and
- (ii) legal costs of that person.

Under the Company's constitution and to the extent permitted by law, the Company may make a payment (whether by way of advance, loan or otherwise) to a relevant officer in respect of legal costs of that person.

Under the Company's constitution and to the extent permitted by law, the Company may pay, or agree to pay, a premium for a contract insuring a relevant officer against:

- (i) a liability of that person; and
- (ii) legal costs of that person.

Under the Company's constitution and to the extent permitted by law, the Company may enter into an agreement or deed with:

- (i) a relevant officer; or
- (ii) a person who is, or has been an officer of the Company or a subsidiary of the Company, under which the Company must do all or any of the following:
 - (iii) keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
 - (iv) indemnify that person against any liability of that person;
 - (v) make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs of that person; and keep that person insured in respect of any act or omission by that person while a relevant officer or an officer of the Company or a subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

The amount of Officers Insurance and Indemnity payments made during the period was \$8,655.64.

15. Remuneration Report (audited)

This remuneration report for the year ended 30 June 2012 outlines the remuneration arrangements of the Company and in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration policy
3. Remuneration for 2012
4. Summary of executive contractual arrangements
5. Compensation options
6. Share based compensation

1. Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, and includes the five executives of the Company.

For the purposes of this report, the term “executive” includes the Chief Executive Officer (CEO), executive directors and other senior executives of the Company. All directors have been in office for the entire period unless otherwise stated.

Non-executive directors

Michael Ashforth – Chairman Appointed 26/07/2011

Evan Cranston – Non-Executive Director

Brendan Cummins – Non-Executive Director

Bernado Da Viega Resigned 26/07/2011

Other senior executives

Patrick Walta – Chief Executive Officer Appointed 04/07/2011

Ian Gregory – Company Secretary Appointed 01/07/2011

There were no changes to KMP after the reporting date and before the date of the financial report was authorised for issue.

2. Remuneration policy

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning executive’s objectives with shareholder and business objectives.

The remuneration policy in regards to settling terms and conditions for the Executive Directors has been developed by the Board taking into account market conditions and comparable salary levels for companies of similar size and operating in similar sectors.

The Board reviews the remuneration packages of all key management personnel on an annual basis. The maximum remuneration of Non-Executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of Non-Executive Directors is \$500,000 per annum. The apportionment of Non-Executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. Remuneration is not linked to specific performance criteria.

The Board’s policy is to remunerate Non-Executive Directors at the market rates for comparable companies for time, commitment and responsibilities. The Board determines payment to the Non-Executive Directors and reviews their remuneration on an individual basis, based on market practices, duties and accountability.

Independent external advice is sought when required. Remuneration is not linked to the performance of the Company.

A Director's options are not cancelled upon resignation.

Executives are entitled to receive a superannuation guarantee contribution required by the Government, which is currently 9% and do not receive any other retirement benefit. The Directors' are not specifically entitled to any termination benefits as part of their service contracts. However termination benefits are not precluded and according to the contract will be subject to disclosure obligations under the Corporations Act and the ASX Listing Rules.

3. Remuneration for 2012

Remuneration of key management personnel of the Company for the year ended 30 June 2012.

	Cash Salary & Fees	Non monetary benefits	Superannuation	Share Options	Shares	Total
	\$	\$	\$	\$	\$	\$
Non-executive Directors						
Michael Ashforth	31,666	-	2,850	-	-	34,516
Evan Cranston	25,100	-	787	-	-	25,887
Brendan Cummins	35,830	-	3,225	-	-	39,055
Bernado Da Viega	-	-	-	-	-	-
Other senior executives						
Patrick Walta	158,709	1,230	14,284	-	-	174,223
Ian Gregory	-	-	-	-	-	-
Total executive KMP	251,305	1,230	21,146	-	-	273,681
Short term benefits	251,305	1,230	-	-	-	252,535
Long term benefits	-	-	-	-	-	-
Post Employment	-	-	21,146	-	-	21,146
Share Based Payments	-	-	-	-	-	-

No remuneration is linked to Director's performance. All options acquired by Director's during the period were purchased in their capacity as shareholders and were purchased on the same terms offered to all shareholders.

There was no remuneration provided to the CEO during the period from the date of incorporation, 2nd March 2011 to 4th June 2011. From the date of incorporation, 2nd March 2011 to 16th October 2011 the Director's did not receive any remuneration from Cradle Resources Limited. No cash bonuses were paid to any key management personnel during the period from the date of incorporation, 2nd March 2011 to 30 June 2012.

4. Summary of executive contractual arrangements

Remuneration arrangements for KMP are formalised in service agreements. Details of these contracts are provided below.

Chief Executive Officer

The CEO, Mr. Walta, is employed for an indefinite term under a service agreement which can be terminated with notice by either side. No compensation is payable to Mr. Walta upon termination other than accrued entitlements and three months salary after the date of termination. The CEO's termination provisions are as follows:

Reason	Notice Period	Payment in lieu of notice
Resignation	3 months	3 months
Termination for cause	None	None
Termination in cases of death, disablement, redundancy or notice without cause	3 months	3 months

Under the terms of the present contract dated 4th July 2011 Mr Walta receives fixed remuneration of \$160,000 per annum. Mr Walta's employment is based on normal industry standard employment terms and conditions.

Non-executive directors

On appointment to the Board, all Non-Executive Directors enter into a letter agreement with the Company for an indefinite term which summarises the Board policies and terms which mirror those set out within the *Corporations Act 2001*, including compensation, relevant to the office of Director. The letter of appointment does not specify a period of notice required to terminate the contract or any remuneration payments required.

The remuneration of non-executive director's consists of directors' salary and fees. The table below summarises the non-executive directors' salaries for financial year ended 30 June 2012:

Director	Annual Salary	Date of Letter of Appointment	Date Salary Effective
Michael Ashforth	\$40,000	26 th July 2011	16 th September 2011
Brendan Cummins	\$30,000	2 nd March 2011	16 th September 2011
Evan Cranston	\$30,000	28 th June 2011	16 th September 2011 – 31 st December 2011

From the 1st January 2012, Director's fees for Evan Cranston of \$2,725 plus GST per month have been charged by Konkera Corporate for services rendered. Mr Cranston is no longer receiving a salary or entitled to the 9% superannuation guarantee. Non-executive directors do not participate in any incentive programs.

The Company does not offer any variable remuneration incentive plans or bonus schemes to the Chief Executive Officer or the Chairman or any retirement benefits, as such there is no performance related links to the existing remuneration policies. The fixed remuneration plan is adequate for the Company whose focus at this stage is on the development of the business.

The following table shows the gross revenue and losses of the Company at the end of the respective financial years.

	30 June 2011	30 June 2012
Revenue	-	-
Net Loss	(\$27,657)	(\$532,922)
Share Price	Unlisted	\$0.10

Cradle Resources is listed on the Australian Stock Exchange. The following share prices reflect the closing share price on the last business day of each financial quarter.

	30 September 2011	30 December 2012	30 March 2012	29 June 2012
Closing Share Price	\$0.20	\$0.18	\$0.19	\$0.10

5. Compensation Options

The key management personnel did not receive any compensation options during the financial year ended 30 June 2012.

6. Share Based Compensation

There was no Share Based Payment compensation given to the key management personnel during the financial year ended 30 June 2012.

16. Auditor

Ernst & Young has been appointed auditor of the Company in accordance with section 327 of the *Corporations Act 2001*.

17. Non audit services

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees were paid or payable to auditors, Ernst & Young, for non-audit services provided during the period ended 30 June 2012.

18. Auditors Independence Declaration

The lead auditors independence declaration for the period ended 30 June 2012 has been received and can be found on page 15 of the financial report.

Made and signed in accordance with a resolution of directors.

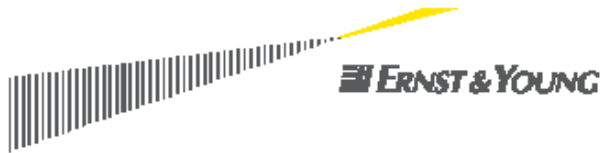
A handwritten signature in black ink, appearing to read "Evan Cranston", with a long horizontal flourish extending to the right.

Evan Cranston

Director

Signed at Perth this 27/07/2012

INDEPENDENT AUDITORS DECLARATION



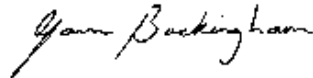
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Auditor's Independence Declaration to the Directors of Cradle Resources Limited

In relation to our audit of the financial report of Cradle Resources Limited for the financial year ended 30 June 2012, 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



Gavin A Buckingham
Partner
Perth
27 July 2012

CORPORATE GOVERNANCE

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfill this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- protection and enhancement of Shareholder value;
- formulation, review and approval of the objectives and strategic direction of the Company;
- approving all significant business transactions including acquisitions, divestments and capital expenditure;
- monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review and performance and remuneration of executive directors and key staff;
- the establishment and maintenance of appropriate ethical standards; and
- evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability. Subject to the exceptions outlined below the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit the business and operations commensurate with these guidelines. Copies of corporate governance policies are accessible on the Company's website at www.cradleresources.com.au.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

The Company has complied with each of the Eight Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council, other than in relation to the matters specified below.

Principle 1: Lay solid foundations for management and oversight

1.1 *Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.*

The Board has established functions that are reserved for the Board, as separate from those functions discharged by the Chief Executive Officer and are summarised in the Company's Board Charter which is available on the Company's website. The responsibilities of the Board are outlined above.

1.2 *Companies should disclose the process for evaluating the performance of senior executives.*

Evaluation of the Board and Chief Executive Officer is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

In addition to the above, the following information is provided:

The Company is not aware of any departure from Recommendations 1.1 or 1.2.

The Board Charter is publicly available at www.cradleresources.com.au and it includes a description of what matters are reserved for the Board or senior executives respectively.

Principle 2: Structure the Board to add value

2.1 A majority of the Board should be independent directors

The Board consists of a Chairman and two Non-executive Directors. The Chairman Mr Michael Ashforth is an Independent Non-executive Director. The Board considers that the composition of the existing Board is appropriate given the scope and size of the Company's operations and the skills matrix of the existing Board members.

2.2 The chair should be an independent director

The Chairman Mr Michael Ashforth is an Independent Non-executive Director.

2.3 The roles of the chair and chief executive officer should not be exercised by the same individual

The role of the Chairman is filled by Mr Ashforth (Independent Non-executive Director).

The role of the CEO is filled by Mr Patrick Walta.

2.4 The Board should establish a nomination committee

Given the Company's size and the complexity of its affairs, it is not considered necessary to have a separate Nomination Committee. The Board as a whole will identify candidates and assess their skills in deciding whether an individual has the potential to add value to the Company. The Board may also seek independent advice to assist with the identification process.

A separate policy for *Selection and Appointment of New Directors* has been adopted by the Board which provides for the proper assessment of prospective directors and includes, but is not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.

2.5 Companies should disclose the process for evaluating the performance of the Board its committees and individual directors.

Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

In addition to the above, the following information is provided:

The skills, experience and expertise of each of the Company's directors are set out in the Directors' Report.

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director, then provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principal 3: Promote ethical and responsible decision-making

3.1 Companies should establish a code of conduct and disclose the code, or a summary as to:

3.1.1 *the practices necessary to maintain confidence in the company's integrity;*

3.1.2 *the practices necessary to take into account legal obligations and reasonable expectations of stakeholders;*

3.1.3 *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has established a formal code of conduct to guide the Directors, the Managing Director (or equivalent) and employees with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The code of conduct is disclosed on the Company's website.

3.2: *Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving diversity for the board to assess annually both the objectives and progress in achieving them.*

The Company's policy regarding diversity is set out on the Company's website.

The Company's diversity policy does not include measurable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company.

3.3: *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.*

Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

3.4: *Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*

For the 2012 financial year, the Company had a total of 1 women employees out of a total of 6 employees and contractors, however, the Company had no women in senior executive positions or women on the Board.

3.5: *Companies should provide the information indicated in the Guide to reporting on Principle 3.*

The Company is not aware of any departure from Recommendations 3.1 or 3.4.

The Company's diversity policy does not include measurable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company.

The Company's Code of Conduct and the Company's Diversity Policy are publicly available on the Company's website.

Principal 4: Safeguard integrity of financial reporting

4.1 *The Board should establish an Audit Committee*

4.2 *The audit committee should be structured so that it: consists of only non-executive directors, consists of a majority of independent directors, is chaired by an independent chair; who is not chair of the Board and has at least three members*

4.3 *The audit committee should have a formal charter*

The Board considers that due to the size and complexity of the Company's affairs it does not merit the establishment of a separate audit committee. Until the situation changes the Board of Cradle Resources carries out any necessary audit committee functions.

The Board meets on a regular basis and discusses matters normally captured under the terms of reference of an audit committee, being company risk, controls and general and specific financial matters.

Principle 5: Make timely and balanced disclosure

5.1: *Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of them.*

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance.

5.2: *Provide the information indicated in Guide to reporting on Principle 5.*

The Company is not aware of any departure from Recommendations 5.1 or 5.2.

A summary of the Company's policy on ASX Listing Rule Compliance is publicly available on the Company's website.

Principle 6: Respect the rights of shareholders

6.1: *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

The Company has adopted policies formally setting out the Company's communications strategy with its stakeholders including the effective use of electronic communications.

The Board encourages the attendance of shareholders at the Shareholders' Meetings and sets the time and place of each Shareholders' Meeting to allow maximum attendance by shareholders.

6.2: *Provide the information indicated in Guide to reporting on Principle 6.*

Details of how the Company will communicate with its shareholders publicly is set out under the heading "Shareholder Communication Policy" which is publicly available on the Company's website.

The Company is not aware of any departure from Recommendations 6.1 or 6.2.

Principle 7: Recognise and manage risk

7.1: *Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*

The Board of Directors is responsible for overseeing and approving policies for the management and oversight of material business risks, internal compliance and internal controls. The objectives of Cradle's risk management program are contained in the Risk Management and Internal Compliance and Control Policy which is available on the Company's website.

7.2: *The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks, and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*

The Company has in place a system of risk management that identifies and categorises and manages material business risks faced by the Company.

The Board has delegated responsibility for establishing and maintaining effective management strategies for material business risk to the Chief Executive Officer. The Board requires that the CEO reports regularly as to the effectiveness of the Group's risk management systems.

The Board recognises that no cost effective internal control system will preclude all errors and irregularities. The Board of Directors reviews the business and financial risk management systems and internal control systems implemented by management to obtain reasonable assurance that the entity's assets are safeguarded and that the reliability and integrity of its financial information is maintained. The Board will review, at least annually, the effectiveness of the Group's risk management systems.

7.3: *Board to disclose whether it has received assurance from the Managing Director (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with S.295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The CEO and CFO (or equivalent) provide the Board the assurance in compliance with this Recommendation that the declaration provided in accordance with S.295A of the Corporations Act was founded on a sound system of risk management and internal control and that system was operating effectively in all material respects in relation to financial reporting risks.

7.4: *Provide the information indicated in Guide to reporting on Principle 7.*

The Company is not aware of any departure from Recommendations 7.1, 7.2 or 7.3 although notes it is continuing to develop and refine its risk management and internal control processes.

A copy of the Company's policies on risk oversight and management of material business risks is publicly available under the heading "Risk Management and Internal Compliance and Control Policy".

Principle 8: Remunerate fairly and responsibly

8.1: *The Board should establish a remuneration committee.*

8.2: *The remuneration committee should be structured so that it:*

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members.

The Board considers that due to the size and complexity of the Company's affairs it does not merit the establishment of a separate remuneration committee. Until the situation changes the Board of Cradle Resources will carry out any necessary remuneration committee functions. The Board undertakes this role with the assistance of any external advice which may be required from time to time.

8.3: *Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The Company has separate policies relating to the remuneration of non-executive directors as opposed to executive directors and senior executives. These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

The level of remuneration packages and policies applicable to directors are detailed in the Remuneration Report which forms part of the Directors' Report in this Annual Report.

8.4: *Provide the information indicated in Guide to reporting on Principle 8*

Non- Executive Director Retirement Benefits

Non-executive directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for non-executive directors.

Limiting Risk

Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	30 June 2012 \$	Date of Incorporation 2 March 2011 to 30 June 2011 \$
Income	4	80,022	-
Expenses			
Administration	4	(100,716)	(96)
Depreciation and amortisation expense	11	(1,505)	-
Professional fees	4	(85,453)	(21,840)
Business development expenses		(1,723)	(5,692)
Public and investor relations expenses		(100)	(29)
Exploration and evaluation expenditure	10	(104,452)	-
Impairment loss	6	(40,000)	-
Employee benefits expense	4	(278,995)	-
Loss before income tax expense		<u>(532,922)</u>	<u>(27,657)</u>
Income tax benefit	5	-	-
Loss after income tax benefit for the period attributable to the owners of Cradle Resources Limited		<u>(532,922)</u>	<u>(27,657)</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>(532,922)</u></u>	<u><u>(27,657)</u></u>
Loss per share			
Basic earnings / (loss) per share (cents)	23	(2.14)	(0.80)
Diluted earnings / (loss) per share (cents)	23	(2.14)	(0.80)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	30 June 2012 \$	30 June 2011 \$
Assets			
Current Assets			
Cash and cash equivalents	7	2,047,785	206,896
Trade and other receivables	8	16,492	2,343
Prepayments	9	21	11,946
Total current assets		<u>2,064,298</u>	<u>221,185</u>
Non Current Assets			
Exploration and evaluation	10	213,220	13,220
Property, plant and equipment	11	1,501	-
Prepayments	12	-	46
Total non-current assets		<u>214,721</u>	<u>13,266</u>
Total Assets		<u>2,279,019</u>	<u>234,451</u>
Liabilities			
Current Liabilities			
Trade and other payables	13	12,206	11,528
Accrued expenses	14	10,850	16,000
Total current liabilities		<u>23,056</u>	<u>27,528</u>
Total liabilities		<u>23,056</u>	<u>27,528</u>
Net Assets		<u>2,255,963</u>	<u>206,923</u>
Equity			
Issued Capital			
Contributed equity	15	2,816,542	234,580
Accumulated losses	16	(560,579)	(27,657)
Total Equity		<u>2,255,963</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 YEAR ENDED 30 JUNE 2012

	Contributed Equity	Reserves	Retained Profits	Total Equity
	\$	\$	\$	\$
2011				
Balance as at the date of incorporation, 2 March 2011	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Loss after income tax expense for the period	-	-	(27,657)	(27,657)
Total comprehensive loss for the period	-	-	(27,657)	(27,657)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	234,580	-	-	234,580
Balance as at 30 June 2011	234,580	-	(27,657)	206,923
2012				
Balance as at 30 June 2011	234,580	-	(27,657)	206,923
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	-	(532,922)	(532,922)
Total comprehensive loss for the year	-	-	(532,922)	(532,922)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,581,962	-	-	2,581,962
Balance as at 30 June 2012	2,816,542	-	(560,579)	2,255,963

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	30 June 2012 \$	Date of Incorporation 2 March 2011 to 30 June 2011 \$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(330,923)	(14,464)
Payments for exploration and evaluation		(247,140)	-
Interest received		80,022	-
Interest and other finance costs paid		(26)	-
Net cash used in operating activities	22	<u>(498,067)</u>	<u>(14,464)</u>
Cash flows from investing activities			
Payments for exploration and evaluation	10	(40,000)	(13,220)
Payments for property, plant and equipment	11	<u>(3,006)</u>	<u>-</u>
Net cash used in investing activities		<u>(43,006)</u>	<u>(13,220)</u>
Cash flows from financing activities			
Gross Proceeds from issue of shares and options	15	2,537,500	235,000
Share issue costs	15	<u>(155,538)</u>	<u>(420)</u>
Net cash from financing activities		<u>2,381,962</u>	<u>234,580</u>
Net increase/(decrease) in cash and cash equivalents		<u>1,840,889</u>	<u>206,896</u>
Cash and cash equivalents at the beginning of the financial year		206,896	-
Cash and cash equivalents at the end of the financial period	7	<u><u>2,047,785</u></u>	<u><u>206,896</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

1. Corporate information

The financial statements of Cradle Resources Limited for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 27/07/2012. Cradle Resources Limited (“the Company”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

2.2 Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3 New accounting standards and interpretations

(i) Changes in accounting policy and disclosures.

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 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 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</p>	1 January 2011	1 July 2011

Reference	Title	Application date of standard	Application date for Company
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

(ii) 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 reporting period ended 30 June 2012. 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.

Reference	Title	Summary	Application date of Standard*	Application date for Company*
AASB 9	Financial Instruments, 2009-11	This standard completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of Standard*	Application date for Company*
	Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.		
AASB 2010-8	Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets	These amendments are a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life.	1 January 2012	1 July 2012
AASB 10	Consolidated Financial Statements	The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The company will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the company should be minimal, although there will be increased disclosures where fair value is used.	1 January 2013	1 July 2013
AASB 127 AASB 128	Separate Financial Statements (Revised) Investments in	These standards have been modified to remove specific guidance that is now contained in AASB 10, AASB 11, AASB 11 and AASB 12.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of Standard*	Application date for Company*
	Associates and Joint Ventures (Reissued)			
AASB 119	Employee Benefits (Revised)	The amendments eliminate the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans.	1 January 2013	1 July 2013
AASB 101	Presentation of Financial Statements (Revised)	The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss. The change provides clarity about the nature of items presented as other comprehensive income and their future impact.	1 July 2012	1 July 2012
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement	They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel (KMP). The adoption of these amendments will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation.	1 July 2013	1 July 2013

2.4 Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

2.5 Going Concern

The financial report has been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that the Company has sufficient cash and other assets to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

2.6 Historical cost convention

The financial statements have been prepared under the historical cost convention.

2.7 Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provisions in prior periods, where applicable.

Deferred tax assets and liabilities are recognized for temporary differences in the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantially enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognized deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognized deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9 Trade and other receivables

Trade and other receivables are generally paid on 30 day settlement terms and are recognised at amortised cost, less any provision for impairment. Trade receivables are non-interest bearing. Collectability of trade receivables is reviewed on an ongoing basis. Individual debts are known to be uncollectible are written off when identified.

2.10 Mineral exploration and evaluation expenditure

Exploration and evaluation costs are expensed 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 material 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.

2.11 Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

2.12 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

2.13 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Earnings per share

Basic earnings per share is calculated as net profit attributable to the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to the Company, adjusted for:

- i) Costs of servicing equity (other than dividends) and preference dividends;
- ii) The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- iii) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2.15 Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

2.16 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.

2.17 Revenue Recognition

Interest income is recognised using the effective interest rate method.

3. Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various

factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Taxation

Judgment is required in assessing whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Impairment of Assets

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. The Directors are continually monitoring the areas of interest and continue to assess and explore alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed.

If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

In the judgement of the Directors, at 30 June 2012 the recovery of expenditure on Tenement E47/1090 is unlikely, therefore the capitalised amounts of that area of interest have been impaired. Exploration activities in each other area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Substantive expenditure in relation to each other area of interest is planned based on permit commitments and cash reserves of the Company and on the basis that nothing has come to the attention of Directors to indicate future economic benefits will not be realised.

4. Profit/(loss) before income tax

	30 June 2012 \$	Date of Incorporation 2 March 2011 to 30 June 2011 \$
<i>Income</i>		
Interest	80,022	-
Total income	<u>80,022</u>	<u>-</u>
Profit before income tax includes the following specific expenses:		
<i>Employee benefits</i>		
Wages and salaries		
- administration	94,332	-
- exploration and evaluation	142,912	-
Other employment expenses	41,751	-
Total employee benefits	<u>278,995</u>	<u>-</u>

Administration expenses

Share registry expenses	6,592	-
Rent expenses	30,000	-
Other administration expenses	64,124	96
Total administration expenses	<u>100,716</u>	<u>96</u>

Professional expenses

Legal fees	1,383	5,840
Auditor's Remuneration (Ernst & Young) - audit or review of financial report	24,720	16,000
Other professional expenses	59,350	-
Total professional expenses	<u>85,453</u>	<u>21,840</u>

5. Income tax benefit

	30 June 2012 \$	Date of Incorporation 2 March 2011 to 30 June 2011 \$
Profit/(Loss) from continuing operations before income tax expense	(532,922)	(27,657)
Tax at the Australian tax rate of 30%	159,877	8,297
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	(8,735)	-
Deferred tax assets not brought to account	<u>(168,612)</u>	<u>8,297</u>
Income tax expense	<u>-</u>	<u>-</u>
Deferred tax asset		
Accruals	3,255	4,800
Tax losses	232,775	1,790
Deductible establishment cost	-	1,707
Provision for employee benefits	3,138	-
	<u>239,168</u>	<u>8,297</u>
Deferred tax asset not brought into account	<u>(175,202)</u>	<u>(8,297)</u>
	63,966	-
Deferred tax asset offset against deferred tax liabilities	<u>(63,966)</u>	<u>-</u>
	-	-
Deferred tax liability		
Deductible exploration expenses	<u>(63,966)</u>	<u>-</u>
	(63,966)	-
Deferred tax liability offset against deferred tax assets	<u>63,966</u>	<u>-</u>
	-	-

The benefit of these deferred tax assets will only be obtained if:

- 1) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- 2) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- 3) No changes in tax legislation adversely affect the entity in realising the benefit from the deductions.

No franking credits are available.

6. Impairment loss

	30 June 2012 \$	30 June 2011 \$
Impairment loss	40,000	-

The \$40,000 cost base of Tenement E47/1090 has been impaired as the Board has determined that shareholder funds would be better utilised in other areas of the business and the Company has initiated a divestment program for the tenement.

7. Current assets – Cash and cash equivalents

	30 June 2012 \$	30 June 2011 \$
Cash at bank	27,785	206,896
Short term deposits	2,020,000	-
Total cash and cash equivalents	2,047,785	206,896

8. Current assets – Trade and other receivables

	30 June 2012 \$	30 June 2011 \$
Annual leave entitlement repayable to the Company	10,461	-
GST receivable	6,031	2,343
Total trade and other receivables	16,492	2,343

Fair Value and credit risk

Due to the short term nature of the GST receivable and the overpayment in employee entitlements, the carrying value is assumed to approximate fair value.

9. Current assets – prepayments

	30 June 2012 \$	30 June 2011 \$
Prepayments	21	11,946

Prepayments mainly relate to Internet Domain payments made in advance.

10. Exploration and evaluation costs

	30 June 2012 \$	30 June 2011 \$
Exploration and evaluation - at cost	<u>213,220</u>	<u>13,220</u>
Opening Balance 1 July 2011	13,220	-
Additions	240,000	13,220
Impairment loss	<u>(40,000)</u>	<u>-</u>
Balance at 30 June 2012	<u><u>213,220</u></u>	<u><u>13,220</u></u>
Exploration and evaluation expenditure expensed	<u>104,452</u>	<u>-</u>
Net expenditure incurred during year	<u><u>317,672</u></u>	<u><u>13,220</u></u>

On the 6th September 2011, 1,000,000 shares at an issue price of \$0.20 were issued in consideration for the purchase of two tenements, Ilmenite Wyloo Tenement E08/2142 and Helix Booyeema Tenement E47/1090.

The \$40,000 cost base of Tenement E47/1090 has been impaired as the Board has determined that shareholder funds would be better utilised in other areas of the business and the Company has initiated a divestment program for the tenement.

11. Non-current assets – property, plant and equipment

	30 June 2012 \$	30 June 2011 \$
Property, plant and equipment	<u>1,501</u>	<u>-</u>
Opening balance at 1 July 2011	-	-
Additions	3,006	-
Depreciation expense	<u>(1,505)</u>	<u>-</u>
Balance at 30 June 2012	<u><u>1,501</u></u>	<u><u>-</u></u>

12. Non-current assets - prepayments

	30 June 2012 \$	30 June 2011 \$
Prepayments	<u>-</u>	<u>46</u>

13. Current liabilities – trade and other payables

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	30 June 2012	30 June 2011
	\$	\$
Trade payables	<u>12,206</u>	<u>11,528</u>

14. Current liabilities – accrued expenses

	30 June 2012	30 June 2011
	\$	\$
Audit Fees	<u>10,850</u>	<u>16,000</u>

15. Equity – contributed

	30 June 2012	30 June 2011
	\$	\$
Ordinary shares - fully paid	2,689,151	234,580
Share options issued	<u>127,391</u>	<u>-</u>
	<u>2,816,542</u>	<u>234,580</u>

Movements in ordinary share capital

Details	No of shares	Issue price	30 June 2012 \$
Balance at 30 June 2011	14,500,000		234,580
Share issue - 6 September 2011	1,000,000	0.2	200,000
Share issue - 12th September 2011	12,000,000	0.2	2,400,000
- Less cost relating to share issue	-		(145,429)
	<u>27,500,000</u>		<u>2,689,151</u>

Movements in options

Details	No of options	Issue price	30 June 2012 \$
Balance at 30 June 2011	10,250,000		-
Option issue - 24 January 2012	11,376,927	0.01	113,769
Option issue - 22 February 2012	2,373,073	0.01	23,731
- Less cost relating to option issue	-		(10,109)
	<u>24,000,000</u>		<u>127,391</u>

Total Contributed Equity

2,816,542

Ordinary shares – fully paid

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 Company does not have authorised capital or par value in respect to its issued shares.

On the 6th September 1,000,000 shares were issued in consideration for the purchase of two tenements, Ilmenite Wyloo Tenement E08/2142 and Helix Booyeema Tenement E47/1090, no cash was received for the shares.

Options

On 1 July 2011 there were 10,250,000 unlisted options with an exercise price of \$0.20 and an expiry date of 31 May 2016.

During the period there were 13,750,000 listed options issued with an exercise price of \$0.20. Expiry dates for these options are 24 January 2015 for 11,376,927 options and 22 February 2015 for 2,373,073.

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.

Capital Risk Management

Capital Risk is defined as contributed equity of \$2,816,542.

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the entity's share price at the time of the investment.

The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its business in order to maximise synergies.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2012 and no dividends are expected to be paid in 2013.

There is no current intention to incur debt funding on behalf of the Company as on-going exploration will be funded via equity or joint venture with other companies.

16. Equity – accumulated losses

	30 June 2012	30 June 2011
	\$	\$
Accumulated losses at 30 June 2011	(27,657)	-
Loss after income tax expense for the period	<u>(532,922)</u>	<u>(27,657)</u>
Accumulated losses at the end of the financial period	<u><u>(560,579)</u></u>	<u><u>(27,657)</u></u>

17. Equity – dividends

There were no dividends paid or declared during the financial period.

18. Financial instruments

The Company's principal financial instruments comprise cash, receivables and payables.

The Company has not formulated any specific management objectives and policies in respect to debt financing, derivatives or hedging activity. As a result the Company has not formulated any specific management objectives and policies in respect to these types of financial instruments. Should the Company change its position in the future, a considered summary of these policies will be disclosed at that time.

Interest Risk

The Company's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Directors.

The following table summarises the impact of reasonably possible changes on interest rates for the Company at 30 June 2012. The sensitivity is based on the assumption that interest rate changes by 100 basis points with all other variables held constant. The 100 basis points sensitivity is based on reasonably possible changes over a financial period, using observed range of actual historical rates for the preceding three year period.

The exposure to interest rate risk on pre-tax profit arises from higher or lower interest income from cash and cash equivalents. The Company's main interest risk arises from cash and cash equivalents with variable interest rates.

	Pre-tax loss	Other comprehensive income
100 basis point increase	2,048	-
100 basis point decrease	(2,048)	-

Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's credit risk concentration is limited to cash and cash equivalents which are held with National Australia Bank.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

Non derivative financial liabilities:	Less than 6 months	Carrying Amount
Trade and other payables	\$ 12,206	\$ 12,206
Accrued expenses	\$ 10,850	\$ 10,850
	\$ 23,056	\$ 23,056

The Company has no exposure to market risk or foreign exchange risk.

19. Commitments and contingencies

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

Ongoing lease commitments

Not later than one year	\$36,000
Later than one year and not later than five years	-
Total minimum lease repayments	\$36,000

The lease commitment for Cradle's registered offices in Subiaco was entered into on the 30th June 2012.

Remuneration commitments

Not later than one year	\$262,700
Later than one year and not later than five years	-
Total remuneration commitments	\$262,700

The remuneration commitment relates to the salaries and fees of the key management personnel for the year 1 July 2012 to 30 June 2013.

Exploration expenditure commitments

Not later than one year	\$46,250
Later than one year and not later than five years	-
Total exploration expenditure commitments	\$46,250

Exploration expenditure commitments are for the Ilmenite Wyloo Tenement E08/2142 and Helix Booyeema Tenement E47/1090, due on the 25th February 2013 and 1st October 2012 respectively.

Administrative services commitments

Not later than one year	\$50,400
Later than one year and not later than five years	-
Total exploration expenditure commitments	\$50,400

The contract for administrative services was entered into on the 1st February 2012 with Konkera Corporate.

20. Related Party Transactions

Transactions with related parties

During the year to 30 June 2012 Acute Business Services provided accounting and business services to the Company with the fees totaling \$43,000 plus GST. In a prior period Spencer Broad was a director of the Company and is currently a director of Acute Business Services.

From the 1st January 2012, Director's fees for Evan Cranston of \$2,725 plus GST per month have been charged by Konkera Corporate for services rendered. Konkera Corporate services also provides administrative services to the Company with fees totaling \$37,350 for this financial year.

Receivables from and payables 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.

Cradle Resources Limited has no subsidiaries.

21. Events occurring after the reporting date

There were no significant events occurring after the reporting date

22. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	30 June 2012 \$	30 June 2011 \$
Loss after income tax	(532,922)	(27,657)
Adjustments for:		
Depreciation	1,505	-
Accrued expenses	(5,150)	16,000
Change in operating assets and liabilities:		
Exploration and evaluation	40,000	-
Employee entitlements	(10,461)	-
GST receivable	(3,688)	(2,343)
Prepayments	11,971	(11,992)
Decrease in trade and other receivables and prepayments	<u>37,822</u>	<u>(14,335)</u>
Payroll Liabilities	5,681	-
Trade Creditors	(5,003)	11,528

Increase in trade and other payables	678	11,528
Net cash used in operating activities	(498,067)	(14,464)

Non cash investing activities during the period are disclosed in Note 10.

23. Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations.

a) Earnings used in calculating earnings per share for basic and diluted loss per share:

Net loss for the period attributable to ordinary shareholders	\$532,922
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b) Weighted average number of shares for basic and diluted loss per share:

Weighted average number of ordinary shares	24,923,497
--	------------

Effect of dilution of share options	-
-------------------------------------	---

Weighted average number of ordinary shares adjusted for the effect of dilution	24,923,497
--	------------

As at 30 June 2012 the Company has 24,000,000 Options on issue. These options are not considered to be dilutive as the conversion of options to shares will result in a decrease in the net loss position.

24. Directors and Key Management Personnel

a) Compensation of key management personnel

	30 June 2012	30 June 2011
	\$	\$
Short term employee benefits	252,535	-
Post employment benefits	21,146	-
Share based payments	-	-
	<u>273,681</u>	<u>-</u>

b) Option holding of key management personnel

The relevant beneficial interest of each director in options over ordinary share capital of the Company shown in the register of directors' option holdings are as follows:

	Opening Balance 1 July 2011	Purchased during the period	Exercised during the period	Closing Balance 30 June 2012
Evan Cranston	1,000,000	225,000	-	1,225,000
Brendan Cummins	-	250,000	-	250,000
Michael Ashforth	1,000,000*	750,000	-	1,750,000
Bernardo Da Viegas (Resigned)	250,000**	25,000	-	275,000
Patrick Walta	1,000,000	500,000	-	1,500,000
Total	3,250,000	1,750,000	-	5,000,000

c) Shareholding of key management personnel

The relevant beneficial interest of each director in the ordinary share capital of the Company shown in the register of directors' shareholdings are as follows:

	Opening Balance 1 July 2011	Issued during the period	Purchased during the period	Closing Balance 30 June 2012
Evan Cranston	450,000	-	-	450,000
Brendan Cummins	500,000	-	-	500,000
Michael Ashforth	1,500,000*	-	-	1,500,000
Bernardo Da Viegas (Resigned)	50,000**	-	-	50,000
Patrick Walta	1,000,000	-	-	1,000,000
Total	3,500,000	-	-	3,500,000

* Michael Ashforth's interest on the date of appointment of Director was 1,500,000 shares and 1,000,000 options.

** Bernardo Da Viegas's interest on the date of resignation as Director was 50,000 shares and 250,000 options.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Accounting Standard AASB 134 *interim Financial Reporting* and the *Corporations Regulations 2001*
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2012 and performance for the period ended on that date.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2.

2. This declaration has been made after receiving the declarations requires to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.

On behalf of the Board

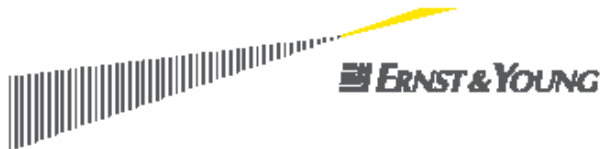


Evan Cranston

Director

Dated this 27th day of July 2012

INDEPENDENT AUDITORS REPORT



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Independent auditor's report to the members of Cradle Resources Limited

Report on the financial report

We have audited the accompanying financial report of Cradle Resources Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2.2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

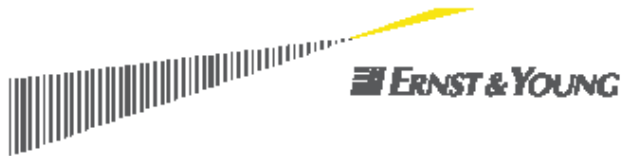
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.



Opinion

In our opinion:

- a. the financial report of Cradle Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.2.

Report on the remuneration report

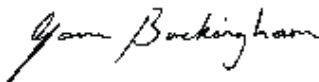
We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cradle Resources Limited for the year ended 30 June 2012 complies with section 300A of the Corporations Act 2001.



Ernst & Young



Gavin A Buckingham
Partner
Perth
27 July 2012

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchanges Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information as at 12/07/2012.

Spread of Holdings	Total Shareholders
1 – 1,000	5
1,001 – 5,000	3
5,001 – 10,000	145
10,001 – 100,000	211
100,001 – and over	24
Total Number of Holders	388

Number of shareholders holding less than a marketable parcel: 9

Substantial Shareholders

Shareholders Name	Number of Shares
Kingslane Pty Ltd ATF Cranston S/F A/C	3,672,800
Westoria Resource Inv Ltd	3,300,000
Zenix Nom Pty Ltd	1,500,000
Ivoryrose Holdings Pty Ltd ATF Ashforth S/F A/C	1,500,000
Bahen Thomas Clement	1,010,000
Third Reef PL	1,010,000
Patrick Walta	1,000,000

Voting Rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

Statement of Quoted Securities

Listed on the Australian Securities Exchange are 13,500,000 fully paid shares and 13,750,000 options.

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Twenty Largest Holders of each Class of Quoted Equity Securities (as at 12/07/12)

Holder Name	Units	% of Issue
Kingslane Pty Ltd ATF Cranston S/F A/C	3,672,800	13.36
Westoria Resource Inv Ltd	3,300,000	12.00
Zenix Nom Pty Ltd	1,500,000	5.45
Ivoryrose Holdings Pty Ltd ATF Ashforth S/F A/C	1,500,000	5.45
Bahen Thomas Clement	1,010,000	3.67
Third Reef Pty Ltd ATF Back Reef A/C	1,010,000	3.67
Patrick Walta	1,000,000	3.64
Ablett Pty Ltd ATF David Edwards Family A/C	1,000,000	3.64
Daniel John Bahen	950,000	3.45
Ilmenite Resources Pty Ltd	800,000	2.91
Grant Povey	611,521	2.22
Icon Custodians Pty Ltd ATF Cummins Family A/C	500,000	1.82
Konkera Pty Ltd ATF Konkera S/F A/C	427,500	1.55
DO and PM Phipps ATF Phipps S/F A/C	250,000	0.91
Invictus Cap Pty Ltd ATF Main Family A/C	250,000	0.91
DXB Holdings Pty Ltd ATF DXB A/C	200,000	0.73
Helix Resources Pty Ltd	200,000	0.73
JA and CM Arias ATF Arias S/F A/C	200,000	0.73
Jeremy Tobias	187,990	0.68
SL and FJ Phillips ATF SL & FJ Phillips S/F A/C	160,000	0.58
Total	18,729,811	68.10

Twenty Largest Holders of Listed Option (as at 12/07/12)

Holder Name	Units	% of Issue
Kingslane PL	1,898,899	13.81
Westoria Resource INV LTD	1,650,000	12.00
Zenix NOM PL	750,000	5.45
Ivoryrose Holdings PL	750,000	5.45
Daniel John Bahen	540,000	3.93
Thomas Clement Bahen	505,000	3.67
Third Reef PL	505,000	3.67
Patrick Walta	500,000	3.64
Ilmenite Res PL	400,000	2.91
Grant Povey	376,400	2.74
Kobia Holdings PL	342,000	2.49
Lorraine Mary Bahen	342,000	2.49
Invictus Capital PL	319,077	2.32
Icon Custs PL	250,000	1.82
Konkera PL	225,000	1.64
Elizabeth Helen Zerovich	224,776	1.63
Jeremy Tobias	187,990	1.37
Batavia Capital PL	120,932	0.88
DXB Holdings PL	100,000	0.73
Anthony John Arais	100,000	0.73
Total		

*Option expiry 24/01/2015 @ \$0.20

Restricted Securities

Security Description	Expiry Date	Number
Fully paid ordinary shares	NA	14,150,000
Options	31 May 2016	10,250,000

ADDITIONAL INFORMATION

a) Schedule of Mining Tenements

Project	Status	Interest
Wyloo Iron & Gold Project		
E08/2142	Granted	100%
Booyeema Base Metals Project		
E47/1090	Granted	100%