

***CRADLE RESOURCES LIMITED***  
***ABN 60 149 637 016***

***INTERIM FINANCIAL REPORT***  
***For the half year ended 31 December 2017***

**CORPORATE DIRECTORY**

**Directors**

Ian Middlemas – Chairman  
Grant Davey – Executive Director  
Craig Burton – Non-Executive Director

**Company Secretary**

Mr Greg Swan

**Registered Office**

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Perth WA 6000

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**Stock Exchange**

Australian Securities Exchange  
Home Branch – Perth  
Level 40, 152-158 St Georges Terrace  
Perth WA 6000

**ASX Code**

CXX – Fully paid Ordinary Shares

**Share Registry**

Link Market Services Limited  
Ground Floor, 178 St Georges Terrace  
Perth WA 6000

Tel: 1300 554 474  
Int: +61 1300 554 474

**Auditors**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

**Bankers**

Australia and New Zealand Banking Group Limited

**Solicitors**

DLA Piper

**Website**

[www.cradleresources.com.au](http://www.cradleresources.com.au)

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Cradle Resources Limited for the year ended 30 June 2017 and any public announcements made by Cradle Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of Cradle Resources Limited present the consolidated financial report of Cradle Resources Limited ("**Company**" or "**Cradle**") and the entities it controlled during the half year ended 31 December 2017 ("**Consolidated Entity**" or "**Group**").

## **DIRECTORS**

The names and details of the Company's Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas – Chairman  
Mr Grant Davey – Executive Director (appointed 27 July 2017)  
Mr Craig Burton – Non-Executive Director  
Mr James Kelly – Executive Director (resigned 27 July 2017)  
Mr Robert Behets – Non-Executive Director (resigned 27 July 2017)

Unless otherwise stated, all Directors held their office from 1 July 2017 until the date of this report.

## **OPERATING AND FINANCIAL REVIEW**

### **Overview**

During the half year, the Company continued to advance its Panda Hill Niobium Project ("**Project**") located in Tanzania, as well as considering new opportunities in the resources sector that could add value to shareholders.

In July 2017, the Tanzanian Government passed amendments to the legal framework governing the mining sector in Tanzania ("**New Legislation**") which, amongst other things, entitles the Tanzanian Government to a 16% shareholding in all Tanzanian mining companies.

The New Legislation resulted in the termination of the scheme implementation agreement relating to the proposed scheme of arrangement ("**Scheme**") pursuant to which Tremont Investments Limited ("**Tremont**") would have acquired all of the issued shares of Cradle.

Notwithstanding this, the Board remains of the view that the Panda Hill Niobium Project is a world class asset and will be the first new niobium producer in over 40 years. The demand for niobium remains high due to its use in the production of quality steel.

The Company continues to liaise with the Tanzanian Government to clarify the uncertainty surrounding new legislation governing the mining sector in Tanzania, and to progress discussions on what project financiers would require so as to complete the financing of the Project.

Meanwhile, a number of work programs at the Project continued to be progressed during the half year. Hatch was selected as the preferred Engineering, Procurement, Construction Management ("**EPCM**") contractor for the proposed design and construction of the mine, following a competitive bidding process, and Hatch has now completed all pre-construction activities at the Project.

During the half year, the Company appointed Mr. Grant Davey as Executive Director of the Company and Messrs. James Kelly and Robert Behets stepped down as Directors of the Company.

During the half year, the Company also held discussions regarding the potential acquisition of a new resource project, however the acquisition did not proceed. The Company will continue to consider all opportunities that could add value to shareholders.

Subsequent to the end of the half year, the Company announced that it had placed 24.2 million shares at an issue price of \$0.12 per share to institutional and sophisticated investors to raise gross proceeds of \$2.9 million ("**Placement**").

Proceeds from the Placement will be used to continue the advancement of the Project, and to consider other resource opportunities that have the potential to add value to shareholders.

### **Panda Hill Niobium Project**

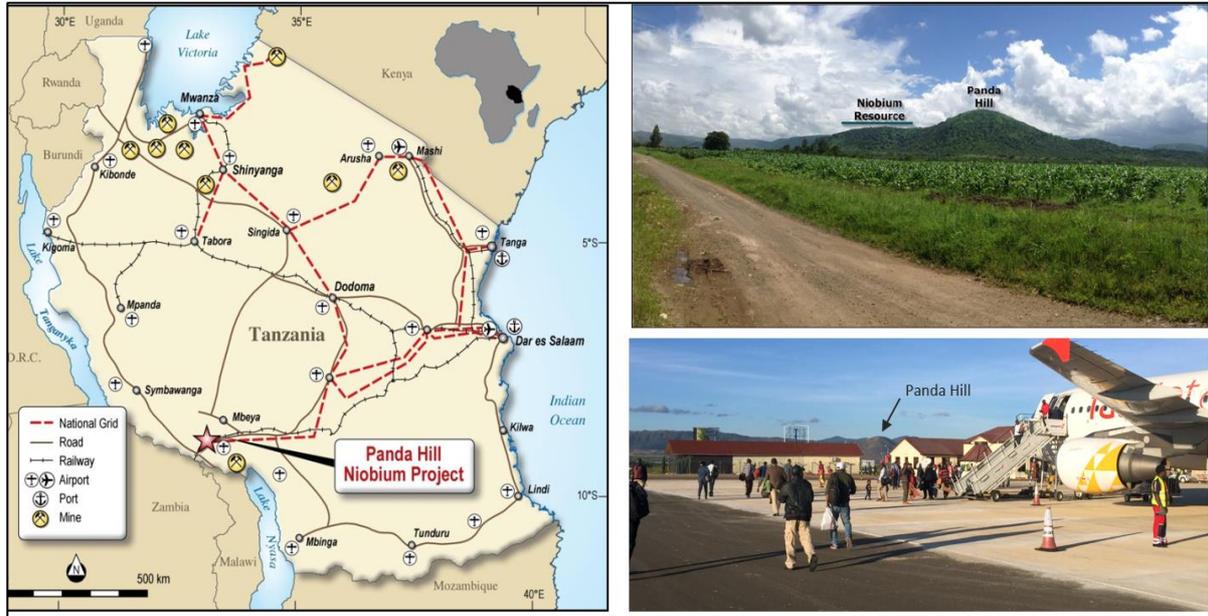
The Group owns 50% of Panda Hill Tanzania Limited ("**PHT**"), which owns 100% of the Panda Hill Niobium Project in Tanzania.

The Project is located in the Mbeya region in south western Tanzania, approximately 680km west of the capital Dar es Salaam (refer Figure 1). The industrial city of Mbeya is situated only 26km from the project area and has a population of approximately 280,000 people. The Project is located near the main highway to the capital Dar es Salaam and in close proximity to the Songwe Airport which has regular domestic flights from Dar es Salaam and plans for regional expansion.

**OPERATING AND FINANCIAL REVIEW (Continued)**

**Panda Hill Niobium Project (Continued)**

The Project is covered by three granted Mining Licences totalling 22.1km<sup>2</sup>, which will enable a quick transition from the study and development phases, through construction and into operation. The area has excellent access to infrastructure, with existing roads, rail, airports and power available in close proximity. The three granted Mining Licences were all renewed during the December 2015 quarter for a further 10-year period (valid until November 2026).



**Figure 1: Location of the Panda Hill Niobium Project**

PHT, the joint venture company owned 50% by Cradle and 50% by Tremont, owns 100% of the Project. Cradle and Tremont have entered into an agreement in relation to PHT ("Shareholders Agreement").

As previously advised, the Company and Tremont are in the preliminary stages of the dispute resolution mechanism prescribed by the Shareholders Agreement, regarding whether a definitive feasibility study has been delivered within the meaning of the Shareholders Agreement. The dispute has been referred to arbitration with a preliminary conference being set for 26 March 2018. Cradle's position remains as set out previously. Subject to the outcome of the dispute, if the definitive feasibility study prepared by PHT is accepted as a definitive feasibility study within the meaning of the Shareholders Agreement the parties will then consider whether to proceed with construction of a mine to carry out mining activities on the Project ("Decision to Mine"). Any Decision to Mine on the Project will require Cradle to provide funding to PHT based on its pro-rata shareholding in PHT, or dilute its interest in PHT based upon a value of such interest of US\$20 million plus contributions made by Cradle since October 2015, which is currently approximately US\$3.4 million.

**Project Activities During the Half-Year**

During the half-year, the Company's preferred EPCM contractor, Hatch, continued with works for the proposed design and construction of the mine, including gap analysis, site mobilisation plan, processing design summary, and project execution schedule. Hatch has now completed all pre-construction activities at the Project.

During the half-year, the Company continued to liaise with all levels of the Tanzanian Government to clarify the uncertainty surrounding new legislation governing the mining sector in Tanzania and to progress discussions on what project financiers would require so as to complete the financing of the project. The Company also understands that the Tanzanian Government plans to release new regulations to accompany the new legislation which may address some of the Company's concerns with the new legislation.

The permitting process continued with permit applications for the tailings storage facility ("TSF"), water storage dams, explosives storage, construction, and import duty exoneration all progressing.

## **OPERATING AND FINANCIAL REVIEW (Continued)**

### **Operating Results**

The net loss of the Consolidated Entity for the half year ended 31 December 2017 was \$464,425 (31 December 2016: \$741,987). This result is partly attributable to business development expenses of \$188,446 (31 December 2016: nil) incurred in respect of business development activities conducted by the Group, including costs relating to its assessment during the half year of various new business opportunities in the resources sector.

### **Financial Position**

At 31 December 2017, the Company had cash reserves of \$0.5 million (30 June 2017: \$1.4 million) and no debt. At 31 December 2017, the Company had net assets of \$20.5 million (30 June 2017: \$21.3 million).

Subsequent to the end of the half-year, the Company received cash proceeds of \$2.9 million in relation to a placement of 24.2 million shares at an issue price of \$0.12 per share to institutional and sophisticated investors. Proceeds from the Placement will be used to continue the advancement of the Company's Panda Hill Niobium Project located in Tanzania, and to consider other resource opportunities that have the potential to add value to shareholders, and for general working capital.

### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

- (i) On 24 January 2018, the Company announced that it had placed 24.2 million shares at an issue price of \$0.12 per share to raise gross proceeds of \$2.9 million. 19.5 million shares were subsequently issued to institutional and sophisticated investors to raise \$2.3 million and the remaining 4.7 million shares will be issued to Tremont to raise \$0.6 million, following approval by the Foreign Investment Review Board ("FIRB").

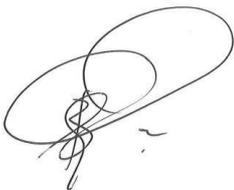
Other than as outlined above, at the date of this report there are no matters or circumstances which have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2017, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2017, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2017, of the Consolidated Entity.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the half year ended 31 December 2017 has been received and can be found on page 5 of the Interim Financial Report.

Signed in accordance with a resolution of the directors.



**GRANT DAVEY**  
Executive Director

13 March 2018

## Auditor's independence declaration to the directors of Cradle Resources Limited

As lead auditor for the review of Cradle Resources Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cradle Resources Limited and the entities it controlled during the financial period.



Ernst & Young



T S Hammond  
Partner  
13 March 2018

	Notes	Half Year ended 31 Dec 2017 \$	Half Year ended 31 Dec 2016 \$
<b>Operations</b>			
Interest income		7,294	14,275
Corporate and administrative expenses		(168,838)	(444,985)
Business development expenses		(188,446)	-
Employee benefits expenses		(117,652)	(246,616)
Share of loss of joint venture interests	5	(13,340)	(32,908)
Share-based payments		16,000	(82,040)
Other income and expenses	3	557	50,287
<b>Loss before income tax</b>		<b>(464,425)</b>	<b>(741,987)</b>
Income tax expense		-	-
<b>Net loss for the period</b>		<b>(464,425)</b>	<b>(741,987)</b>
<b>Net loss attributable to members of Cradle Resources Limited</b>		<b>(464,425)</b>	<b>(741,987)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		(295,487)	594,500
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(295,487)</b>	<b>594,500</b>
<b>Total comprehensive loss for the period</b>		<b>(759,912)</b>	<b>(147,487)</b>
<b>Total comprehensive loss attributable to members of Cradle Resources Limited</b>		<b>(759,912)</b>	<b>(147,487)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share (cents per share)		(0.28)	(0.45)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	31 Dec 2017 \$	30 Jun 2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	481,385	1,410,562
Trade and other receivables		96,220	72,716
<b>Total Current Assets</b>		<b>577,605</b>	<b>1,483,278</b>
<b>Non-current Assets</b>			
Interest in joint ventures	5	20,197,851	20,311,088
Trade and other receivables		93,072	-
<b>Total Non-Current Assets</b>		<b>20,290,923</b>	<b>20,311,088</b>
<b>TOTAL ASSETS</b>		<b>20,868,528</b>	<b>21,794,366</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		316,506	480,410
<b>Total Current Liabilities</b>		<b>316,506</b>	<b>480,410</b>
<b>TOTAL LIABILITIES</b>		<b>316,506</b>	<b>480,410</b>
<b>NET ASSETS</b>		<b>20,552,022</b>	<b>21,313,956</b>
<b>EQUITY</b>			
Contributed equity	6	28,447,110	28,275,882
Reserves	7	11,869,446	12,338,183
Accumulated losses		(19,764,534)	(19,300,109)
<b>TOTAL EQUITY</b>		<b>20,552,022</b>	<b>21,313,956</b>

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

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Consolidation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2017</b>	28,275,882	575,600	841,302	10,921,281	(19,300,109)	21,313,956
Net loss for the period	-	-	-	-	(464,425)	(464,425)
<b>Other comprehensive income:</b>						
Exchange differences on translation of foreign operations	-	-	(295,487)	-	-	(295,487)
<b>Total comprehensive loss for the period</b>	-	-	(295,487)	-	(464,425)	(759,912)
<b>Transactions with owners recorded directly in equity:</b>						
Conversion of performance rights	173,250	(173,250)	-	-	-	-
Share issue costs	(2,022)	-	-	-	-	(2,022)
<b>Balance at 31 December 2017</b>	<b>28,447,110</b>	<b>402,350</b>	<b>545,815</b>	<b>10,921,281</b>	<b>(19,764,534)</b>	<b>20,552,022</b>
<b>Balance at 1 July 2016</b>	28,275,882	489,319	1,513,472	10,921,281	(17,630,694)	23,569,260
Net loss for the period	-	-	-	-	(741,987)	(741,987)
<b>Other comprehensive income:</b>						
Exchange differences on translation of foreign operations	-	-	594,500	-	-	594,500
<b>Total comprehensive income/(loss) for the period</b>	-	-	594,500	-	(741,987)	(147,487)
<b>Transactions with owners recorded directly in equity:</b>						
Share-based payments expense	-	82,040	-	-	-	82,040
<b>Balance at 31 December 2016</b>	<b>28,275,882</b>	<b>571,359</b>	<b>2,107,972</b>	<b>10,921,281</b>	<b>(18,372,681)</b>	<b>23,503,813</b>

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

	Notes	Half Year ended 31 Dec 2017 \$	Half Year ended 31 Dec 2016 \$
<b>Cash flows used in operating activities</b>			
Payments to suppliers, employees and others		(664,064)	(734,673)
Interest received		7,294	14,275
<b>Net cash used in operating activities</b>		<b>(656,770)</b>	<b>(720,398)</b>
<b>Cash flows used in investing activities</b>			
Contributions to joint venture		(181,821)	(2,324,467)
Loans to joint venture		(92,514)	-
Cash calls received from joint venture partner		-	69,075
<b>Net cash used in investing activities</b>		<b>(274,335)</b>	<b>(2,255,392)</b>
<b>Cash flows generated from/(used in) financing activities</b>			
Share issue costs		(2,022)	(38,104)
Repayment of loans from/(loans to) other entities		3,950	(70,773)
<b>Net cash generated from/(used in) financing activities</b>		<b>1,928</b>	<b>(108,877)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(929,177)</b>	<b>(3,084,667)</b>
Net foreign exchange differences		-	7,585
Cash and cash equivalents at beginning of period		1,410,562	5,571,352
<b>Cash and cash equivalents at end of period</b>	4	<b>481,385</b>	<b>2,494,270</b>

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

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose condensed financial report for the half year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Cradle Resources Limited for the year ended 30 June 2017 and any public announcements made by Cradle Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### (a) Basis of Preparation

The interim financial report has been prepared on a historical cost basis. The financial report is presented in Australian dollars, unless otherwise stated.

The consolidated interim financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At 31 December 2017, the Group had cash and cash equivalents of \$481,385 (30 June 2017: \$1,410,562) and net current assets of \$261,099 (30 June 2017: \$1,002,868). Subsequent to the end of the half-year, the Company announced that it had placed 24.2 million shares at an issue price of \$0.12 per share to institutional and sophisticated investors to raise gross proceeds of \$2.9 million.

The Directors consider that the Group is a going concern and can fund its planned project expenditures during the twelve-month period from the date of signing this report.

As previously advised, the Company and Tremont are in the preliminary stages of the dispute resolution mechanism prescribed by the Shareholders Agreement, regarding whether a definitive feasibility study has been delivered within the meaning of the Shareholders Agreement. The dispute has been referred to arbitration with a preliminary conference being set for 26 March 2018. Subject to the outcome of the dispute, if the definitive feasibility study prepared by PHT is accepted as a definitive feasibility study within the meaning of the Shareholders Agreement the parties will then consider whether to proceed with construction of a mine to carry out mining activities on the Project ("Decision to Mine"). Any Decision to Mine on the Project will require Cradle to source additional funds in order to provide funding to PHT based on its pro-rata shareholding in PHT or dilute its interest in PHT by allowing Tremont to contribute more than its pro-rata share of equity funding.

### (b) Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2017, other than as detailed below.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective from 1 July 2017.

The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half year periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 2. SEGMENT INFORMATION

*AASB 8 Operating Segments*, requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

## 3. OTHER INCOME AND EXPENSES

	Half Year ended 31 Dec 2017	Half Year ended 31 Dec 2016
	\$	\$
<b>Other Income</b>		
Net foreign exchange gains	557	50,287
<b>Total other income included in profit or loss</b>	<b>557</b>	<b>50,287</b>

#### 4. CASH AND CASH EQUIVALENTS

	31 Dec 2017	30 Jun 2017
	\$	\$
Cash at bank	481,385	1,410,562

#### 5. INTEREST IN JOINT VENTURES

	Note	31 Dec 2017	30 Jun 2017
		\$	\$
Panda Hill Tanzania Ltd	5(a)	20,197,851	20,311,088

##### (a) Panda Hill Tanzania Ltd

On 6 June 2014, the Company executed an Investment and Shareholders Agreement with Tremont, Panda Hill Mining Pty Ltd ("PHM") and PHT to fund the Project, pursuant to which Tremont has earned a 50% interest in the Project for US\$20 million. The Board of PHT is comprised of two representatives of the Company and two representatives of Tremont. Certain significant decisions will require unanimous approval over the operations of PHT. As the relevant activities of PHT require approval by both parties and both parties have rights to the net assets, the Company has assessed that the interest in PHT is a joint venture. PHT is a company incorporated in Mauritius where its principal place of business is also located. Its carrying value is measured using the equity method of accounting.

	Half Year ended 31 Dec 2017	Half Year ended 31 Dec 2016
	\$	\$
<b>Reconciliation of movements in interest in Panda Hill Tanzania Ltd</b>		
Carrying amount at 1 July	20,311,088	18,183,827
Acquisition of interest in/contributions to joint venture	195,590	3,424,777
Foreign exchange differences	(295,487)	594,584
Share of joint venture loss for the period	(13,340)	(32,908)
Carrying amount at 30 June	20,197,851	22,170,280

#### 6. CONTRIBUTED EQUITY

	Note	31 Dec 2017	30 Jun 2017
		\$	\$
<b>Issued capital</b>			
165,515,117 fully paid ordinary shares (30 June 2017: 164,727,617)	6(a)	28,447,110	28,275,882

##### (a) Movements in fully paid ordinary shares

Date	Details	Number of Ordinary Shares	\$
1-Jul-17	Opening balance	164,727,617	28,275,882
21-Jul-17	Conversion of performance rights	787,500	173,250
	Share issue costs	-	(2,022)
31-Dec-17	Closing balance	165,515,117	28,447,110

## 7. RESERVES

	Note	2017 \$	2016 \$
<b>Share based payments reserve</b>			
3,250,000 unlisted \$0.25 options expiring 31-Oct-18 (30 June 2017: 3,250,000)		293,350	293,350
1,000,000 unlisted \$0.25 options expiring 30-Apr-18 (30 June 2017: 1,000,000)		109,000	109,000
2,000,000 unlisted \$0.30 options expiring 30-Jun-18 (30 June 2017: 2,000,000)		-	-
Nil unlisted performance rights expiring 30-Sep-17 (30 June 2017: 787,500)		-	173,250
Total share based payments reserve	7(a)	402,350	575,600
<b>Foreign currency translation reserve</b>		545,815	841,302
<b>Consolidation reserve</b>		10,921,281	10,921,281
<b>Total reserves</b>		11,869,446	12,338,183

### (a) Movements in share-based payments reserve

Date	Details	Number of Incentive Options	Number of Performance Rights	\$
1-Jul-17	Opening balance	6,250,000	787,500	575,600
21-Jul-17	Conversion of performance rights	-	(787,500)	(173,250)
31-Dec-17	Closing balance	6,250,000	-	402,350

## 8. CONTINGENT ASSETS AND LIABILITIES

As previously advised, the Company and Tremont are in the preliminary stages of the dispute resolution mechanism prescribed by the Shareholders Agreement, regarding whether a definitive feasibility study has been delivered within the meaning of the Shareholders Agreement. The dispute has been referred to arbitration with a preliminary conference being set for 26 March 2018. Cradle's position remains as set out previously. Subject to the outcome of the dispute, if the definitive feasibility study prepared by PHT is accepted as a definitive feasibility study within the meaning of the Shareholders Agreement the parties will then consider whether to proceed with construction of a mine to carry out mining activities on the Project ("Decision to Mine"). Any Decision to Mine on the Project will require Cradle to provide funding to PHT based on its pro-rata shareholding in PHT or dilute its interest in PHT based upon a value of such interest of US\$20 million plus contributions made by Cradle since October 2015, which is currently approximately US\$3.4 million.

## 9. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividend has been paid or provided for during the half year (31 December 2016: Nil).

## 10. EVENTS SUBSEQUENT TO BALANCE DATE

- (i) On 24 January 2018, the Company announced that it had placed 24.2 million shares at an issue price of \$0.12 per share to raise gross proceeds of \$2.9 million. 19.5 million shares were subsequently issued to institutional and sophisticated investors to raise \$2.3 million and the remaining 4.7 million shares will be issued to Tremont to raise \$0.6 million, following approval by the FIRB.

Other than as outlined above, at the date of this report there are no matters or circumstances which have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2017, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2017, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2017, of the Consolidated Entity.

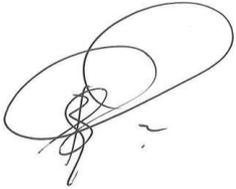
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Cradle Resources Limited:

In the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
  - (i) section 304 (compliance with accounting standards and the Corporations Regulations 2001) and;
  - (ii) section 305 (giving a true and fair view of the financial position of the Group as at 31 December 2017 and of its performance for the half year ended on that date); and
- (b) there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**GRANT DAVEY**  
Executive Director

13 March 2018

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

### Report on the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Cradle Resources (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the half-year financial report

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

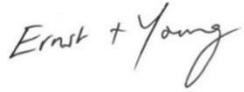
#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



T S Hammond  
Partner  
Perth  
13 March 2018