



ACN 149 637 016

**INTERIM REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012**

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## **CORPORATE DIRECTORY**

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

## DIRECTORS' REPORT

The Board of Directors of Cradle Resources Limited ("Cradle" or "the Company") has pleasure in presenting its report on the Company for the half-year ended 31 December 2012.

### 1. Directors and Company Secretary

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

Michael Ashforth	Chairman	(26/07/2011 – Current)
Evan Cranston	Non-Executive Director	(28/06/2011 – Current)
Brendan Cummins	Non-Executive Director	(02/03/2011 – Current)
Ian Gregory	Company Secretary	(01/07/2011 – 29/02/2013)
Oonagh Malone	Company Secretary	(01/03/2013 – Current)

### 2. Financial Position

The net assets of the Company have increased from \$2,255,963 as at 30 June 2012 to \$4,394,698 as at 31 December 2012. This increase is largely due to an increase in cash as a result of the issue of ordinary shares.

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

### 3. Financial Results

The net loss of the Company after income tax for the financial period amounted to \$252,496 (31 December 2011: \$263,785).

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

At the end of the financial period the Company had cash on hand of \$4,195,174 (30 June 2012: \$2,047,785). The Company raised funds of \$2,400,000 less costs of \$8,769 from the issue of equity in the current period. More information of the operating result, financial position and cash flow movements are included in the Financial Statements.

### 4. Dividends

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

## 5. Review of Operations

During the period, the Company undertook the following activities:

- On 31 August 2012, the Company AGM was held with all resolutions passed.
- On 27 September 2012, the Booyeema tenement was formally relinquished.
- On 4 December 2012, the Company completed a placement of shares to raise \$2 million dollars in additional capital to progress its African growth strategy.
- On 12 December 2012, the Company completed an additional placement of shares to raise \$0.4 million dollars in additional capital to progress its African growth strategy.
- The Company completed additional exploration preparation activities for its Wyloo tenement throughout the period .

## 6. Events occurring after the reporting date

Subsequent to the reporting date, Ian Gregory resigned as company secretary and Oonagh Malone was appointed with an effective date of 1 March 2013.

There are no other significant changes in the state of affairs of the Company after the reporting date.

## 7. Auditors' Independence Declaration

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

Signed in accordance with a resolution of directors.



**Evan Cranston**  
Non-Executive Director

Signed at Perth this 7<sup>th</sup> day of March 2013

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

In relation to our review of the financial report of Cradle Resources Limited for the half-year ended 31 December 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*  
Ernst & Young

*Gavin Buckingham*

Gavin Buckingham  
Partner  
Perth  
7 March 2013

**STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS  
ENDED 31 DECEMBER 2012**

	Notes	Six months ended 31 December 2012 \$	Six months ended 31 December 2011 \$
<b>Income</b>	3	33,700	36,759
<b>Expenses</b>			
Administration		83,899	36,067
Depreciation and amortisation expense	6	428	632
Professional fees		83,093	30,980
Business development expenses		171	1,648
Public and investor relations expenses		450	100
Exploration and evaluation expenditure		7,004	91,625
Employee benefits expense		111,151	139,492
<b>Loss before income tax expense</b>		<b>(252,496)</b>	<b>(263,785)</b>
Income tax benefit		-	-
<b>Loss after income tax benefit for the period attributable to the owners of Cradle Resources Limited</b>		<b>(252,496)</b>	<b>(263,785)</b>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period attributable to the owners of Cradle Resources Limited</b>		<b>(252,496)</b>	<b>(263,785)</b>
<b>Loss per share</b>			
Basic earnings / (loss) per share (cents)		(0.80)	(1.18)
Diluted earnings / (loss) per share (cents)		(0.80)	(1.18)

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

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	31 December 2012 \$	30 June 2012 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	4,195,174	2,047,785
Trade and other receivables		12,143	16,492
Prepayments		-	21
Total current assets		4,207,317	2,064,298
<b>Non Current Assets</b>			
Exploration and evaluation	5	213,220	213,220
Property, plant and equipment	6	1,073	1,501
Total non-current assets		214,293	214,721
Total assets		4,421,610	2,279,019
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		18,912	12,206
Accrued expenses	7	8,000	10,850
Total current liabilities		26,912	23,056
Total liabilities		26,912	23,056
Net Assets		4,394,698	2,255,963
<b>Equity</b>			
Issued Capital			
Contributed equity	8	5,207,773	2,816,542
Accumulated losses	9	(813,075)	(560,579)
Total Equity		4,394,698	2,255,963

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



## STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance as at 30 June 2011	234,580	(27,657)	206,923
Other comprehensive income for the period, net of tax	-	-	-
Loss after income tax expense for the period	-	(263,785)	(263,785)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(263,785)</b>	<b>(263,785)</b>
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs	2,460,708	-	2,460,708
<b>Balance as at 31 December 2011</b>	<b><u>2,695,288</u></b>	<b><u>(291,442)</u></b>	<b><u>2,403,846</u></b>
	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
Balance as at 30 June 2012	2,816,542	(560,579)	2,255,963
Other comprehensive income for the period, net of tax	-	-	-
Loss after income tax expense for the period	-	(252,496)	(252,496)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(252,496)</b>	<b>(252,496)</b>
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs	2,391,231	-	2,391,231
<b>Balance as at 31 December 2012</b>	<b><u>5,207,773</u></b>	<b><u>(813,075)</u></b>	<b><u>4,394,698</u></b>

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

## STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Notes	Six months ended 31 December 2012 \$	Six months ended 31 December 2011 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers (inclusive of GST)		(213,552)	(163,406)
Payments for exploration and evaluation		(72,720)	(152,810)
Interest received		33,700	36,759
Interest and other finance costs paid		(15)	(18)
Net cash used in operating activities		<u>(252,587)</u>	<u>(279,475)</u>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		-	(40,000)
Payments for property, plant and equipment		-	(3,006)
Net cash used in investing activities		<u>-</u>	<u>(43,006)</u>
<b>Cash flows from financing activities</b>			
Gross Proceeds from issue of shares and options		2,400,000	2,400,000
Share issue costs		(24)	(136,582)
Net cash from financing activities		<u>2,399,976</u>	<u>2,263,418</u>
Net increase/(decrease) in cash and cash equivalents		<u>2,147,389</u>	<u>1,940,937</u>
Cash and cash equivalents at the beginning of the financial period		2,047,785	206,896
Cash and cash equivalents at the end of the financial period	4	<u><u>4,195,174</u></u>	<u><u>2,147,833</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1. Corporate information**

The interim financial statements of Cradle Resources Limited (“the Company”) for the six months ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 7 March 2013.

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

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

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

#### **Basis of preparation**

The financial statements as at 30 June 2012 and 31 December 2011 have been used as a comparative where appropriate.

The interim financial statements for the six months ended 31 December 2012 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 30 June 2012 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

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

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 30 June 2012.

From 1 July 2012 the Company has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2012.

The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new accounting standards and interpretations.

#### **Segment Reporting**

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

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

### Mineral Exploration and Evaluation Expenditure

Exploration and evaluation costs are 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.

### Note 3. Revenue

	31 December 2012	31 December 2011
	\$	\$
Interest	33,700	36,759
Total Revenue	<u>33,700</u>	<u>36,759</u>

### Note 4. Current assets - cash and cash equivalents

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

	31 December 2012	30 June 2012
	\$	\$
Cash at bank	2,375,174	27,785
Short term deposits	1,820,000	2,020,000
Total cash and cash equivalents	<u>4,195,174</u>	<u>2,047,785</u>

### Note 5. Non-current assets - exploration and evaluation

	31 December 2012	30 June 2012
	\$	\$
Exploration and evaluation - at cost	<u>213,220</u>	<u>213,220</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

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

	31 December 2012	30 June 2012
	\$	\$
Property, plant and equipment	<u>1,073</u>	<u>1,501</u>
Opening balance at start of financial period	1,501	-
Additions	-	3,006
Depreciation expense	<u>(428)</u>	<u>(1,505)</u>
Balance at end of financial period	<u><u>1,073</u></u>	<u><u>1,501</u></u>

**Note 7. Current liabilities – accrued expenses**

	31 December 2012	30 June 2012
	\$	\$
Audit Fees	<u>8,000</u>	<u>10,850</u>

**Note 8. Equity – contributed**

	31 December 2012
	\$
Ordinary shares - fully paid	5,080,382
Share option issued	<u>127,391</u>
Total contributed equity	<u><u>5,207,773</u></u>

***Movements in ordinary share capital***

	31 December 2012		
Details	No of shares	Issue price	\$
Balance at 30 June 2012	27,500,000		2,689,151
Share issue - 30 November 2012	20,000,000	0.1	2,000,000
Share issue - 7 December 2012	4,000,000	0.1	400,000
- Less cost relating to share issue	<u>-</u>		<u>(8,769)</u>
Balance at 31 December 2012	<u><u>51,500,000</u></u>		<u><u>5,080,382</u></u>

**Movements in option reserve**

Details	No of options	31 December 2012	
		Issue price	\$
Balance at 30 June 2012	24,000,000		127,391
Balance at 31 December 2012	24,000,000		127,391
Total Contributed Equity			5,207,773

**Ordinary shares**

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

**Options**

No options were exercised during the period.

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

**Note 9. Equity - accumulated losses**

	31 December 2012	30 June 2012
	\$	\$
Accumulated losses at start of financial period	(560,579)	(27,657)
Loss after income tax expense for the period	(252,496)	(532,922)
Accumulated losses at the end of the financial period	(813,075)	(560,579)

**Note 10. Commitments and contingencies**

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

**Ongoing lease commitments**

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

The lease commitment is for the lease of Cradle's registered offices in Subiaco, the contract was entered into on 1<sup>st</sup> January 2012 for a term of two years.

**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 key management personnel for the year 1 January 2013 to 31 December 2013.

**Exploration expenditure commitments**

Not later than one year	\$20,000
Later than one year and not later than five years	-
Total exploration expenditure commitments	\$20,000

Exploration expenditure commitments are for the Ilmenite Wyloo Tenement E08/2142 due on the 25<sup>th</sup> February 2013.

There are no contingent assets or liabilities.

**Note 12. Related party transactions**

***Transactions with related parties***

From the 1<sup>st</sup> 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 at a fee of \$4,200 plus GST. For the half year to December, the total fees charged by Konkera Corporate were \$41,550.

***Receivable from and payable to related parties***

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

***Loans to/from related parties***

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

**Note 13. Events occurring after the reporting date**

Subsequent to the reporting date, Ian Gregory resigned as company secretary and Oonagh Malone was appointed with an effective date of 1 March 2013.

There are no other significant changes in the state of affairs of the Company after the reporting date.

## DIRECTORS' DECLARATION

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

In the opinion of the Directors:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standard AASB 134 *interim Financial Reporting* and the *Corporations Regulations 2001*
  - b. giving a true and fair view of the Company's financial position as at 31 December 2012 and performance.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Evan Cranston**  
Director

Dated this 7<sup>th</sup> day of March 2013



To the members of Cradle Resources Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cradle Resources Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cradle Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cradle Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin Buckingham  
Partner  
Perth  
7 March 2013