

SEPTEMBER 2012 QUARTERLY REPORT

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

Exploration Activities

Wyloo Iron Ore & Gold Project

The Wyloo Project is approximately 150km west of Paraburdoo, straddling the geologic boundary between the Hamersley and Ashburton Basins. As Figure 2 (last page) shows, the Project is located in an area which has seen successful exploration activity and delineation of both iron and gold resources in recent years.

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

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

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

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

Wyloo Exploration Activities

Recent activities at Wyloo have been focused on the assessment of gold prospectivity within the Monster Lode corridor (see Figure 1 overleaf). Gold mineralisation within the corridor is understood to comprise of a series of steeply plunging quartz ladder stockworks within a narrow shear zone associated with sulphide and anomalous arsenic.

Cradle has previously completed a desktop study at Wyloo with particular focus on the Monster Lode. The study identified six gold target zones based on historical soil and rock chip geochemistry and RC drilling. The results of this study indicated the historical surface rock chip samples have strong nugget effect, which had been confirmed by the RC drilling. The identified targets resulting from this desktop study are displayed in Figure 1.

Cradle Overview

ASX Code	CXX, CXXO
Issued Shares (CXX)	27.50M
Listed Options (CXXO)	13.75M
Unlisted Options	10.25M
Market Capitalisation	\$3.6M
Cash on Hand	\$1.9M

Directors & Management

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

Current Projects

- Wyloo Iron Ore & Gold Project – Pilbara

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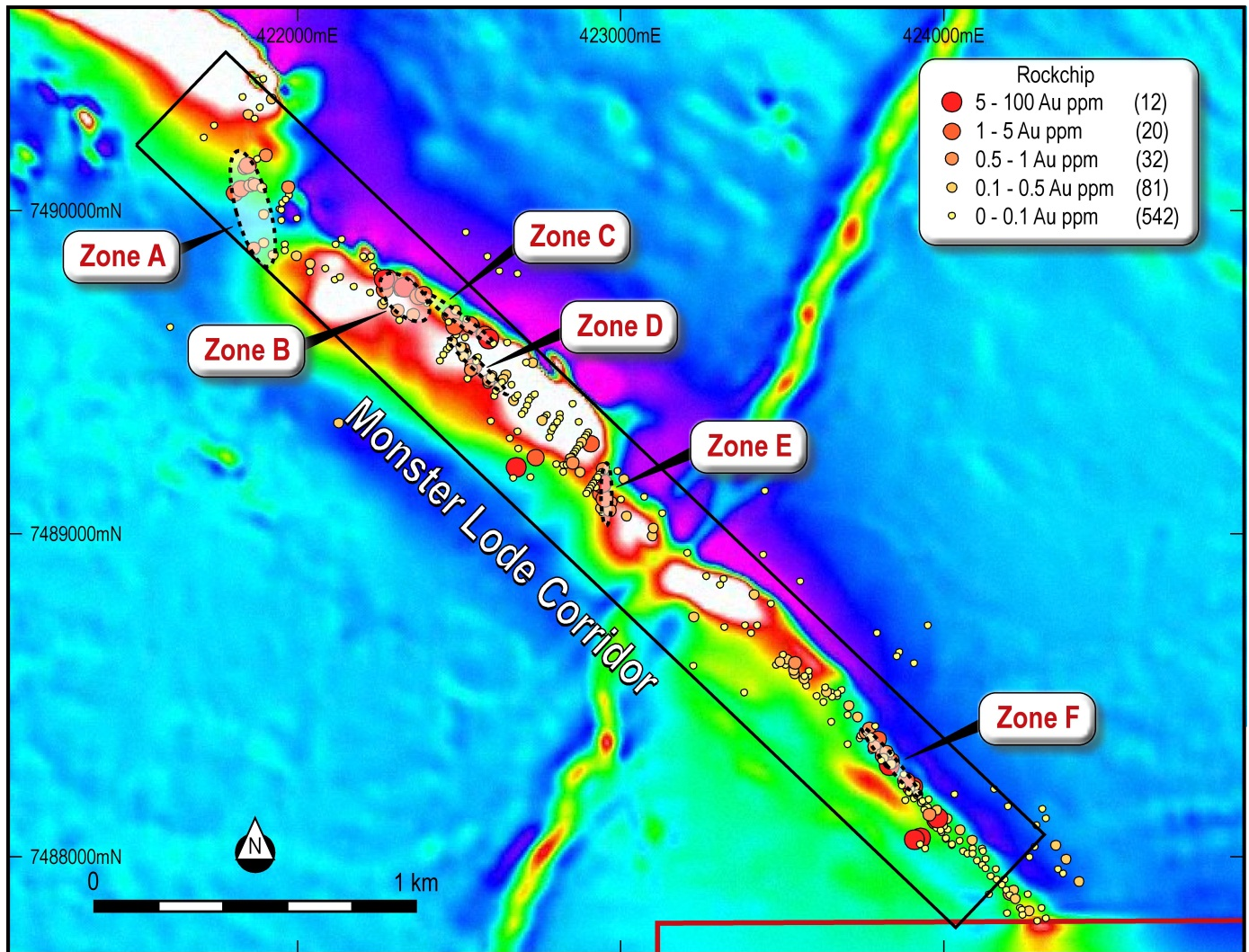


Figure 1: Monster Lode Corridor and target zones identified through the desktop study and sampling

Follow up reconnaissance and sampling activities at Wyloo validated the historical data generated by the desktop study. The gold was found to be generally associated with quartz veined and often gossanous material within strong zones of brecciation in the iron rich formation of the Marra Mamba.

Rock chip sampling results from Zone A were particularly encouraging with results up to 7.3g/t Au. These results are supported by previous historical sampling, suggesting the area should be followed up with soil sampling and potentially RC drilling.

Cradle has planned a soil sampling program over Zone A and surrounds as part of a further field exploration program at Wyloo. The soil program will be completed in line with future exploration commitments on the tenement.

Results of the soil sampling program will be used in the planning of a potential RC drilling program. Cradle has received government funding for 50% of direct drilling costs for a drill program at Wyloo up to the value of \$132,800 (\$66,400 contribution from the Government of Western Australia).

In addition to gold mineralisation, further iron-rich conglomerate units have been identified at Wyloo. The lenses of conglomerate were typically less than 0.5m thick at surface and lacked significant surface lateral continuity but show the presence of ore grade outcrops that require follow-up mapping. This will also be performed as part of future exploration programs at Wyloo.

Booyeema Base Metals Project

As previously announced, the Board of Cradle determined no further funds should be committed to the exploration and development of this project. The tenement was subsequently relinquished on 27 September 2012.

Corporate Activities

During the quarter, Cradle continued to prioritize its program of due diligence and review of new resource opportunities for potential investment. The Company completed full due diligence, including site visits, on several projects with potential to meet its investment strategy. Based on the assessments, the Board determined the opportunities did not have sufficient prospectivity to create lasting shareholder value or provide a return within a sufficient timeframe for investors.

The Company continues to focus activities on the review of new resource projects and will inform the market of any material developments.

Cradle's strategy remains to acquire world class mineral assets that provide sound technical and commercial reasoning of the potential for significant value creation for its shareholders.

For further information please contact:

Patrick Walta, CEO

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Competent Person's Statement

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

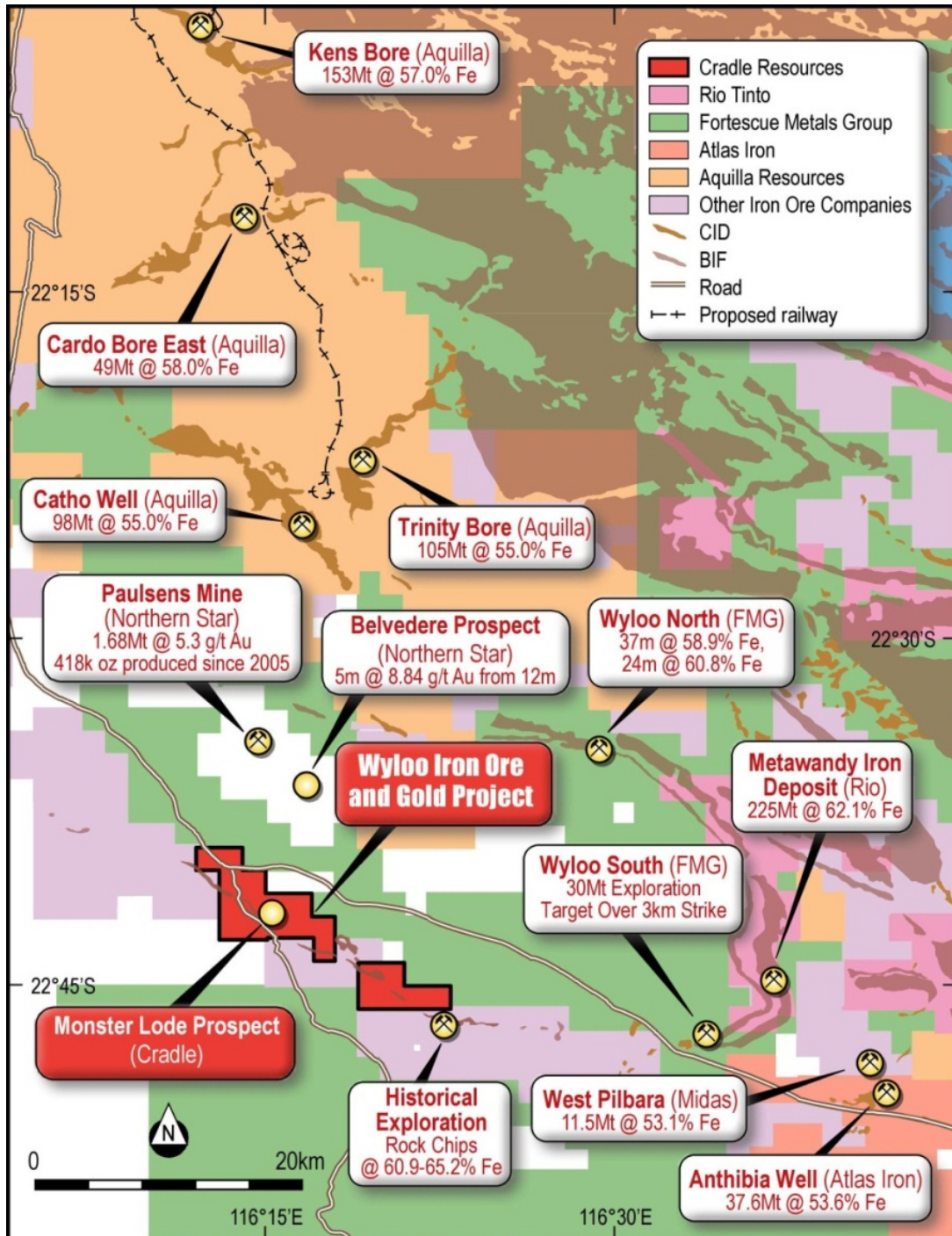


Figure 2: Wyloo Project and surrounding exploration activity