

DECEMBER 2012 QUARTERLY REPORT

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

Corporate Activities

During the quarter, Cradle made significant progress in relation to its African growth strategy, raising \$2.4 million (before costs) as part of an oversubscribed placement offer.

The funds raised will allow Cradle to more aggressively pursue target opportunities in Africa, in addition to expanding the Company's project generation networks.

Cradle continued due diligence activities and negotiations on several projects throughout the quarter and will advise the market of any material developments as they arise.

The Company 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.

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.

Wyloo Exploration Activities

During the quarter, no significant exploration activities were completed at Wyloo due to the onset of the wet season.

Recent activities at Wyloo have been focused on the assessment of gold prospectivity within the Monster Lode corridor (see Figure 1 overleaf). Cradle has previously completed a desktop study over the area, identifying six gold target zones.

Rock chip sampling results from Zone A of the Monster Lode were particularly encouraging with results up to 7.3g/t Au.

Cradle Overview

ASX Code	CXX, CXXO
Issued Shares (CXX)	51.50M
Listed Options (CXXO)	13.75M
Unlisted Options	10.25M
Market Capitalisation	\$8.76M
Cash on Hand	\$4.2M

Directors & Management

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

Current Projects

- Wyloo Iron Ore & Gold Project – Pilbara

Contact Details

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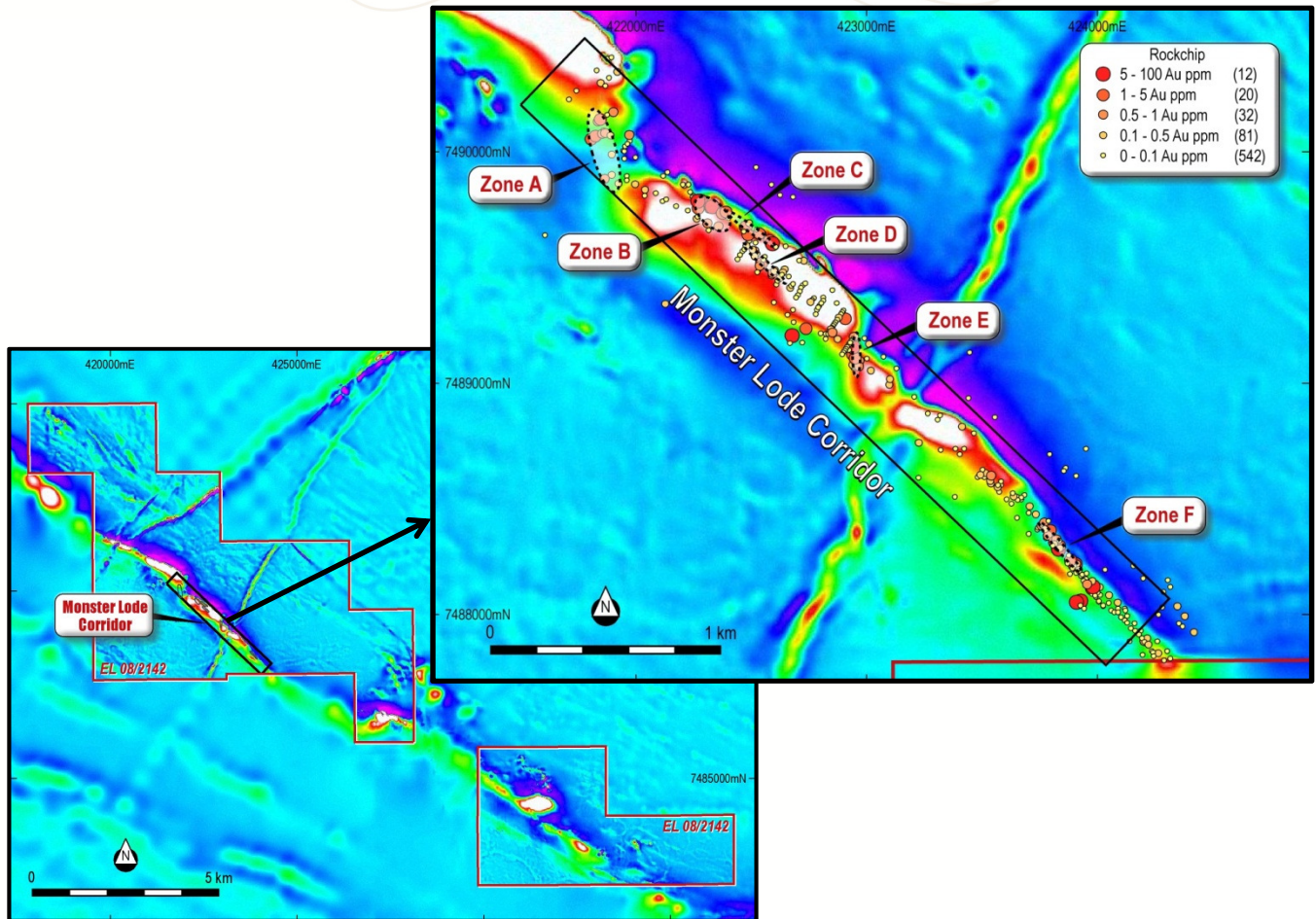


Figure 1: Monster Lode Corridor and target zones identified through the desktop study and sampling

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, iron-rich conglomerate units have been identified at Wyloo and will undergo follow up mapping as part of future exploration programs.

For further information please contact:

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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.

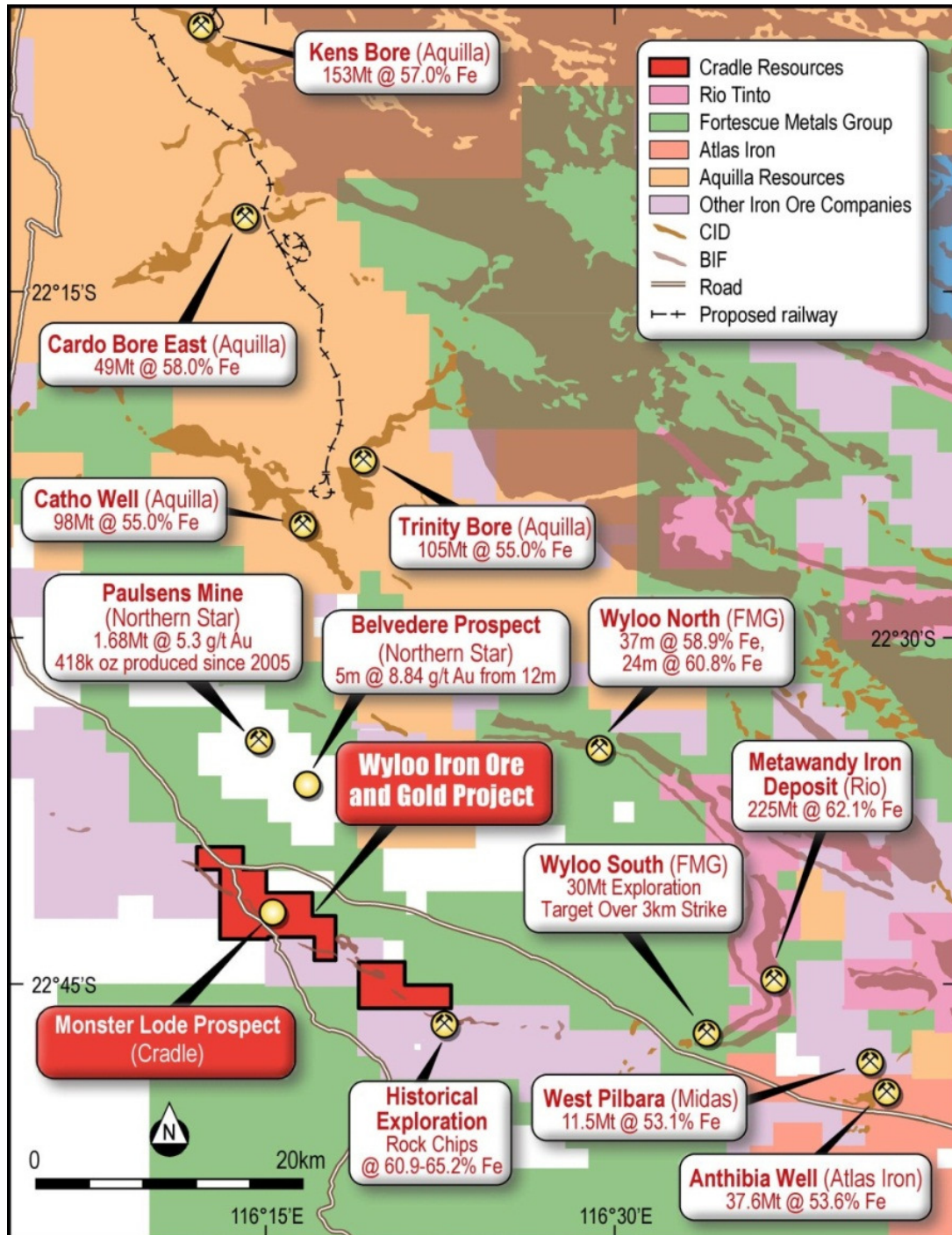


Figure 2: Wyloo Project and surrounding exploration activity