ANNUAL REPORT 2013

CRADLE
RESOURCES LIMITED

CONTENTS

CORPORATE DIRECTORY

Directors

Craig Burton
Non-Executive Chairman

Grant Davey
Managing Director

Evan Cranston
Non-Executive Director

Didier Murcia
Non-Executive Director

Company Secretary

Sophie Raven

Principal Place of Business and Registered Office

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Solicitors

Hardy Bowen Lawyers
Level 1, 28 Ord Street, West Perth WA 6005

Auditors

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Stock Exchange

Australian Securities Exchange Limited

ASX Code

CXX, CXXO

Share Registry

Link Market Services Limited
Ground Floor
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Perth WA 6000
Australian Telephone: 1300 554 474
Facsimile: +61 2 9287 0303
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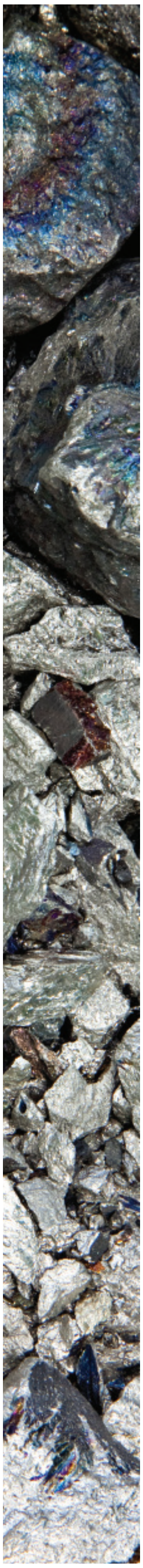
Website

www.cradleresources.com.au



Dear Shareholders,

It has been a transformational year for Cradle Resources and its Shareholders. During the year the Company has acquired a new lead asset, a new management team and taken a new strategic direction.

In January 2013 the Company entered into an agreement with Panda Hill Mining Pty Ltd to acquire 49% of the Panda Hill Niobium Project in Tanzania with an option to acquire the rest of the prospect at any time before 15 March 2017.

The Panda Hill Niobium Project has a world-class resource and demonstrates commercial recoveries which make it a highly feasible prospect at the current Niobium pricing.

The Niobium market is expected to grow consistently over the next 10 years due to the growth in the use of high strength low alloy steels, especially in the automotive, construction and pipeline industries.

A preliminary economic assessment of the Panda Hill Niobium Project is expected to be completed in the first Quarter of 2014 and a definitive feasibility study is planned for completion in 2015.

On behalf of the Board and the management of Cradle I would like to thank all Shareholders for their support over the last 12 months. We look forward to keeping you informed as we strive to unlock the value in this exciting project for Shareholders as we move into the New Year.

Yours sincerely,

Grant Davey
Managing Director

The Board of Directors of Cradle Resources Limited ("Cradle" or "the Company") submits its report on the Company for the year ended 30 June 2013.

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:

Craig Burton	Non-Executive Chairman	*Appointed 16 September 2013*
Michael Ashforth	Non-Executive Chairman	*Resigned 16 September 2013*
Grant Davey	Managing Director	*Appointed as Non-Executive Director 15 April 2013;* *Appointed as Managing Director 24 July 2013*
Evan Cranston	Non-Executive Director	*Appointed 28 June 2011*
Brendan Cummins	Non-Executive Director	*Resigned 13 August 2013*
Didier Murcia	Non-Executive Director	*Appointed 13 August 2013*

The names of the Company Secretary in office at any time during or since the end of the period are:

Sophie Raven	Company Secretary	*Appointed 7 June 2013*
Oonagh Malone	Company Secretary	*Resigned 7 June 2013 (Appointed 1 March 2013)*
Ian Gregory	Company Secretary	*Resigned 1 March 2013 (Appointed 1 July 2011)*

MR CRAIG BURTON (NON-EXECUTIVE CHAIRMAN)

Craig Burton is an experienced and active investor in emerging businesses, both publicly listed and private. Over the last 25 years, he has co-founded numerous new projects, with a focus on the resources, oil and gas, and mining services sectors.

Mr Burton is also Chairman of Transerv Energy Limited and a Director of Capital Drilling Limited and Hutton Energy Limited. In the past three years Mr Burton has been Chairman of Mirabela Nickel Limited and a Director of Hughes Drilling Limited.

MR GRANT DAVEY (MANAGING DIRECTOR)

Mr Davey is a mining engineer with over 20 years of senior management and operational experience in the construction and operation of gold, platinum and coal mines in Africa, Australia, South America and Russia. More recently, he has been involved in venture capital investments in several exploration and mining projects and he has been instrumental in developing the Panda Hill niobium opportunity.

Mr Davey is also Managing Director of Panda Hill Mining Pty Ltd, a Non–Executive Director of Erin Resources Ltd, and a member of the Australian Institute of Company Directors (AICD).

MR EVAN CRANSTON (NON-EXECUTIVE DIRECTOR)

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.

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 a Non-Executive Director of Boss Resources Limited and Carbine Resources Limited, and an Executive Director of Attila Resources Limited.

In the past three years Mr Cranston has been a Director of Ampella Mining Limited.

MR DIDIER MURCIA (NON-EXECUTIVE DIRECTOR)

Didier Murcia holds a Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia, and has over twenty five years' experience in corporate, commercial and resource law, including extensive experience in African resource projects. Mr Murcia is a Non-Executive Director of Gryphon Minerals Limited, and Chairman of Centaurus Metals Limited and Alicanto Minerals Limited, all listed on the Australian Securities Exchange. He is also Chairman of Perth law firm Murcia Pestell Hillard and the Honorary Consul for the United Republic of Tanzania.

MS SOPHIE RAVEN (COMPANY SECRETARY)

Ms Raven has practised corporate law for over 20 years in Australia, Chile and the Cayman Islands. Ms Raven is currently also the Company Secretary for Wildhorse Energy Limited, Citation Resources Ltd and Transerv Energy Limited, and a Non-Executive Director of Citation Resources Ltd.

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 $2,255,963 as at 30 June 2012 to $3,998,233 as at 30 June 2013.

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 $648,362 (2012: $532,922).

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 $412,002 (2012: $2,047,785). 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:

CORPORATE ACTIVITY

In April 2013, the Company agreed to acquire Panda Hill Mining Pty Ltd (Panda Hill) in consideration of the issue of 37.5 million Ordinary Shares and 37.5 million Performance Shares. This acquisition was completed in July 2013 (post balance date).

In agreeing to acquire Panda Hill Mining Pty Ltd, the Company was acquiring:

a. Ownership of a 49% interest in the Panda Hill project (via Shares in RECB, a special purpose company which owns the project as its sole asset).

b. An option to acquire a further 1% interest for US$30,000 (which is in the process of being exercised).

c. A 4 year option to acquire the balance 50% interest in the project for approximately US$14,000,000, of which US$9,000,000 is payable in cash and US$5,000,000 in Shares or a capped royalty.

d. Management control of the project.

As a result of this acquisition, the Panda Hill Niobium project is now the main undertaking of the Company. More details are set out in the Niobium Project Overview section of this Directors Report.

Prior to completion of the acquisition, the Company loaned Panda Hill US$3,370,000 which is showing as a receivable as at the balance date. The only other liability of Panda Hill was $600,000 in third party loans, which were converted to 3,750,000 Shares in the Company post completion.

The 37,500,000 Performance Shares are convertible to Ordinary Shares as follows:

i. 18,750,000 Class A Performance Shares subject to completion of a scoping study on the Panda Hill project including metallurgical work and confirmatory drilling to the reasonable satisfaction of the independent Directors of the Company, as evidenced by a decision to proceed with further work on the Panda Hill project; and

ii. 18,750,000 Class B Performance Shares subject to completion of a definitive feasibility study on the Panda Hill project which demonstrates a net present value of US$400 million or greater (assuming a 10% discount rate and long term market contract price). There is a pro-rata conversion if the net present value is between US$300 million and US$400 million.

A General Meeting of the Company was held on 26 June 2013, seeking Shareholder approval of the following resolutions:

- Change of Scale of Activities of the Company;
- Consolidation of capital on a 3 Shares for 4 existing Shares basis;
- Issue of Ordinary Shares for the acquisition of Panda Hill;
- Approval of the terms of the Performance Shares;
- Issue of Performance Shares for the Acquisition of Panda Hill ;
- Issue of Shares to Loan Investors in Panda Hill;
- Re-election of Mr Grant Davey as a Non-Executive Director;
- Issue of new Shares (and one Listed Option for every two Shares) for cash (capital raising); and
- Ratification of Issue of Placement Shares (carried out in December 2012).

All of the resolutions were passed by the Company's Shareholders. Post the balance date, the Company completed the 3 for 4 consolidation of share capital, completed a capital raising of $2,260,000 (by issuing 11,300,000 Shares at 20 cents each, together with 5,650,000 Listed Options), completed the Panda Hill acquisition, and re-complied with Chapters 1 and 2 of the ASX Listing Rules.

TECHNICAL ACTIVITY

Exploration Activities

Following the announcement of the Panda Hill acquisition, Cradle began organising site and field logistics to support initial exploration programs over the core regions on the deposit.

A first phase exploration program was planned covering confirmatory field mapping and sampling, drilling, and collection of metallurgical samples. Up to 15 NQ and HQ diamond holes totalling 1,500m of drilling were planned over the core of the resource region. These holes aim to verify historical holes, establish a region with a 100m x 100m pattern to at least 100m down-hole depth, and provide metallurgical samples for the main rock types.

Post balance date, the first phase drilling program was completed and initial results are discussed in the Subsequent Technical Activities section of this Directors Report.

Niobium Project Overview

The Panda Hill Niobium Project (Figure 1) is located in the Mbeya region in south western Tanzania, near the borders with Zambia and Malawi, and approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya is situated only 35km from the Project area and will be a significant service and logistics center for the Project. Mbeya has a population of approximately 280,000 people, located on the main highway to the capital Dar es Salaam, and is completing the construction of a new international airport.

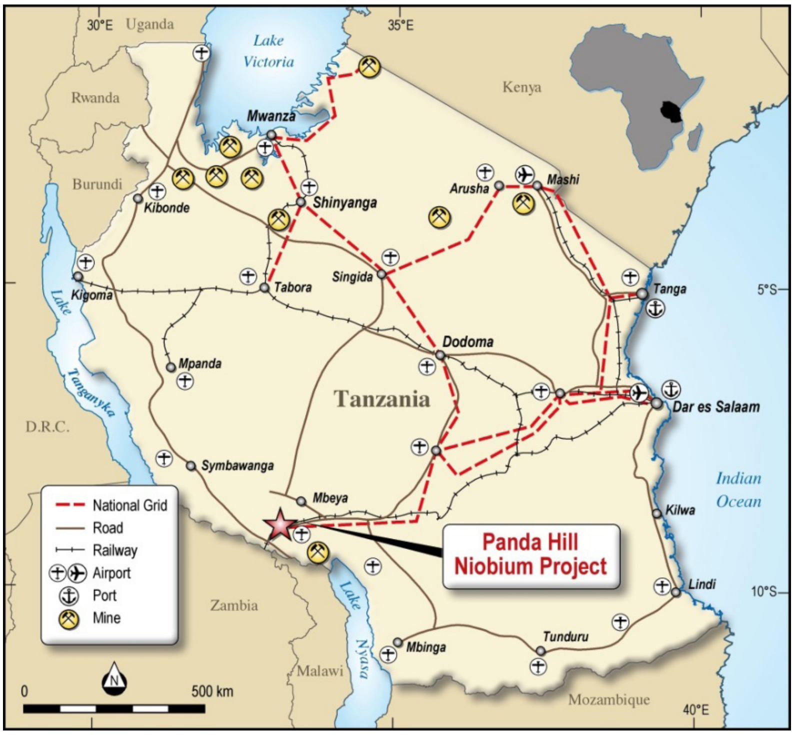


Figure 1: Location of the Panda Hill Niobium Project

The Project is covered by three granted Mining Licenses (Figure 2) totalling 22.1km^2, which will enable a quick transition to the study and development phases, and has excellent access to infrastructure, with existing roads, rail, airports and 220kV power available in close proximity to the Project area. The three granted Mining Licenses are due for renewal in November 2016, and under Tanzanian mining legislation can be renewed for a further 10 year period on completion of the approved work programs on the Project.

A significant historical technical database on the Project has been acquired by Panda Hill, including drill core, mapping and assay data from campaigns undertaken in the 1950-1980s. This work has contributed to the resource information for an initial JORC Inferred resource estimate.

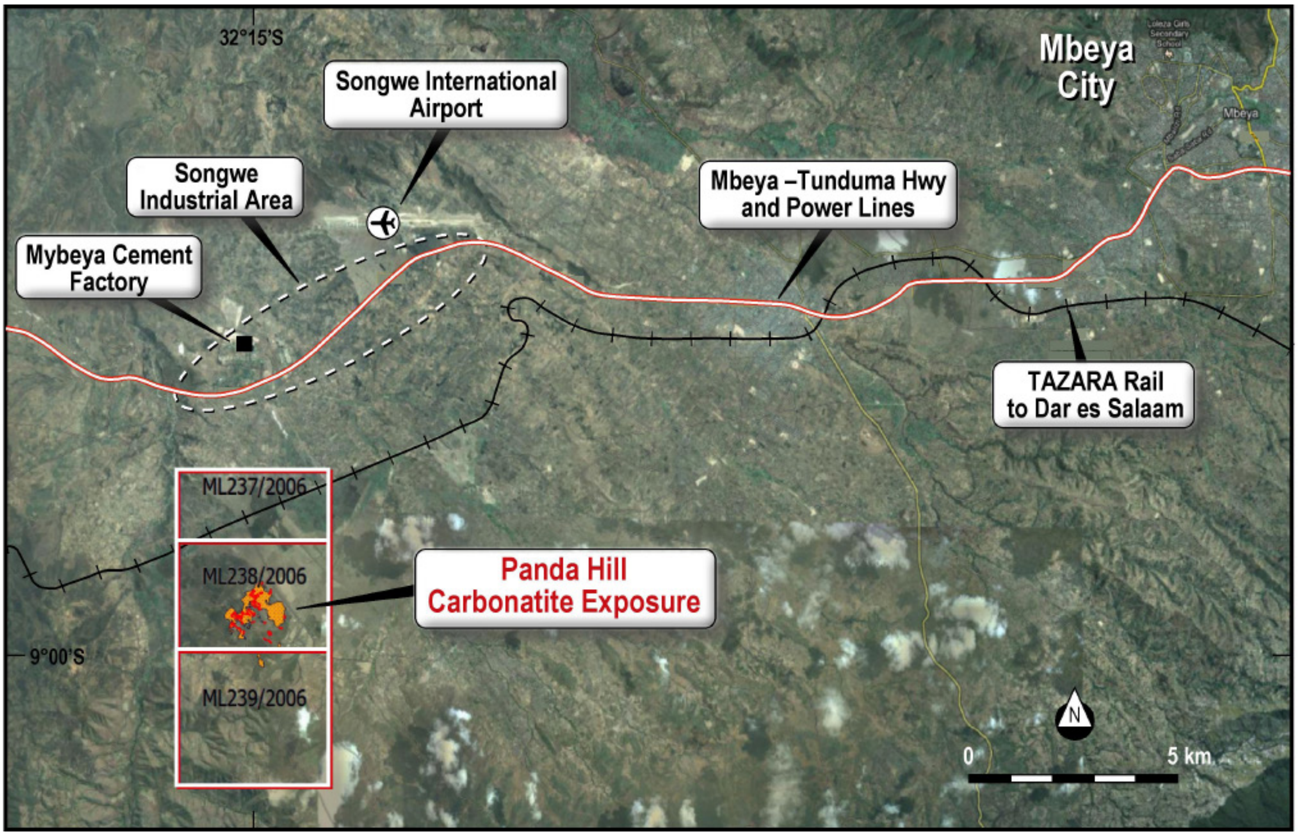


Figure 2: Mining Licenses and Local Infrastructure

Historical Work

The Panda Hill carbonatite has been subject to multiple phases of exploration work since the 1950's. This work has targeted the Niobium and Phosphate endowment of the deposit. From 1953 to 1965, the Geological Survey of Tanzania (GST) undertook mapping, diamond drilling and trenching (17 diamond holes for 1,405m) to assess the Niobium and Phosphate potential of the deposit.

From 1954 to 1963, the MBEXCO joint venture was formed between N. V. Billiton Maatschapij (Billiton) and Colonial Development Corporation, London. MBEXCO drilled 66 diamond holes for 3,708m, excavated numerous pits, sunk two shafts and undertook trial mining and constructed a trial gravity and flotation plant on site. Concentrate from site was sent to Holland for further processing, with positive early metallurgical test-work results noted.

From 1978 to 1980 a Yugoslavian State Enterprise (RUDIS) undertook a joint study in collaboration with the Tanzanian Mining Industrial Association and State Mining Corporation (STAMICO). This work included mapping, diamond drilling and pitting (13 diamond holes for 1,306m) to test the Niobium endowment of the deposit. Detailed reports have been secured from this program.

Niobium Resource

A resource update was undertaken by Coffey Mining in Perth in July 2012 (Table 1). The Coffey Inferred Resource targeted carbonatite mineralisation. The mineralised fenite and weathered material was not targeted. The resource estimate was based upon grade and lithological information derived from 96 historical diamond holes which was initially reviewed and validated by Verona Capital in 2012. The resource was constrained within a 3D wireframe based upon a nominal 0.2% Nb_2O_5 lower cutoff. Ordinary Kriging was used to estimate Nb_2O_5 using 2m down-hole composites with a 2.5% Nb_2O_5 upper cut applied.

Table 1 – Panda Hill Inferred Mineral Resource, 03 July 2012* (Preferred cut-off 0.3% Nb_2O_5)

Lower Cut-off (Nb_2O_5 %)	Tonnage (Mt)	Grade (Nb_2O_5 %)	Contained Mineral (Nb_2O_5 tonnes)
0.2	72	0.45	322,000
0.3	56	0.50	280,000
0.4	38	0.58	220,000

Note: Figures have been rounded. Reported using a Dry Bulk density of 2.75t/m3 and a 2.5% Nb_2O_5 top cut. Ordinary Kriged Estimate with a 25mX by 25mY by 5mZ block size

** The Competent Person for the resource estimation and classification is Ms Ellen Maidens who is a full time employee of Coffey Mining. The Competent person for the resource database is Mr Neil Inwood, who is a full time employee of Verona Capital. Both Ms Maidens and Mr Inwood are members of the AIG and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which was undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The detailed JORC Competent Persons statement is located below.*

Geology of Panda Hill Complex

The Panda Hill carbonatite is a mid-Cretaceous volcanic intrusion which has intruded into gneisses and amphibolites of the NE-SE trending mobile belt. It forms a steeply dipping, near-circular plug of approximately 1.5 km diameter and is partly covered by fenitised country rocks and residual soil material. The Fenite forms a "cap" or roof over the south of the carbonatite complex, and is in turn overlain by residual and transported soils. Volcanic ash over part of the complex suggests a later stage of volcanic activity. It is apparent that portions of fenite, ash and soil cover are underlain by carbonatite and these areas are only lightly explored.

In the main exposed potion of the carbonatite evidence supports three stages of carbonatite activity outwards from the center of the plug. An early-stage calcite carbonatite forms the core, while intermediate and late-stage carbonatites, composed of more magnesian-rich and iron-rich carbonates, form the outer parts of the plug. Later stage apatite-magnetite rich rocks and ferro-carbonatite dykes are also found in the complex. Fenitisation of the pre-existing gneisses led to the development of potassium-rich rocks containing K-feldspar and phlogopite.

Mineralogy

The Sovite carbonatite from Panda Hill is composed mainly of calcite, which forms an average of 60-75% by volume. The fresh Sovite carbonatite may contain up to 5% Apatite, with pyrochlore, magnetite, phlogopite and quartz. Dolomite-rich carbonate (Rauhaugite) and ankerite/siderite-rich carbonatites (Beforesite) are also present and can be mineralised.

Mineralisation

The bulk of the Panda Hill niobium mineralisation is found within pyrochlore and lesser columbite. The bulk of the known mineralisation is within carbonatite, with Nb_2O_5 grades typically ranging from 0.1% to 1%. Higher-grade material is noted within flow-banding (schlieren) within the carbonatite. The fenetised-cap and weathered material is noted to contain elevated grades of up to 2% Nb_2O_5.

SUBSEQUENT TECHNICAL EVENTS

Cradle commenced field activities over the Panda Hill project in mid-July 2013. The results of the technical work have been publically release. Activities carried out include:

- Drilling of 13 NH and HQ diamond holes for 1702m
- Field mapping and sampling
- Community engagement
- Selection of metallurgical samples and submission to SGS Canada for test work
- Selection of key consultants for the Scoping Study

Metallurgical samples will be selected to characterise the main deposit rock types. The majority of the test work will be carried out on sovite type carbonatite which is the predominant calcite rich mineral type in the deposit.

The niobium mineralisation was encountered within both carbonatite and weathered lithologies. A magnetite-rich carbonatite unit was identified in hole PHDH001 and also encountered in several areas of holes PHDH002 and PHDH003. This style of primary mineralisation has intercepts of up to 2.4% Nb_2O_5. The lateral extent of this unit is unknown but will be a priority target for the next phase of exploration. The niobium analysis has been undertaken by SGS Johannesburg using the XRF Borate fusion process.

The metallurgical test work program will be undertaken at SGS in Lakefield, Canada and will consist of detailed mineralogy, standard comminution tests, open circuit flotation tests and a series of locked cycle flotation tests to confirm metallurgical recoveries. In addition to this, concentrate cleaning and preliminary pyro-metallurgical tests will also be performed to demonstrate the production of ferroniobium, the marketable product of the proposed process.

The announced results of the 2013 diamond drilling up to 7 October 2013 are summarised in Table 2. Figures 3 through 8 show the drilling positions and summarise the main intercepts.

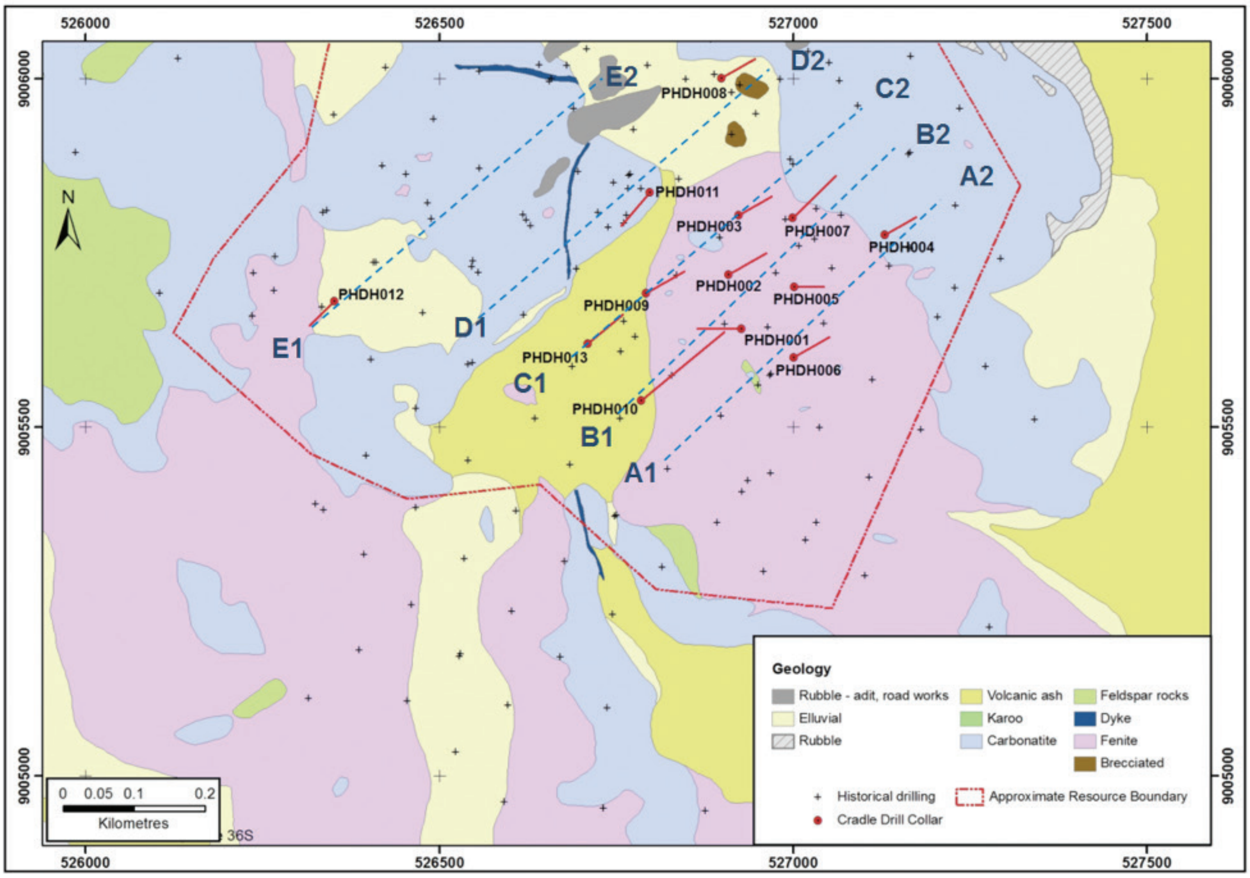


Figure 3: Local geology of Panda Hill showing the location of the 2013 drill holes (red).

Table 2 – Panda Hill Niobium Project
Detailed Significant Intercepts as of 7 October 2013

Hole ID	Easting	Northing	RL	EOH Depth	Dip	Azimuth	From	To	Length	Nb_2O_5 (%)
PHDH001	526927	9005641	1540	182.8	-70	270	0	10.7	10.7	0.52
							12.8	32.0	19.2	0.67
							41.6	158.0	116.4	0.76
							172.7	180.0	7.3	0.62
PHDH002	526911	9005718	1559	122.5	-60	060	37.0	48.0	11.0	0.36
							60.0	119.5	59.5	0.81
						Including	62.0	74.0	12.0	1.03
						Including	91.5	96.5	5.0	1.2
						Including	105.5	119.5	14.0	0.93
PHDH003	526922	9005800	1555	107.4	-60	060	2.45	105.7	103.25	0.76
						Including	2.45	23.7	21.25	1.18
						Including	63.0	77.85	14.85	1.4
						Including	82.8	86.05	3.25	0.82
PHDH004	527129	9005775	1540	101.1	-60	060	0	40.0	40.0	0.51
						Including	12.0	23.05	11.05	0.76
						Including	32.6	40.0	7.4	0.59
							46.9	96.3	49.4	0.40
						Including	46.9	51.6	4.7	1.07
PHDH005	527002	9005701	1557	84.3	-60	090	5.4	10.3	4.9	1.15
							24.7	39.5	14.8	0.43
							49.6	57.6	8.0	0.56
PHDH006	527001	9005598	1542	116.2	-60	060	0	17.0	17.0	1.03
						Including	2.0	14.85	12.85	1.27
							20.35	32.0	11.65	0.49
							46.1	105.0	58.9	0.77
						Including	59.1	98.75	39.65	0.97
PHDH007	527000	9005800	1559	170.9	-60	045	9.9	77.0	67.1	0.54
							95.5	101.4	5.9	0.41
							156.7	170.9	14.2	0.47
PHDH008	526953	9006001	1545	110.3	-60	060	8.0	17.15	9.15	0.55
						including	13.0	17.15	4.15	0.84
							28.0	41.0	13.0	0.38
							54.5	100.0	45.5	0.56
						including	73.5	80.15	6.65	0.71
PHDH009	526795	9005694	1553	125.3	-60	060	0	19.0	19.0	0.47
							36.4	58.0	21.6	0.6
						including	36.4	45.0	8.6	0.87
							95.0	108	13.0	0.56
						including	99.0	108.0	9.0	0.65

Hole ID	Easting	Northing	RL	EOH Depth	Dip	Azimuth	From	To	Length	Nb_2O_5 (%)
PHDH010	526788	9005538	1501	239.2	-60	060	5.4	53.0	47.6	1.09
							59.85	75.4	15.55	0.84
							100.0	106.95	6.95	0.32
							128.6	143.2	14.6	0.44
							176.2	180.0	3.8	0.52
							191.35	202.1	10.75	0.88
PHDH011	526797	9005837	1526	121.8	-50	220	0	3.7	3.7	0.51
							21.0	60.3	39.3	0.41
						Including	21.0	29.0	8.0	0.6
							78.15	102.2	24.05	0.45
PHDH012	526351	9005681	1497	100	-60	225	1.5	14.2	12.7	0.74
							19.0	53.85	34.85	0.53
						Including	19.0	23.8	4.8	0.74
							61.35	75.0	13.65	0.69
PHDH013	526710	9005620	1508	121.2	-60	050	2.0	63.6	61.6	0.5
						including	5.3	20.0	14.7	0.77
							69.0	75.4	6.4	0.38
						including	56.1	60.0	3.9	0.7
							91.7	95.2	3.5	0.37

Note: The major intercepts have been tabulated above a nominal 0.35% Nb_2O_5 lower cut-off and less than 4m internal dilution

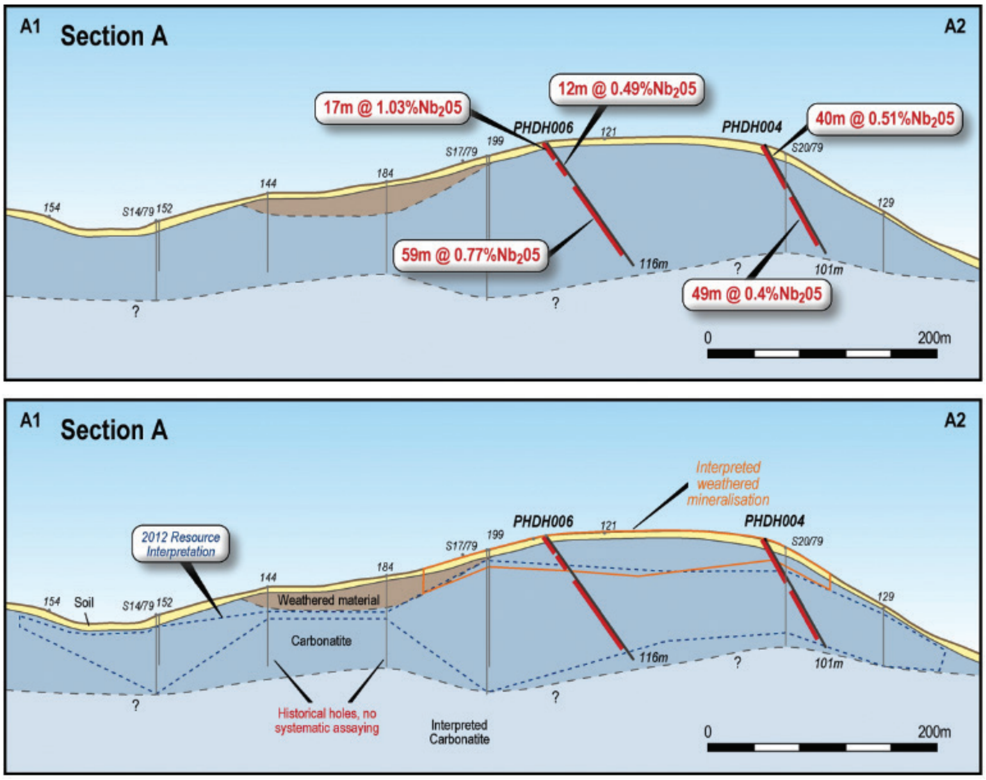


Figure 4: Oblique section A with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb_2O_5 grades. The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines.

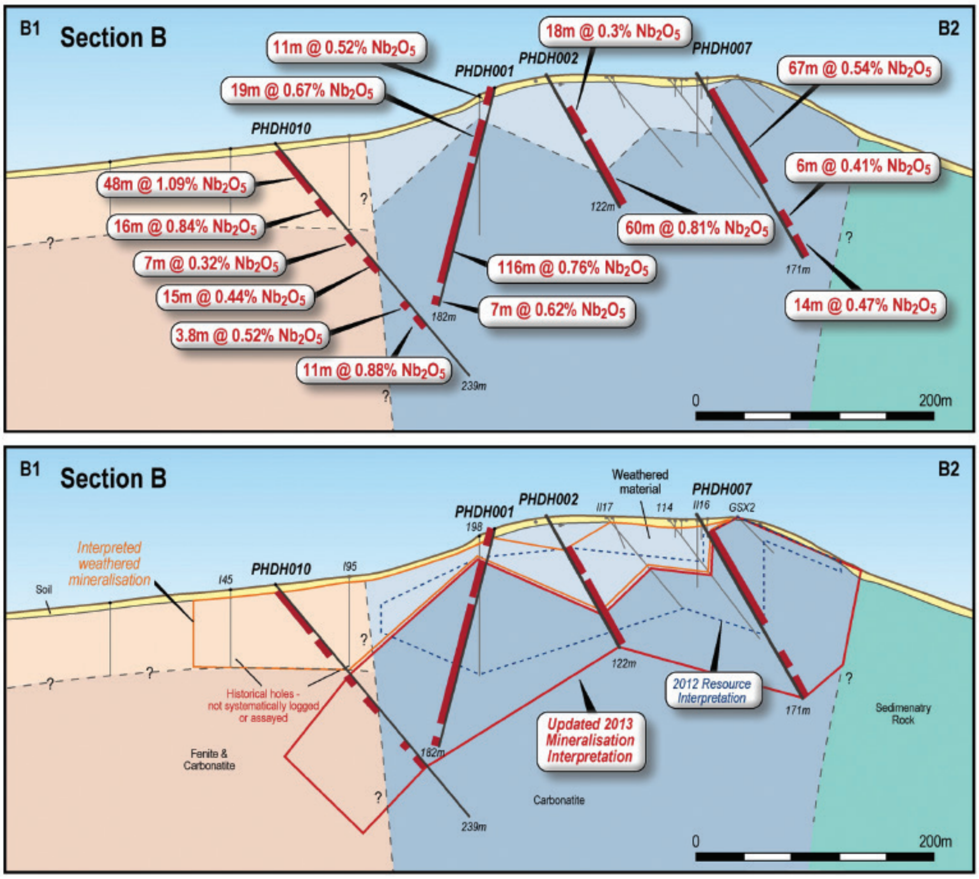


Figure 5: Oblique section B with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb_2O_5 grades. The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines.

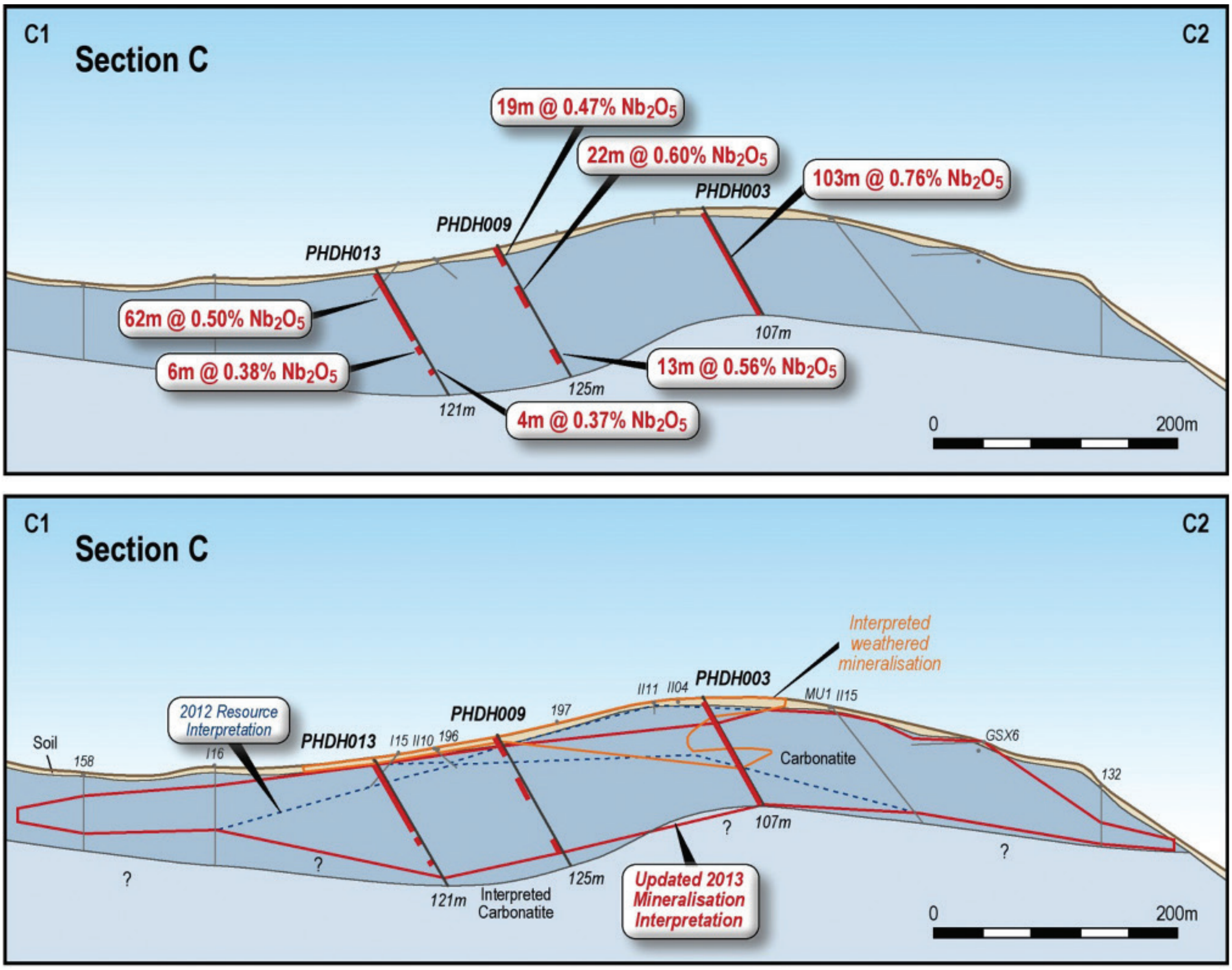
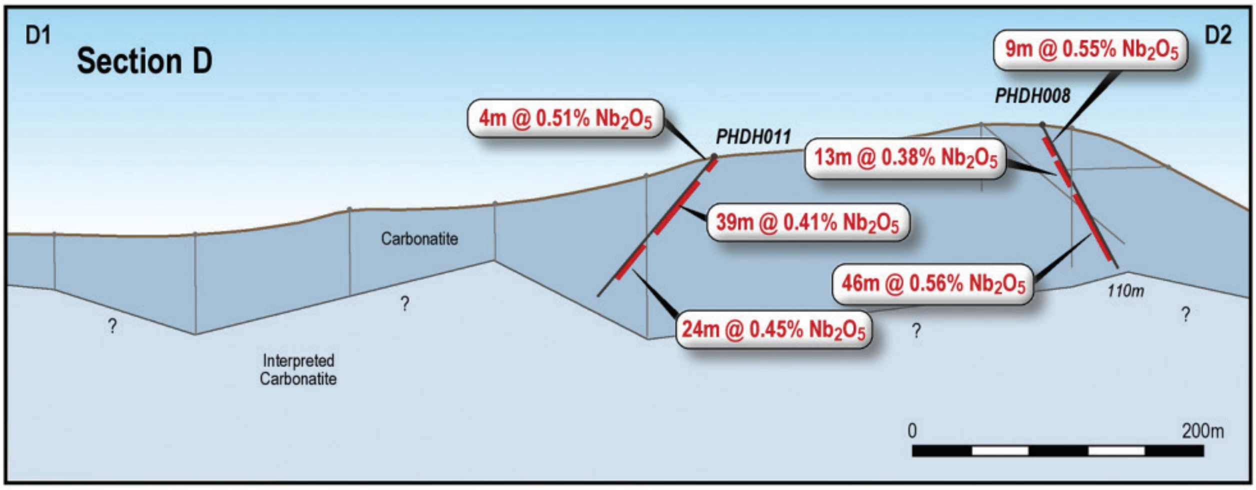


Figure 6: Oblique section C with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb_2O_5 grades and mineralisation indicated by handheld XRF data (dashes). The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines. (Note: the handheld XRF data is considered indicative of mineralisation only).



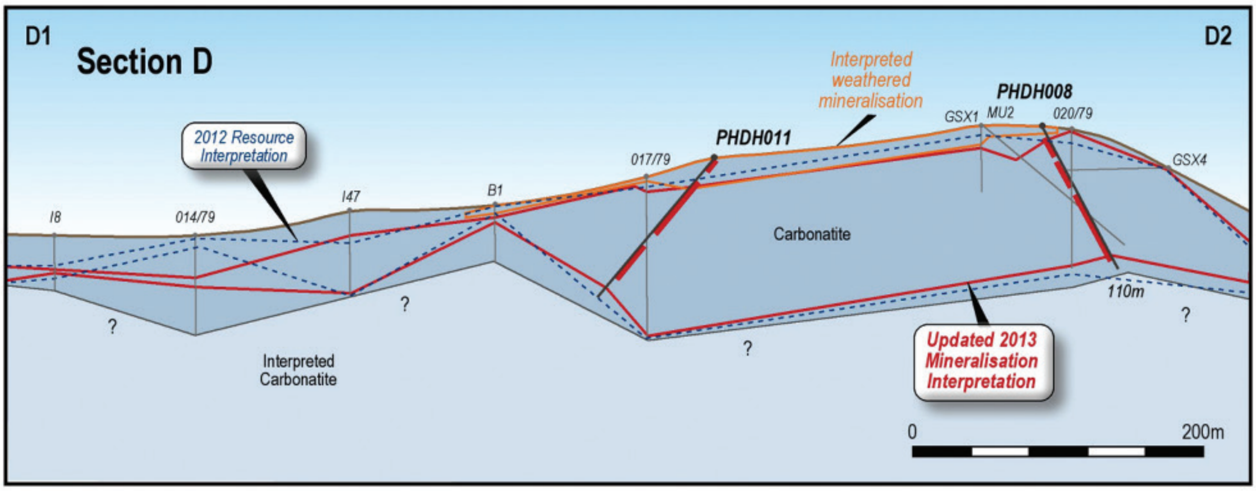


Figure 7: Oblique section D with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb_2O_5 grades.
The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines.

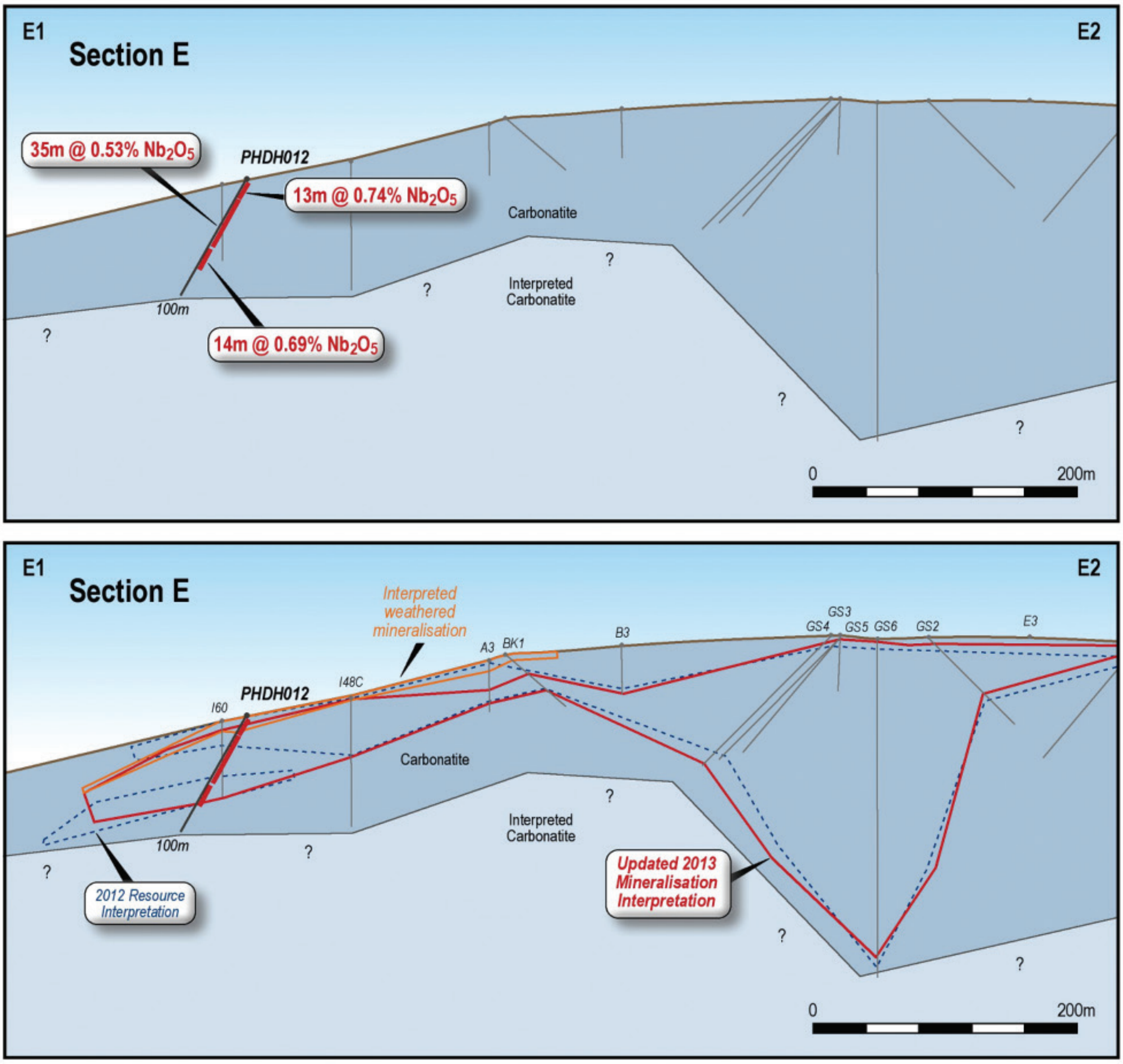


Figure 8: Oblique section E with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb_2O_5 grades. The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines.

Competent Person's Statement

The information in this document that relates to Exploration Results is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Inwood is a full time employee of Verona. Mr Inwood 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The competent person for the JORC Resource estimate and classification is Ms Ellen Maidens who is a Member of the Australian Institute of Geoscientists. Ms Maidens is a full time employee of Coffey Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Maidens consents to the inclusion in this document of the matters based on her information in the form and context in which it appears.

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 EVENTS AFTER BALANCE DATE

During July 2013, and following Shareholder approval at the Company's General Meeting held on 26 June 2013, the Company undertook a 3 for 4 consolidation of its Shares and Options on issue, in order to ensure that the Company's capital structure was appropriate for it to be able to re-comply with the admission requirements of the ASX.

A public Share offer (with one free attaching Listed Option for every two Shares) closed in July 2013 raising $2,260,000, with valid applications received for 11,300,000 Shares together with 5,650,000 Listed Options.

The acquisition of Panda Hill was completed in July 2013. In exchange for the Company acquiring 100% of the issued capital of Panda Hill, the Company issued, by way of consideration, 37,500,000 Ordinary Shares, 18,750,000 Class A Performance Shares and 18,750,000 Class B Performance Shares to the Vendors (in proportion to their existing holdings in Panda Hill), all of which will be escrowed for a period of 24 months from 1 August 2013.

Also, in July 2013, the Company issued 3,750,000 Shares to the Panda Hill lenders thereby extinguishing $600,000 in loans to that company.

The Company received in-principle approval of ASX on 16 July 2013 to reinstate the Company's Shares to official quotation and the Company's Shares were reinstated on 1 August 2013.

In July 2013, the Company appointed Mr Grant Davey as Managing Director and Ms Sophie Raven replaced Ms Oonagh Malone as Company Secretary. In August 2013, Mr Didier Murcia replaced Mr Brendan Cummins as a Non-Executive Director. In September 2013, Mr Craig Burton replaced Mr Michael Ashforth as Non-Executive Chairman.

10. SHARE OPTIONS

As at the date of this report, the Company has issued 15,962,506 Listed Options (CXXO) exercisable at $0.2667 and expiring on 24 January 2015 and 7,687,500 Unlisted Options exercisable at $0.2667 and expiring on 31 May 2016. 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.

LISTED OPTIONS

The relevant beneficial interest of each Director in Listed Options (CXXO) exercisable at $0.2667 expiring 24 January 2015 over Ordinary Share capital of the Company shown in the register of Directors' Option holdings as at 30 June 2013 is as follows:

Directors	Opening Balance as at 1 July 2012	Purchased/ Issued during the period	Exercised/Sold during the period	Closing Balance as at 30 June 2013
Michael Ashforth[1]	750,000	–	–	750,000
Grant Davey	–	–	–	–
Evan Cranston[2]	225,000	–	–	225,000
Brendan Cummins[3]	–	250,000	–	250,000
Total	**975,000**	**250,000**	**-**	**1,225,000**

[1] Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

[2] Held by Konkera Pty Ltd <Konkera Super Fund A/C>

[3] Held by Icon Custodians Pty Ltd <Cummins Family A/C> and by Brendan James Cummins & Melissa Ann Cummins <B&M Cummins S/Fund A/C>

UNLISTED OPTIONS

The relevant beneficial interest of each Director in Unlisted Options exercisable at $0.2667 expiring 31 May 2016 over Ordinary Share capital of the Company shown in the register of Directors' Option holdings as at 30 June 2013 is as follows:

Directors	Opening Balance as at 1 July 2012	Purchased/ Issued during the period	Exercised/Sold during the period	Closing Balance as at 30 June 2013
Michael Ashforth[4]	1,000,000	–	–	1,000,000
Grant Davey	–	–	–	–
Evan Cranston[5]	1,000,000	–	–	1,000,000
Brendan Cummins	–	–	–	–
Total	**2,000,000**	**-**	**-**	**2,000,000**

[4] Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

[5] Held by Konkera Pty Ltd <Konkera Super Fund A/C>

11. DIRECTORS' MEETINGS

The number of board meetings held during the year and for the period to the date of this Annual Report that each Director was entitled to attend and the number of meetings attended by each Director were as follows:

	Meetings Held During Period that each Director was entitled to attend	Meetings Attended
Craig Burton	–	–
Michael Ashforth	3	3
Grant Davey	2	2
Evan Cranston	3	2
Brendan Cummins	2	2
Didier Murcia	1	1

12. 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 $18,540.

13. REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2013 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 2013
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.

Name	Title	Appointment Date	Resignation Date
Craig Burton	Non-Executive Chairman	16 September 2013	–
Michael Ashforth	Non-Executive Chairman	–	16 September 2013
Grant Davey	Managing Director	15 April 2013 (Non–Executive Director) 24 July 2013 (Managing Director	–
Evan Cranston	Non-Executive Director	–	–
Brendan Cummins	Non-Executive Director	–	13 August 2013
Didier Murcia	Non-Executive Director	13 August 2013	–
Patrick Walta	Chief Executive Officer	–	7 June 2013
Ian Gregory	Company Secretary	–	1 March 2013
Oonagh Malone	Company Secretary	–	7 June 2013
Sophie Raven	Company Secretary	7 June 2013	–

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 or Managing 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.

The Non-Executive 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

Remuneration of key management personnel of the Company for the year ended 30 June 2013:

	Short-term benefit		Post employment benefits		
2013	Cash, salary and fees	Non monetary benefits	Termination benefits	Superannuation	Total
Non-Executive Directors					
Michael Ashforth	40,000	–	–	3,600	43,600
Evan Cranston	32,700	–	–	–	32,700
Grant Davey	50,000	–	–	–	50,000
Brendan Cummins	30,000	–	–	2,700	32,700
Other Senior Executives					
Sophie Raven	30,000	–	–	–	30,000
Patrick Walta	157,128	–	40,106	16,810	214,044
Oonagh Malone	12,000	–	–	–	12,000
Ian Gregory	14,000	–	–	–	14,000
Total executive KMP	**365,828**	**-**	**40,106**	**23,110**	**429,044**

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

	Short-term benefit		Post employment benefits		
2012	Cash, salary and fees	Non monetary benefits	Termination benefits	Superannuation	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**

No remuneration is linked to Director's performance. All Options acquired by Directors 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 Chief Executive Officer during the period from the date of incorporation, 2 March 2011 to 4 June 2011. From the date of incorporation, 2 March 2011 to 16 October 2011 the Directors did not receive any remuneration from the Company. No cash bonuses were paid to any key management personnel during the period from the date of incorporation, 2 March 2011 to 30 June 2013.

4. SUMMARY OF EXECUTIVE CONTRACTUAL ARRANGEMENTS

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

Managing Director (appointed 24 July 2013)

Grant Davey was appointed as Managing Director on 24 July 2013 for an indefinite term under a service agreement which can be terminated with notice by either side. No compensation is payable to Mr Davey upon termination other than accrued entitlements and three months' salary after the date of termination. The Managing Director'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 agreement dated 1 October 2013, Mr Davey receives a fixed remuneration of $218,500 per annum (which includes any superannuation component). Mr Davey's appointment is based on normal industry standard terms and conditions.

Chief Executive Officer (resigned 7 June 2013)

Up until 7 June 2013, Patrick Walta was the Chief Executive Officer of the Company, under a services agreement which provided for a fixed remuneration of $160,000 per annum. Upon resignation, Mr Walta was paid a termination amount equivalent to three months' salary.

Non-Executive Directors

On appointment to the Board, all Non-Executive Directors (including the Non-Executive Chairman) 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 in order to terminate the contract or any remuneration payments required.

The remuneration of Non-Executive Director's consists of Director's' salary and fees. The table below summarises the Non-Executive Directors' fees for financial year ended 30 June 2013:

Director	Annual Fee	Date of Letter of Appointment	Date Salary Effective
Michael Ashforth	$40,000	26 July 2011	16 September 2011 – 16 September 2013
Brendan Cummins	$30,000	2 March 2011	16 September 2011 – 15 August 2013
Evan Cranston	$30,000	28 June 2011	16 September 2011 – date of this report
Grant Davey	$25,000*	16 September 2013	15 April 2013

*Annual Director fee in addition to fee payable as Managing Director.

Subsequent to the financial year end, Craig Burton and Didier Murcia have been appointed as Non-Executive Chairman (on 16 September 2013) and Non-Executive Director (on 13 August 2013), respectively, pursuant to letters of appointment dated 16 September 2013, each with an annual Director fee of $25,000.

As at the date of this Annual Report, the Company does not offer any variable remuneration incentive plans or bonus schemes to the Managing Director or the Non-Executive 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 2012	30 June 2013
Revenue	–	–
Net Loss	($532,922)	($648,362)
Share Price	$0.10	$0.15

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.

	28 September 2012	31 December 2012	28 March 2013	28 June 2013
Closing Share Price	$0.125	$0.19	$0.17	$0.15

5. COMPENSATION OPTIONS

The key management personnel did not receive any compensation Options during the financial year ended 30 June 2013.

6. SHARE BASED COMPENSATION

There was no Share Based Payment compensation given to the key management personnel during the financial year ended 30 June 2013.

14. AUDITOR

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

15. 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.

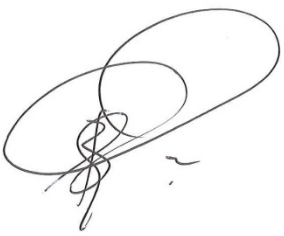
During the financial year, the following fees were paid or payable for non-audit services provided by the auditor:

	2013 $	2012 $
Ernst & Young	9,270	-

16. AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the period ended 30 June 2013 has been received and can be found on page 23 of the Financial Report.

Made and signed in accordance with a resolution of Directors.



Grant Davey
Managing Director

Signed at Perth this 30 September 2013

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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 2013, 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
30 September 2013

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 June 2013 $	30 June 2012 $
Income	4	126,577	80,022
Expenses			
Administration	5	(175,008)	(100,716)
Depreciation and amortisation expense	12	(1,501)	(1,505)
Professional fees	5	(238,337)	(85,453)
Director fees		(139,925)	(1,723)
Exploration and evaluation expenditure		–	(104,452)
Impairment loss	7	–	(40,000)
Employee benefits expense	5	(220,168)	(278,995)
Loss before income tax expense		(648,362)	(532,922)
Income tax benefit	6	–	–
Loss after income tax benefit for the period attributable to the owners of Cradle Resources Limited		(648,362)	(532,922)
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to the owners of Cradle Resources Limited		(648,362)	(532,922)
Loss per Share			
Basic earnings / (loss) per Share (cents)	23	(1.57)	(2.14)
Diluted earnings / (loss) per Share (cents)	23	(1.57)	(2.14)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	30 June 2013 $	30 June 2012 $
Assets			
Current Assets			
Cash and cash equivalents	8	412,002	2,047,785
Trade and other receivables	9	3,517,644	16,492
Prepayments	10	16,500	21
Total current assets		3,946,146	2,064,298
Non-Current Assets			
Exploration and evaluation	11	224,100	213,220
Property, plant and equipment	12	–	1,501
Total non-current assets		224,100	214,721
Total assets		4,170,246	2,279,019
Liabilities			
Current Liabilities			
Trade and other payables	13	48,023	12,206
Accrued expenses	14	123,990	10,850
Total current liabilities		172,013	23,056
Total liabilities		172,013	23,056
Net assets		3,998,233	2,255,963
Contributed Equity			
Issued share capital	15a	5,079,783	2,689,151
Issued Share Options	15b	127,391	127,391
Accumulated losses	16	(1,208,941)	(560,579)
Total equity		3,998,233	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 YEAR ENDED 30 JUNE 2013

2013	Contributed Equity $	Reserves $	Retained Profits $	Total Equity $
Balance as at 30 June 2012	2,816,542	–	(560,579)	2,255,963
Other comprehensive income for the year, net of tax	–	–	–	–
Loss after income tax expense for the year	–	–	(648,362)	(648,362)
Total comprehensive loss for the year	–	–	(648,362)	(648,362)
Transactions with owners in their capacity as owners:				
Issue of Share capital, net of transactions costs	2,390,632	–	–	2,390,632
Issue of Options, net of transaction costs	–	–	–	–
Balance as at 30 June 2013	5,207,174	–	(1,208,941)	3,998,233

2012	Contributed Equity $	Reserves $	Retained Profits $	Total Equity $
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:				
Issue of Share capital, net of transactions costs	2,454,571	–	–	2,454,571
Issued of Options, net of transaction costs	127,391	–	–	127,391
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 2013

	Notes	30 June 2013 $	30 June 2012 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(635,056)	(578,063)
Interest received		84,353	80,022
Interest and other finance costs paid		(10)	(26)
Net cash used in operating activities	22	(550,713)	(498,067)
Cash flows from investing activities			
Payments for exploration and evaluation	11	(10,880)	(40,000)
Payments for property, plant and equipment		–	
Loans to other entities	9	(3,464,822)	(3,006)
Net cash used in investing activities		(3,475,702)	(43,006)
Cash flows from financing activities			
Gross proceeds from issue of Shares and Options	15a	2,400,000	2,537,500
Share issue costs	15b	(9,368)	(155,538)
Net cash from financing activities		2,390,632	2,381,962
Net (decrease)/increase in cash and cash equivalents		(1,635,783)	1,840,889
Cash and cash equivalents at the beginning of the financial year		2,047,785	206,896
Cash and cash equivalents at the end of the financial period	8	412,002	2,047,785

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

1. CORPORATE INFORMATION

The Financial Statements of Cradle Resources Limited for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors dated 30 September 2013. 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 GOING CONCERN

As at 30 June 2013 the Company had a net asset position of $4.0 million and cash and cash equivalents on hand at that date of $412,002. Subsequent to year end, in July 2013, the Company completed a capital raising of $2.3 million to fund scoping studies for its newly acquired Panda Hill Mining Project (refer note 21) and had a cash and cash equivalents balance of $1.6 million at 30 September 2013.

In addition, the Company's cash flow forecasts for the twelve months ending 30 September 2014 show that the Company will need to raise additional working capital to complete its feasibility studies and meet its other committed project and administrative expenditure over this period, and thus continue to operate as a going concern.

The Directors consider it appropriate to prepare the Financial Statements on a going concern basis as they are satisfied that the Company will be able to raise additional working capital through an equity raising as and when required. In this regard the Directors are in preliminary discussions with various parties in relation to an equity raising.

Should the matters set out above not be achieved, there is significant uncertainty as to whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Statement of Financial Position.

The Financial Statements of the Company do not contain any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that may be necessary should the Company not continue as a going concern.

2.4 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 2012:

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 2011-9	Amendments to Australian Accounting Standards – *Presentation of Items of Other Comprehensive Income*	The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. 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 (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.	1 July 2012	1 July 2012
AASB 2010-8	Amendments to Australian Accounting Standards – *Deferred Tax: Recovery of Underlying Assets*	The consolidated entity has applied AASB 2010-8 amendments from 1 July 2012. These amendments offer 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 2011	1 July 2011

The new Standards and interpretations adopted had no impact on the financial position or performance of the Company.

(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 2013. 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	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d) Where the fair value Option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	1 July 2015
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	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated Financial Statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7 and AASB 2012-10.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of Standard	Application date for Company
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	1 July 2013
AASB 119	Employee Benefits (Revised)	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – *Disclosures Offsetting Financial Assets and Financial Liabilities*	AASB 2012-2 principally amends AASB 7 Financial Instruments: *Disclosures* to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities, on the entity's financial position, when the offsetting criteria of ASB 132 are not all met.	1 January 2013	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 Financial *Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1) • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	1 July 2013
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 *Interpretations of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia*.	1 January 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosures requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	1 July 2013

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

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

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 recognised 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 recognised 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 unrecognised 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 unrecognised 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

For the Company's current areas of interest, 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 JUDGEMENTS, 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.

3.1 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.

3.2 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.

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. INCOME

	30 June 2013 $	30 June 2012 $
Income		
Interest	126,577	80,022
Total income	126,577	80,022

5. PROFIT/(LOSS) BEFORE INCOME TAX

	30 June 2013 $	30 June 2012 $
Profit before income tax includes the following specific expenses:		
Administration		
– corporate cost	31,937	8,499
– rent expenses	36,000	30,000
– other administration expenses	107,071	64,040
Total administration expenses	175,008	102,539
Professional expense		
– legal fees	108,405	1,383
– auditor remuneration (Ernst & Young)	34,046	24,720
– other professional expenses	95,886	61,650
Total professional expenses	238,337	87,753
Employee benefits expense		
– wages and salaries	201,135	237,245
– other employment expenses	19,033	23,100
Total employee benefits	220,168	260,345

6. INCOME TAX BENEFIT

	30 June 2013 $	30 June 2012 $
Profit/(Loss) from continuing operations before income tax expense	(648,362)	(532,922)
Tax at the Australian tax rate of 30% (2012: 30%)	194,509	159,877
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	–	(8,735)
Deferred tax assets not brought to account	(194,509)	(168,612)
Income tax expense	–	–
Deferred tax assets at 30% (2012: 30%)		
Accruals	5,700	3,255
Carry forward tax losses	372,491	155,183
Capital raising costs	28,476	34,979
Provision for employee benefits	–	3,138
	406,667	239,168
Deferred tax asset not brought into account	(326,769)	(175,202)
	79,898	63,966
Deferred tax asset offset against deferred tax liabilities	(79,898)	(63,966)
	–	–
Deferred tax liability at 30% (2012: 30%)		
Deductible exploration expenses	67,230	63,966
Accrued Interests	12,668	–
	79,898	63,966
Deferred tax liability offset against deferred tax assets	(79,898)	(63,966)
	–	–

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.

7. IMPAIRMENT LOSS

	30 June 2013 $	30 June 2012 $
Impairment loss	–	40,000

30 JUNE 2013

There was no impairment loss of exploration, expenditure and evaluation during the year.

30 JUNE 2012

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.

8. CASH AND CASH EQUIVALENTS

	30 June 2013 $	30 June 2012 $
Cash at bank	1,150	27,785
Short term deposits	410,852	2,020,00
Total cash and cash equivalents	412,002	2,047,785

9. TRADE AND OTHER RECEIVABLES

	30 June 2013 $	30 June 2012 $
Annual leave entitlement repayable to the Company	–	10,461
GST receivable	10,598	-
Accrued income	42,224	6,031
Loan to Panda Hill Mining Pty Ltd	3,464,822	-
Total trade and other receivables	3,517,644	16,492

9.1 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.

9.2 LOAN TO PANDA HILL MINING PTY LTD

The Company loaned Panda Hill Mining Pty Ltd US$3,370,000 to fund completion of the acquisition of the 49% shareholding and the 1% option in RECB Limited as per the Share Sale Agreement ('SSA'). The Loan is non-interest bearing and repayable in the event that the acquisition, as per the SSA, does not complete. Subsequent to year end, the Company completed its acquisition of 100% of the issued capital of Panda Hill Mining Pty Ltd. Refer to note 21 for further details.

10. PREPAYMENTS

	30 June 2013 $	30 June 2012 $
Prepayments	16,500	21

Prepayments relate to capital raising costs paid in advance for a capital raising that was completed subsequent to year end (refer note 21).

11. EXPLORATION AND EVALUATION COSTS

	30 June 2013 $	30 June 2012 $
Exploration and evaluation – at cost	224,100	213,220
Opening balance at the beginning of the year	213,220	13,200
Additions	10,880	240,000
Impairment loss	–	(40,000)
Balance at the end of the year	224,100	213,220

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

30 JUNE 2012

On the 6 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.

12. PROPERTY, PLANT AND EQUIPMENT

	30 June 2013 $	30 June 2012 $
Property, plant and equipment	–	1,501
Opening balance at the beginning of the year	1,501	–
Additions	–	3,006
Depreciation expense	(1,501)	(1,505)
Balance at the end of the year	–	1,501

13. TRADE AND OTHER PAYABLES

	30 June 2013 $	30 June 2012 $
Trade payables	48,023	12,206

Terms of trade are 30 days, unsecured and non-interest bearing.

14. ACCRUED EXPENSES

	30 June 2013 $	30 June 2012 $
Audit fees	16,000	10,850
Tax consultants fees	3,000	–
Legal fees	24,990	–
Director fees	50,000	–
Company Secretary fees	30,000	–
	123,990	10,850

15. CONTRIBUTED EQUITY

	30 June 2013 $	30 June 2012 $
Ordinary Shares – fully paid	5,079,783	2,689,151
Share Options issued	127,391	127,391
	5,207,174	2,816,542

15a) Movements in Ordinary Share Capital

Details	No of shares	Issue price	30 June 2013 $
Opening balance 1 July 2012	27,500,000		2,689,151
Share issue – 30 November 2012	20,000,000	0.10	2,000,000
Share issue – 7 December 2012	4,000,000	0.10	400,000
Less cost relating to Share issue	–		(9,368)
Balance as at 30 June 2013	51,500,000		5,079,783

15b) Movements in Options

Details	No of options	Issue price	30 June 2013 $
Balance at 30 June 2012	24,000,000		127,391
Less cost relating to Option issue	–		–
Balance as at 30 June 2013	24,000,000		127,391
Total contributed equity			5,207,174

15c) Capital Risk Management

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 actively pursuing additional investments in the short term as it continues to integrate and grow its business in order to maximise synergies. Refer to note 2.3 on Going Concern position of Company.

16. ACCUMULATED LOSSES

	30 June 2013 $	30 June 2012 $
Accumulated losses at the beginning of the year	(560,579)	(27,657)
Loss after income tax expense for the period	(648,362)	(532,922)
Accumulated losses at the end of the year	(1,208,941)	(560,579)

17. 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.

The Company's current exposure to the risk of changes in market is managed by the Board of Directors.

The Company holds the following financial instruments:

	30 June 2013 $	30 June 2012 $
Financial assets		
Cash and cash equivalents	412,002	2,047,785
Loans to Panda Hill Mining (note 9)	3,464,822	–
	3,876,824	2,047,785
Financial liabilities		
Trade and other payables	48,023	12,206
Accrued expense	123,990	10,850
	172,013	23,056

18.1 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 exposure to credit risk relates to its cash and cash equivalents held with National Australia Bank; the Company is also exposed to Panda Hill Mining Pty Ltd, which owed the Company $3.46m at year end, however the balance is within its terms, and relates to the completion of the acquisition subsequent to year end (refer note 21 for further details).

18.2 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:

30 June 2013	Less than 6 months $	6-12 months $	Between 1-5 years $	Total $	Carrying Amount $
Financial liabilities					
Trade and other payables	48,023	–	–	48,023	48,023
Accrued expenses	123,990	–	–	123,990	123,990
	172,013	–	–	172,013	172,013

30 June 2012	Less than 6 months $	6-12 months $	Between 1-5 years $	Total $	Carrying Amount $
Financial liabilities					
Trade and other payables	12,206	–	–	12,206	12,206
Accrued expenses	10,850	–	–	10,850	10,850
	23,056	–	–	23,056	23,056

18.3 INTEREST RATE RISK

The following table set out the Company exposure to the interest rate risk:

30 June 2013	Floating interest rate $	Non-interest bearing $	1 Year or less $	Over 1 to 5 years $	Total $
Financial assets					
Cash and cash equivalents	412,002	–	412,002	–	412,002
Loans and other receivables	–	3,464,822	3,464,822	–	3,464,822
	412,002	3,464,822	3,876,824	–	3,876,824

30 June 2012	Floating interest rate $	Non-interest bearing $	1 Year or less $	Over 1 to 5 years $	Total $
Financial assets					
Cash and cash equivalents	2,047,785	–	2,047,785	–	2,047,785
Loans and other receivables	–	–	–	–	–
	2,047,785	–	2,047,785	–	2,047,785

The Company has minimal exposure to interest rate risk other than reductions/increases in interest earned should the rates decrease/increase respectively. As an indication of possible sensitivity to changes in interest rates a 1% movement in the interest rates, would increase/decrease the annual amount of interest received by $4,120 (2012: $20,478)

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:

A) Exploration Expenditure Commitments

	2013 $
No 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 .

B) Rental Commitments

	2013 $
< 1 year	41,151
1 – 5 years	170,484
Total rental commitments	211,635

Rental commitments relate to annual rent required over the mining licence for the Panda Hill Mining Project (refer note 21).

20. RELATED PARTY TRANSACTIONS

A) Transactions with Related Parties

			Transactions		Balances	
Entity	Relationship	Nature of transactions	Full year 30-Jun-13 $	Full year 30-Jun-12 $	Full year 30-Jun-13 $	Full year 30-Jun-12 $
Cranston & Sons Pty Ltd (trading as Konkera Corporate)	(i)	Services rendered by Konkera for corporate administration costs.	64,400	37,350	–	–
Westoria Capital Pty Ltd	(ii)	Services rendered by Westoria for consultancy of tenements technical report.	5,213	–	–	–

(i) Cranston & Sons Pty Ltd (trading as Konkera Corporate) (Konkera) is a Company controlled by Evan Cranston's father.

(ii) Westoria Capital Pty Ltd (Westoria) is a Company associate with Brendan Cummins. Brendan Cummins is a Director of Westoria.

B) Loans to/from Related Parties

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

As at 30 June 2013, Cradle Resources limited has no subsidiaries.

21. EVENTS OCCURRING AFTER THE REPORTING DATE

ACQUISITION OF PANDA HILL

During July 2013 and following Shareholder approval at the Company's General Meeting held on 26 June 2013, the Company undertook a consolidation of its Shares and Options on issue, on a 3:4 basis in order to ensure that the Company's capital structure was appropriate for it to be able to re-comply with the admission requirements of the ASX.

The offer pursuant to the Prospectus closed in July 2013 after having raised $2,260,000, with valid applications for 11,300,000 Shares, together with 5,650,000 Listed Options, having been received. The Shares and Listed Options offered pursuant to the Prospectus were allotted and issued in July 2013.

Following satisfaction of all the conditions precedent under the Share Sale Agreement, as varied by the Variation of Share Sale Agreement (Share Sale Agreement) entered into among the Company, Panda Hill Mining Pty Ltd (Panda Hill) and the Panda Hill Shareholders (Vendors), the transaction to acquire 100% of the issued capital of Panda Hill, an unlisted proprietary company limited by shares with niobium assets in Tanzania, East Africa, was completed in July 2013.

As detailed in the Company's Prospectus, in exchange for the Company acquiring 100% of the issued capital of Panda Hill, the Company has issued, by way of consideration, 37,500,000 Ordinary Shares (Shares), 18,750,000 Class A Performance Shares and 18,750,000 Class B Performance Shares to the Vendors (in proportion to their existing holdings in Panda Hill), all of which will be escrowed for a period of 24 months from the date of re-admission of the Company's securities on the ASX.

In consideration for the provision of the Panda Hill loans by the Panda Hill lenders to the Company (as announced in the Prospectus), the Company has also issued 3,750,000 Shares to the Panda Hill lenders in July 2013.

The Company received in-principle approval of ASX on 16 July 2013 to reinstate the Company's Shares to official quotation and, following completion in July 2013 by the Company of its application with ASX in order to comply with Chapters 1 and 2 of the ASX Listing Rules for such reinstatement, the Company's Shares were reinstated to official quotation on 1 August 2013.

Following completion of the Panda Hill acquisition and as part of the re-structuring of the Company, the Company appointed Mr Grant Davey as Managing Director on 24 July 2013. In August 2013, Mr Brendan Cummins resigned as a Non-Executive Director, and Mr Didier Murcia was appointed as a Non-Executive Director. In September 2013, Mr Michael Ashforth resigned as Non-Executive Chairman, and Mr Craig Burton was appointed as Non-Executive Chairman.

22. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	30 June 2013 $	30 June 2012 $
Loss after income tax	(648,362)	(532,922)
Adjustments for non-cash movements:		
Depreciation and amortisation	1,501	1,505
Exploration, evaluation and development expenditure	–	40,000
Accrued expenses	–	(5,150)
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other debtors	(52,809)	(2,178)
(Decrease)/Increase in trade and other creditors	148,957	678
Net cash used in operating activities	(550,713)	(498,067)

23. EARNINGS PER SHARE

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

	30 June 2013 $	30 June 2012 $
Reconciliation of earnings to net loss	(648,362)	(532,922)
Loss used in calculating basis and diluted EPS	(648,362)	(532,922)
From continuing operations		
Basic and dilutive EPS (cents per share)	(1.57)	(2.14)
	Number	**Number**
Weighted average number of Ordinary Shares outstanding during the year used in calculation of basic and dilutive EPS	41,401,099	24,923,497

Options are potential Ordinary Shares that are non-dilutive and have therefore not been used to calculate the dilutive loss per share (refer note 15 (b) for total Options at 30 June 2013).

24. DIRECTORS AND KEY MANAGEMENT PERSONNEL

A) Compensation of Key Management Personnel

	30 June 2013 $	30 June 2012 $
Short term employee benefits	365,828	252,535
Termination benefits	40,106	–
Post employment benefits	23,110	21,146
Share based payments	–	–
	429,044	273,681

B) Option Holding of Key Management Personnel

As at year end, 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:

LISTED OPTIONS

Directors	Opening Balance as at 1 July 2012	Purchased/ Issued during the period	Exercised/Sold during the period	Closing Balance as at 30 June 2013
Michael Ashforth[1]	750,000	–	–	750,000
Grant Davey	–	–	–	–
Evan Cranston[2]	225,000	–	–	225,000
Brendan Cummins[3]	–	250,000	–	250,000
Total	**975,000**	**250,000**	**-**	**1,225,000**

[1] Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

[2] Held by Konkera Pty Ltd <Konkera Super Fund A/C>

[3] Held by Icon Custodians Pty Ltd <Cummins Family A/C> and by Brendan James Cummins & Melissa Ann Cummins <B&M Cummins S/Fund A/C>

UNLISTED OPTIONS

Directors	Opening Balance as at 1 July 2012	Purchased/ Issued during the period	Exercised/Sold during the period	Closing Balance as at 30 June 2013
Michael Ashforth[4]	1,000,000	–	–	1,000,000
Grant Davey	–	–	–	–
Evan Cranston[5]	1,000,000	–	–	1,000,000
Brendan Cummins	–	–	–	–
Total	**2,000,000**	**-**	**-**	**2,000,000**

[4] Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

[5] Held by Konkera Pty Ltd <Konkera Super Fund A/C>

C) Shareholding of Key Management Personnel

As at the year end, the relevant beneficial interest of each Director in the Ordinary Share capital of the Company shown in the register of Directors' shareholdings is as follows:

ORDINARY SHARES

Directors	Opening Balance as at 1 July 2012	Purchased/Issued during the period	Sold during the period	Closing Balance as at 30 June 2013
Michael Ashforth[6]	1,500,000	–	–	1,500,000
Grant Davey	–	–	–	–
Evan Cranston[7]	450,000	10,000	–	460,000
Brendan Cummins[8]	575,000	–	–	575,000
Didier Murcia[9]	250,000	–	–	250,000
Total	**2,775,000**	**10,000**	**-**	**2,785,000**

[6] Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

[7] Held by Konkera Pty Ltd <Konkera Super Fund A/C>

[8] Held by Icon Custodians Pty Ltd <Cummins Family A/C> and by Brendan James Cummins & Melissa Ann Cummins <B&M Cummins S/Fund A/C>

[9] Held by Didier Murcia, Tohei Pty Ltd <Murcia Super A/C> and Digrevni Investments Pty Ltd

DIRECTORS' DECLARATION

The Directors of the Company declare that in their opinion:

1. The Financial Statements and notes, as set out in pages 24 to 45, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards and the Corporations Regulations 2001;
   b) are in accordance with International Financial Reporting Standards, as stated in note 2.2 to the Financial Statements; and
   c) give a true and fair view of the Company's financial position as at 30 June 2013, and its performance for the year ended on that date.
2. The Directors have been given the declaration required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2013.
3. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.
4. Subject to achieving the matters set out in note 2.3 to the Financial Statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

Grant Davey
Managing Director

Dated this 30th day of September 2013

Building a better working world

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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 2013, 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.

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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 2013 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 the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2.3 'Going concern' in the financial report. As a result of the matters described in Note 2.3, there is material uncertainty whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
30 September 2013

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 Managing Director 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 Managing Director 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.

1.3 *Companies should provide the information indicated in the Guide to reporting on Principle 1.*

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 Non-Executive Chairman, a Managing Director and two independent Non-Executive Directors. 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 Craig Burton, is not an independent Director, given that he is (indirectly) a substantial Shareholder of the Company, however the Board considers that this is appropriate given the stage of development of the Company.

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 Burton, and the role of the Managing Director is filled by Mr Grant Davey.

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.

2.6 *Companies should provide the information indicated in the Guide to reporting on Principle 2.*

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.

PRINCIPLE 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:*

- *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;*
- *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 measureable 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 2013 financial year, the Company had a total of 3 female employees or consultants (the Company Secretary, the Financial Controller, and Personal Assistant) out of a total of 7 employees or consultants and contractors, however, the Company had no 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 measureable 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.

PRINCIPLE 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.

4.4 *Companies should provide the information indicated in the Guide to reporting on Principle 4. A summary of the Company's approach to Financial reporting is contained in this Corporate Governance Section.*

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 General or Annual General Meetings and sets the time and place of each General or Annual General 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 Managing Director. The Board requires that the Managing Director 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 Managing Director and Financial Controller 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.

Principle	Reference in the Company's Corporate Governance Statement
Principle 1 – *Lay Solid Foundations for Management and Oversight* Companies should establish and disclose the respective roles and responsibilities of Board and Management. • **Recommendation 1.1**: Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions. • **Recommendation 1.2**: Companies should disclose the process for evaluating the performance of Senior Executives. • **Recommendation 1.3**: Companies should provide the information indicated in the Guide to reporting on Principle 1.	See pg 49
Principle 2 – *Structure the Board to Add Value* Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. • **Recommendation 2.1**: A majority of the Board should be independent Directors. • **Recommendation 2.2**: The Chair should be an independent Director. • **Recommendation 2.3**: The roles of Chair and Chief Executive officer should not be exercised by the same individual. • **Recommendation 2.4**: The Board should establish a nomination committee. • **Recommendation 2.5**: Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors. • **Recommendation 2.6**: Companies should provide the information indicated in the Guide to reporting on Principle 2.	See pg 49
Principle 3 – *Promote Ethical and Responsible Decision-making* Companies should actively promote ethical and responsible decision-making • **Recommendation 3.1**: Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the Company's integrity – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices • **Recommendation 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 gender diversity for the board to assess annually both the objectives and progress in achieving them. • **Recommendation 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. • **Recommendation 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. • **Recommendation 3.5**: Companies should provide the information indicated in the Guide to reporting on Principle 3.	See pg 50

Principle	Reference in the Company's Corporate Governance Statement
Principle 4 – *Safeguard Integrity in Financial Reporting* Companies should have a structure to independently verify and safeguard the integrity of their Financial Reporting. • **Recommendation 4.1**: The Board should establish an audit committee. • **Recommendation 4.2**: The audit committee should be structured so that it: – consists only of Non-Executive Directors – consists of a majority of independent Directors – is chaired by an independent Chair, who is not Chair of the board – has at least three members. • **Recommendation 4.3**: The audit committee should have a formal charter. • **Recommendation 4.4**: Companies should provide the information indicated in the Guide to reporting on Principle 4.	See pg 51
Principle 5 – *Make Timely and Balanced Disclosure* Companies should promote timely and balanced disclosure of all material matters concerning the Company. • **Recommendation 5.1**: Companies should 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 those policies. • **Recommendation 5.2**: Companies should provide the information indicated in the Guide to reporting on Principle 5.	See pg 51
Principle 6 – *Respect the Rights of Shareholders* Companies should respect the rights of Shareholders and facilitate the effective exercise of those rights. • **Recommendation 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. • **Recommendation 6.2**: Companies should provide the information indicated in the Guide to reporting on Principle 6.	See pg 51
Principle 7 – *Recognise and Manage Risk* Companies should establish a sound system of risk oversight and management and internal control. • **Recommendation 7.1**: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. • **Recommendation 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. • **Recommendation 7.3**: The Board should disclose whether it has received assurance from the Chief Executive officer (or equivalent) and the Chief financial officer (or equivalent) that the declaration provided in accordance with section 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. • **Recommendation 7.4**: Companies should provide the information indicated in the Guide to reporting on Principle 7.	See pg 52

Principle	Reference in the Company's Corporate Governance Statement
Principle 8 – *Remunerate Fairly and Responsibly* Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. • **Recommendation 8.1**: The Board should establish a remuneration committee. • **Recommendation 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. • **Recommendation 8.3**: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives. • **Recommendation 8.4**: Companies should provide the information indicated in the Guide to reporting on Principle 8.	See pg 52

EXCHANGE LISTING

Cradle Resources Ltd Shares and Listed Options are listed on the Australian Securities Exchange. The Company's ASX codes are CXX and CXXO.

SUBSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

As at 28 October 2013

Name of Shareholder	Total Number of Voting Share in Cradle Resources Limited in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Craig Burton	16,400,000	17.99%
Arredo Pty Ltd (Ian Middlemas)	8,700,000	9.54%
Grant Davey	8,640,000	9.48%
Brett Mitchell	5,760,000	6.32%

CLASS OF SHARES AND VOTING RIGHTS

At 3 October 2013 there were 523 holders of 91,175,017 Ordinary Fully Paid Shares of the Company. The voting rights attaching to the Ordinary Shares are in accordance with the Company's Constitution being that:

a. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and

c. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited)."

The number of Shareholders holding less than a marketable parcel is 10

SUBSTANTIAL UNLISTED OPTIONHOLDERS (HOLDING NOT LESS THAN 5%)

As at 3 October 2013

Securities	Number of Securities on issue	Number of Holders	Name of Holders holding more than 20%	Number Held
Unlisted options exercisable at $0.2667 on or before 31 May 2016	7,687,500	6	Westoria Resource Investment Limited	3,000,000
			Kingslane Pty Ltd <Cranston Super Fund A/C>	2,250,000

ESCROWED SECURITIES

The Company currently the following securities subject to ASX imposed escrow.

37,500,000 Ordinary Shares escrowed until 31 July 2015

18,750,000 Class A Performance Shares escrowed until 31 July 2015

18,750,000 Class B Performance Shares escrowed until 31 July 2015

CASH USAGE

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

LISTING OF 20 LARGEST SHAREHOLDERS AS AT 3 OCTOBER 2013

	Name of Ordinary Shareholder	Shares Held	% of Shares
1	VERONA CAPITAL PTY LTD	15,150,000	14.52%
2	ARREDO PTY LTD	7,200,000	6.90%
3	AVIEMORE CAPITAL PTY LTD	7,200,000	6.90%
4	DAVEY HOLDINGS (AUS) PTY LTD	4,320,000	4.14%
5	MR BRETT MITCHELL + MRS MICHELLE MITCHELL <MITCHELL SPRING FAMILY A/C>	2,880,000	2.76%
6	KAMIRA INVESTMENTS PTY LTD <THE FW A/C>	2,371,914	2.27%
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,325,000	2.23%
8	WESTORIA RESOURCE INVESTMENTS LTD	2,250,000	2.16%
9	KINGSLANE PTY LTD <CRANSTON SUPERANNUATION A/C>	2,077,504	1.99%
10	ALBA CAPITAL PTY LTD <BURTON SUPER FUND A/C>	2,000,000	1.92%
11	ARREDO PTY LTD	1,500,000	1.44%
12	ABLETT PTY LTD <DAVID EDWARDS FAMILY A/C>	1,425,000	1.37%
13	NEFCO NOMINEES PTY LTD	1,375,000	1.32%
14	ANTHONY WAYNE LINDSAY TUCKER	1,200,000	1.15%
15	IVORYROSE HOLDINGS PTY LTD <ASHFORTH SUPER FUND A/C>	1,125,000	1.08%
16	ZENIX NOMINEES PTY LTD	1,125,000	1.08%
17	PROSPERO CAPITAL PTY LTD <PROSPERO GROWTH FUND A/C>	860,625	0.82%
18	MR GRANT POVEY	813,273	0.78%
19	MR DANIEL JOHN BAHEN	772,500	0.74%
20	DR STUART LLOYD PHILLIPS + MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS S/F A/C>	753,750	0.72%
Total		**58,724,566**	**56.29%**

DISTRIBUTION OF SHAREHOLDERS

Spread of Holdings	Ordinary Shareholders
1 – 1,000	8
1,001 – 5,000	14
5,001 – 10,000	115
10,001 – 100,000	280
100,001 and over	106
Total	**523**

LISTING OF 20 LARGEST LISTED OPTION HOLDERS AS AT 3 OCTOBER 2013

Listed Options exercisable at 0.2667 cents each expiring on or before 24 January 2015 (ASX Code: CXXO)

	Name of Option Holder	Options Held	% of Options
1	KINGSLANE PTY LTD <CRANSTON SUPERANNUATION A/C>	1,175,625	7.36%
2	ALBA CAPITAL PTY LTD <BURTON SUPER FUND A/C>	1,000,000	6.26%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	750,000	4.70%
4	IVORYROSE HOLDINGS PTY LTD <ASHFORTH SUPER FUND A/C>	562,500	3.52%
5	ZENIX NOMINEES PTY LTD	562,500	3.52%
6	KINGSLANE PTY LTD <CRANSTON SUPERANNUATION A/C>	548,550	3.44%
7	MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	511,250	3.20%
8	NEFCO NOMINEES PTY LTD	500,000	3.13%
9	MR DANIEL JOHN BAHEN	405,000	2.54%
10	THIRD REEF PTY LTD <BACK REEF A/C>	399,375	2.50%
11	MR THOMAS CLEMENT BAHEN	378,750	2.37%
12	MR PATRICK WALTA	375,000	2.35%
13	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	330,007	2.07%
14	TIGER WYNNE PTY LTD	308000	1.93%
15	MR CRAIG STUART DEW + MRS TIFFANY LOUISE DEW <OAKTREE SUPER FUND A/C>	300,000	1.88%
16	MR GRAHAM ROGERS + MRS MEREDITH COOK <THE GR SUPER FUND A/C>	299,625	1.88%
17	MR GRANT POVEY	282,300	1.77%
18	MRS LORRAINE MARY BAHEN	256,665	1.61%
19	KOBIA HOLDINGS PTY LTD <THE KOBIA A/C>	256,665	1.61%
20	J C O`SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	250,000	1.57%
Total		**9,451,812**	**59.21%**

DISTRIBUTION OF OPTION HOLDERS

Spread of Holdings	Listed Option Holders
1 – 1,000	2
1,001 – 5,000	100
5,001 – 10,000	91
10,001 – 100,000	84
100,001 and over	34
Total	**311**

PANDA HILL TENEMENT SCHEDULE

Tenement	Area (km2)	Status	Expiry
ML237/2006	4.96	Granted	15 Nov 2016
ML238/2006	7.704	Granted	15 Nov 2016
ML239/2006	9.498	Granted	15 Nov 2016

WYLOO IRON ORE & GOLD PROJECT TENEMENT SCHEDULE

Tenement	Area (BL.)	Grant Date	Expiry
E08/2142	20	25 Feb 2011	24 Feb 2016

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